Industry Financing for SAICM Post-2020

The Strategic Approach to International Chemicals Management (SAICM) has the overall objective of achieving the sound management of chemicals throughout their life cycle so that, by 2020, chemicals are produced and used in ways that minimize significant adverse impacts on human health and the environment. The International Council of Chemical Associations (ICCA) strongly supports SAICM and is an active participant in efforts to promote sound chemicals management around the world. The SAICM mandate expires at the end of 2020 and SAICM stakeholders are currently negotiating the development of a new SAICM post-2020, or “SAICM 2.0” and exploring an additional global framework to address chemicals and waste.

Financing is a key issue in the development of this new framework. To achieve its goals, a new “SAICM 2.0,” or any post-2020 framework for tackling global chemicals management, requires adequate financing. One of the key criticisms of the current SAICM from many developing countries and other stakeholders is a lack of funding for SAICM and funding for the development and implementation of domestic chemicals management regimes.

For the new framework to be continued after 2020, the financing sources will be reevaluated in the light of the 2030 Agenda for Sustainable Development and the GEF-7 Replenishment process. Agreed in 2015, the 2030 agenda for Sustainable Development has identified seventeen goals and related targets that will end poverty, protect the planet and ensure prosperity for all. Particularly SDG 17 (Strengthen the means for implementation and revitalize the global partnership for sustainable development), offers the opportunity for business participation through additional financing (SDG 17.3), capacity building (17.9) and public private partnerships (17.17).

External funding supporting the sound management of chemicals already exists, including the Global Environment Facility (GEF), the UN Environment Special Programme or bilateral aid, providing national development plans (UNEP Guidance S&F). ICCA is collaborating with those programmes to ensure synergies and accelerating the progress towards at least basic chemicals management.

SAICM is primarily a governmental and U.N. initiative to manage global chemical issues. Therefore, governments must play the most significant financial role, much the same way that governments must fund public health initiatives, education or other important societal programs. However, industry financially supports the SAICM goal of sound management of chemical in a multitude of ways, including through fees paid to support domestic chemical management schemes, data generation, capacity building, etc.

ICCA members invest billions of dollars annually to implement Environmental Health and Safety programs, Responsible Care, and other product stewardship activities in each of their (production) sites to train staff as well as suppliers and customers. In 2015 alone, the U.S. chemical industry invested more than $13.3 billion in environmental, health, safety and security
programs. Based on data 2008-2018, the total EU chemicals industry investments in environmental, health, safety and security programs is approximately €10.5 billion annually. ICCA member companies commit to contribute to the sound management of chemicals in waste through these individual company commitments to innovation, training, safety, and sustainability initiatives as well as compliance with chemical regulatory requirements in jurisdictions around the globe.

ICCA does not support mandatory contributions by industry to SAICM. However, ICCA continues and elevates our commitment to the SAICM objectives and the sound management of chemicals and waste beyond 2020 through our direct contributions to the SAICM Secretariat to advance priority projects and the numerous substantial ICCA programs and initiatives that are instrumental in reducing risk, building capacity for chemicals management, and sharing knowledge and information on chemicals. Focusing industry funding on activities (such as those listed in the following sections of this paper) that fill a clearly defined need and goal, with benefits for a wide array of SAICM stakeholders, and show clear progress toward the SAICM objectives is the most effective use of industry’s expertise and resources. ICCA continues to welcome opportunities for partnership with stakeholders on specific projects that advance the sound management of chemicals and waste by providing in-kind as well as financial contributions.

Industry Role in Global Chemical Regulation

At SAICM’s core is the focus on the sound management of chemicals and waste, which requires effective laws and regulations and consistent implementation and enforcement. International, regional, country, and local regulation of chemicals is not effective without the strong participation the chemical industry. Industry provides critical information such as specific chemicals in commerce, chemical uses, and high-quality scientific data on chemical toxicity that underpin regulatory risk assessment and risk management decisions.

Regulation of chemicals is a significant financial investment for governments and industry. To support the important work of chemical regulation, companies pay billions of dollars each year in registration fees, new chemical notification fees, data and testing development, taxes and other cost recovery instruments.

Nearly every major chemical regulatory system is supported through the payment of fees by industry for the registration of chemicals. These systems include those adopted in Europe, the United States, Canada, Australia, and Korea. Fee-based chemical management systems generally charge a company a registration fee for registering any new chemical to offset the cost of the domestic regulatory agency’s review of the registration materials, including tonnage information.

1 ACC Economics Department Analysis
2 Analysis of Cumulative Cost Assessment Study (CCA) for the EU chemical industry
and necessary chemical data generated by the submitting manufacturer. Additional fees may be charged by regulators for other types of reviews in addition to new substance and renewing registrations.

For example, under new changes in the United States, industry is projected to pay the U.S. Environmental Protection Agency between $1.94 million and $3.9 million per chemical to support implementation of the U.S. chemical management law. This figure does not include the cost of generating the studies required by the Agency. Registration of chemicals in Europe for the European Union’s 2010 and 2013 deadlines alone cost industry €2.3–2.6 billion. This does not consider the cost of taxes or registration in the rest of the world. Because data requirements differ from country to country, and each country has its own registration fees, the cost to register a single chemical globally can be several million USD. Additionally, some regulatory texts under discussion in developing countries are exploring implementation of cost recovery mechanisms.

