



Verband der Bayerischen  
Textil- und Bekleidungs-  
industrie



Verband der Südwest-  
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## **REACH REFIT review in Brussels and the current dye and pigment crisis – is Europe's automotive industry heading for a standstill?**

As so often, the news from Asia does not bode well. A new wave of company closures in the chemicals sector in China and India, triggered by environmental concerns, has dealt a heavy blow to the global supply of dyes and pigments. No alternative capacities are available, particularly for the synthesis of dyes and pigments – or rather of the raw materials used for this purpose. The present global consumption of dyes and pigments cannot currently be replaced in sufficient quantities. Prices are soaring, and supplies to the textile value chain are not assured. Suppliers of dyes and pigments to the textile industry are speaking of an unprecedented situation.

Textile manufacturers have already informed the European Automobile Manufacturers' Association (ACEA) of this development, given that one car alone contains an average 23 kilograms of textiles – many of which are coloured by ultra-lightfast anthraquinoid dyes and pigments. It is among these special substances that the shortfall is often greatest, for the raw material anthraquinone is in very short supply. Should this development continue, it will therefore be our primary goal to avoid production stoppages in the automotive industry. This sector is just one example of the many textile sectors and associated value chains that are dependent on hundreds of different special dyes.

The current price spiral is driven primarily by the lack of raw materials and intermediate products needed specifically for dye and pigment production, and this is where REACH, Europe's new chemicals legislation, comes in. The present aggravation of the 2013 dye and pigment crisis is linked to the REACH registration deadline on 31 May 2018. REACH has been aggravating the situation for years, initially in the field of dye and pigment production in Europe. The prohibitively expensive REACH registration fees that would have been payable for thousands of dyes, pigments and intermediate products have forced almost the entire chemical industry to relocate from Europe to Asia over the past decade. This took place concurrently with the increase in

global environmental pollution in China and India. As a result, clean EU production processes were replaced by production processes in Asia which are now being closed down by government decree from Beijing and New Delhi because of the escalating environmental pollution.

This overall development has now resulted in Europe's becoming largely dependent on Asia, especially China, for its dyes and pigments just as it is in numerous other sectors. There can be virtually no question of re-establishing this industry on a wide scale in the EU because of the REACH system and its costs. What is more, most of the requisite expertise in dyes and pigments is now lost from the EU.

At the present time, REACH is further exacerbating the situation for textile manufacturers in Europe: After the REACH registration deadline on 31 May 2018, the EU market became monopolised by REACH-registered dyes and pigments, thus pushing prices even higher.

Yet another problem is that REACH registration has led to the widespread disappearance of unregistered special raw materials, including numerous special dyes and pigments, as less than half of the expected substances were registered in the EU due to the high registration costs. As of 1 June, therefore, the status of these substances is "No data – no market", meaning that they may no longer be produced in the EU or imported into it. The effect of this "light diet" of raw materials, impacting all sectors of industry in the EU, will become evident once the existing stocks of these substances have been used up.

#### **Was this a foreseeable development for dyes and pigments?**

Südwesttextil and VTB, the textile and clothing associations in Baden-Württemberg and Bavaria, have been scrupulously investigating the issue of REACH and its effect on dyes and pigments for a number of years. In the interests of their member companies, the chairmen and CEOs of both associations have repeatedly warned against the side-effects of the new EU chemicals legislation, which mainly impact the downstream industries that use these substances and raw materials. The Network of Excellence on dyes and pigments, created jointly in 2014 by Südwesttextil, VTB and other regional and professional textile associations, was an expression of this concern.

Arved Westerkamp, CEO of Südwesttextil member company Rösch/Rökona of Tübingen, explained the effects of the present dye and pigment crisis on the textile industry in his speech at the REACH REFIT review in Brussels on 11 June. Like many other textile finishers in the EU, this textile-processing SME experiences every day how the abstract decisions made by bureaucrats in Brussels and the Chemicals Agency in Helsinki take practical effect on a highly complex, global supply chain.

Using the dye and pigment industry as an example, Westerkamp, who has been addressing REACH and its implications in great depth for many years, resolutely demonstrated the effects promoted by REACH that will occur in future. These are the core messages of his speech:

- REACH has created an imbalance
- After 10 years of REACH, there is no sign that it has achieved its objectives
- REACH has brought about more disadvantages than advantages
- More and more monopolies are being created
- The manufacture of textile dyes has been relocated entirely to the Far East because of REACH, leaving Europe dependent on East Asia
- REACH will result in the complete deindustrialisation of the EU
- We are importing products into the EU that have been manufactured in other countries using unclean processes
- We need a REFIT review that gives a voice to SMEs
- The objectives have not been achieved, bureaucracy is getting out of hand, jobs are being lost, innovation is not happening, and monopolies are being created

At REACH-REFIT, the European Commission investigates at five-yearly intervals how well REACH is achieving its objectives. The latest review was held in 2018, after which Südwesttextil and the VTB evaluated the Commission's report – particularly the hundreds of pages of REFIT background reports. The contents of the REFIT background documents were not only extremely illuminating for textile companies and other SMEs, but they also largely contradict the European Commission's official account of the status of REACH.

After a great deal of self-adulation for ECHA, the European Commission and the REACH system in Section 1, the next four sections of the REFIT review turned into a real showdown of REACH criticism.

Criticism of REACH – which, according to the REFIT report for the Commission, shows no improvements even after ten years – was for the first time expressed by numerous parties both frankly and on a factually sound basis, unlike the arguments of the European Commission. From trade unions to the European SME association UEAP-ME, whose REACH expert Dr. Susnik also held a very significant speech, the trend has never before been so critical on so many levels. Susnik's speech, which took a particularly close look at the REACH registration costs and the consequences of monopolisation, culminated in an appeal saying that if SMEs in the EU are to be abolished by REACH, the European Commission should please issue an official statement to this effect. The European Commission was clearly surprised and probably also discomfited by the turn that the event had taken. Many questions to the European Commission remained unanswered that day.

At the close of the event and of the highly critical Section 5 of the review, which concluded with Arved Wester-kamp's speech, no further discussion from the auditorium of around 120 people was permitted. The official reason was given as lack of time, as the European Commission wanted to finish the proceedings in Brussels on time that day. Yet this very time was wanted for a final discussion which many participants would have liked to hold. Is the European Commission putting its head in the sand rather than face the disruption caused by the REACH system? Any more "sugar-coating" of REACH would be fatal, as EU companies will be punished relentlessly by the global economic competition. The EU is running out of time, and REACH – as was widely predicted – is threatening to become a disaster for the EU.

Criticism alone is not enough! The German textile+fashion Confederation t+m in Berlin and EU-RATEX have both drawn up position papers on the REACH-REFIT event, including proposed solutions. But the dye and pigment crisis is an alarm signal for REACH! Now it is the task of Berlin and Paris to ensure that a European Commission which is already planning new elections in 2019 will change course on this issue before the summer recess.

#### The author

Stefan Thumm qualified as a textile chemistry and textile processing engineer (Dipl.-Ing FH) at the University of Reutlingen and as a master of technical management at Munich Chamber of Commerce. He has many years of relevant professional experience. He advises and supports our member companies particularly on issues relating to technology, innovation and the environment. This service is made possible by VTB in cooperation with Süd-westtextil and the Allianz Faserbasierte Werkstoffe Baden-Württemberg e.V. (Baden-Württemberg alliance for fibre-based materials) – AFBW.

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