ICCA supports the establishment of fee-based chemical management systems and encourages countries to share information and best practices with countries considering the creation of a new chemical regulatory system or enhancement of their existing system.

Industry recognizes that developing countries that do not have chemical regulatory regimes do not impose registration fees or data requirements. Industries operating in these countries pay taxes and other fees and contribute heavily to regional economies. While development of chemical management regulation is a difficult process, particularly for developing countries, ensuring that each country has an effective chemical regulatory process in place is a key goal for ICCA and the core SAICM objectives. Many developing countries lack a robust chemical industry and have not begun the process of creating chemical and waste regulations. Others might have chemical and waste regulations in place, but which are not yet effectively implemented and enforced. In these countries it is not realistic to expect that the funding needed to establish sound management of chemicals will come from the local industries. Funding from the GEF continues to be necessary and should become a greater GEF priority in these countries. ICCA strongly supports continued increased financing from the GEF to support chemical management in developing countries. We urge other stakeholders and all countries to do the same.

In order to reduce the cost of chemicals management, it is important to utilize regional cooperation that would support the use of data generated in other (neighboring) countries (UNEP Guidance S&F). ICCA supports global regulatory cooperation efforts that trigger efficiencies for both the government, industry, and global trade.

To assist countries in the development and improvement of chemical management regulatory systems and meeting key SAICM objectives, ICCA conducts a number of important activities through the SAICM process and recommends additional actions, described below.

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ICCA Contributions to SAICM

ICCA is committed to supporting SAICM and the future “SAICM 2.0” by providing investment and in-kind contribution to promote the safe manufacture, handling, use, and disposal of chemicals worldwide. ICCA supports the outcomes of the UNEP Executive Director’s consultative process on financing, and the sustainable long-term financing of sound chemicals management through the three pillars of mainstreaming chemicals management in national development plans, new multilateral funding mechanisms, and enhanced industry engagement. ICCA provides direct financial support to the SAICM Secretariat to help advance SAICM implementation and will continue to do so in the future through its Memorandum of Understanding (MOU) with UN Environment.

Industry plays an important role in achieving the SAICM objectives. ICCA has completed or is in the process of completing a number of projects across the globe that directly contribute to the advancement of the sound management of chemicals and waste. Examples of these activities include:

**Responsible Care:** Responsible Care® is the chemical manufacturing industry’s environmental, health, safety and security performance initiative. The Responsible Care Charter, launched at the first International Conference on Chemicals Management (ICCM) seeks to harmonize, govern and expand the Responsible Care ethic globally. The Charter was updated in 2014, launching a new focus on product stewardship throughout the supply chain and promising continued contributions to sustainable development. Responsible Care and ICCA’s commitments through the Global Charter are central to achieving several of SAICM’s core objectives, including risk reduction, capacity building, and knowledge and information sharing.

Responsible Care® has been the global chemical industry’s premier performance initiative for more than 30 years and is now implemented by 62 chemical associations in nearly 70 economies around the world. Through Responsible Care, national chemical associations report on the core set of Key Performance Indicators (KPIs) that track industry’s EHS performance. KPIs include health & safety (e.g. number of fatalities, process safety data events), environment (e.g. emissions to air, discharges to water, greenhouse gas emissions), resources (e.g. energy and water consumption), and distribution (number of transport incidents). Responsible Care provides guidance to continually drive improvement within the chemical industry.

**Capacity Building:** Capacity building is one of SAICM’s five objectives, and one of SAICM’s six core areas to identify achievement toward the SAICM goal is to establish and strengthen national legislative and regulatory frameworks for chemicals and waste. Capacity building is a tool to improve chemicals management, enabling ICCA member companies to share best practices in environment, health and safety (EHS) and improve chemicals management and product stewardship through the supply chain. Since ICCM1 in 2006, ICCA has provided capacity building support for more than 245 projects in over 45 countries, reaching thousands of individuals involved in the chemical industry, its supply chains and partner organizations, as well as governments and regulators.

Examples of ICCA capacity building efforts include:
- **ASEAN Regulatory Cooperation**: an initiative based on the ICCA Global Principles for Regulatory Cooperation and led jointly by the Singapore Chemical Industry Council, American Chemistry Council (ACC), European Chemical Industry Council (CEFIC), and the Japan Chemical Industry Association, who have – to date held six workshops focusing on GHS alignment, chemical inventory requirements, prioritization of risk assessments. For example, the event held in the Philippines in July 2018 was attended by 40 representatives from industry associations and key government authorities from all ten ASEAN members. The cooperative effort continues to have the potential to significantly reduce costs for both government and industry. It helps economies achieve their mandate of protecting human health and the environment without creating barriers to trade, thus facilitating sound chemicals management in the region.

- **Latin America Regulatory Cooperation Forum**: this is an initiative from Brazilian Chemical Industry Association (ABIQUIM) to disseminate the ICCA Regulatory Cooperation Principles and to promote a dialogue between industry and governments in the region. The initiative works through a collaborative effort to achieve regulatory alignment, promoting risk-based regulations and transparent policy making processes. It was launched in October 2017 by ABIQUIM and started with a first workshop in May 2018, in Brazil (supported by ACC and CEFIC) which was attended by almost 70 representatives from industries and governments in Latin America. The main outcome was the announcement of a MoU between the governments of Brazil and Argentina (signed in October 2018) for fostering regulatory cooperation on the sound management of chemicals. A second workshop is planned for November 2019 in Buenos Aires, Argentina.

- **Morocco’s Awareness-Raising Event**: ICCA funding enabled Moroccan chemicals association Fédération de la Chimie et de la Parachimie to host a successful conference on chemicals management and Responsible Care for French-speaking Africa. Over 100 participants from nine countries including Côte d’Ivoire, Madagascar, Niger, Senegal and Tunisia gathered in September 2018 to hear from government ministers and speakers from the ICCA, UN Environment and OPCW. Topics focused on the key principles and benefits of Responsible Care, its contribution to sound chemicals management and SAICM, while representatives from five Moroccan companies shared experience in roundtable event.

- **Chemicals Management Activities in Argentina**: ICCA and UN Environment together support the Argentinian government’s work to strengthen chemicals management through the active involvement of industry, improved information sharing, and product stewardship activities, including the organization of targeted workshops and other outreach. Working closely with the national chemicals association CIQyP, efforts are focused on Responsible Care, chemicals management, and advancing adoption and implementation of the GHS. A meeting in April 2018, hosted by the Argentine Ministry of Environment and Sustainable Development in Buenos Aires and held in cooperation with the UN Environment Programme and ICCA, sought to strengthen joint efforts between government authorities, industry, the UN and other stakeholders in order to improve chemicals and waste management at the national level. The event attracted
around 250 participants and 11 different government ministries together with value chain representative.

**Knowledge and Information Sharing:** The exchange of knowledge and information on the sound management of chemicals and waste is another of SAICM’s core objectives. In addition to the facilitation of knowledge and information sharing through our capacity building efforts, ICCA has contributed to knowledge and information sharing through initiatives such as:

- **ICCA Regulatory Toolbox:** To promoting greater understanding of chemical assessment and use, and encouraging sound regulations where needed, ICCA developed a “toolbox” that can be adapted by governments.

- **UNE Partnership Study on Knowledge and Information Sharing:** As part of ICCA’s MOU with UN Environment, a report on Knowledge Management and Information Sharing for the Sound Management of Industrial Chemicals was submitted as an information document to the Third SAICM Open Ended Working Group.

  The report identifies more than 100 publicly available EHS information sources and provides profiles of 41 of the largest, which can be used to easily assess information on chemicals with varying breadth and depth. The study results will assist authorities in developing countries to gain ready access to EHS information on a wide range of industrial chemicals in commerce and can hence facilitate GHS implementation on the ground. The study has been submitted as an INF document to the Open-Ended Working Group (OEWG-3). In addition, ICCA and UN Environment are currently discussing options to further publicize the study results to make especially authorities in developing countries aware of the variety of data sources.

- **Long Range Research Initiative (LRI):** The ICCA-LRI’s mission is to identify and fill gaps in our understanding of the hazards posed by chemicals and to improve the methods available for assessing the associated risks. The LRI has become a unique source of knowledge and tools, providing a validated infrastructure of scientific advice available to both the industry and regulatory bodies. The ICCA-LRI Research Portfolio funds over 100 projects within 3 priority areas: Innovating Chemical Testing, Understanding Everyday Exposures to Chemicals, and Translating Outcomes for Product Safety. https://www.icca-chem.org/icca-long-range-research-initiative/

  Annual ICCA LRI Workshops showcase the global impact of the research supported by the LRI. Since 2005, these workshops have provided dynamic forums that foster interactions among industry and academic researchers, governmental agencies, non-governmental organizations, and regulatory decision makers regarding areas of mutual interest in chemical management.

- **Establishment of an International Chemicals Navigator:** ICCA supports the creation of an International Chemicals Navigator. Such a database would ideally build on all the data
generated by industry and other stakeholders, which would be available through one web platform and where information on chemicals properties (physchem, tox, ecotox, fate) can be retrieved on a substance basis. It could as well include other elements of SMOC like exposure data, risk assessments, risk management options, regulatory information, guidance documents, etc. The system could be easily searched by differing attributors so to enable authorities, industry, academics or civil society representatives to find the most appropriate answer to their query on chemicals. The navigator could also allow for better regulatory cooperation between countries that have similar approaches to management of chemicals, so allowing for quicker and compatible policy development. ICCA supports a strong international effort to support this development that includes joint efforts by many stakeholders, including industry.

- Value Chain Outreach/Chemicals in Products
  ICCA has proposed principles for better communication in the value chain ([https://www.icca-chem.org/value-chain-outreach-vco/](https://www.icca-chem.org/value-chain-outreach-vco/)) and is now working on a regional basis to put those recommendations into practice with the support of some downstream sectors.