

**European Union Cuts Cost Estimate for Chemicals Safety Plan**  
**Reuters, 14 October 2003**  
**By Robin Pomeroy**

BRUSSELS, Oct 14 (Reuters) - Sweeping new European environmental rules, which chemicals firms have slammed as ruinous, will cost much less than initially thought, the European Commission is set to announce this week.

The bill would force chemicals makers to register the hazardous properties of thousands of substances used in all manner of goods from cars to clothes, so they can be screened for their risk to humans and the environment.

The European Commission, the European Union's executive arm which is due to release the draft legislation on October 29, will reveal its latest cost estimate on Thursday, and says that a lighter version of the rules will mean lower costs for firms.

According to Commission sources, the direct cost of registering and testing chemicals over the next 10 years will be around 2.3 billion euros (\$2.68 billion), compared with a previous estimate the EU executive made in April of 3.6 billion.

The total costs, some of which will be paid by industrial users of chemicals which might have to scout around for alternatives if some substances are restricted or banned, would be between 2.8 billion and 5.2 billion euros, sources said on Tuesday.

The cost estimate has come down after the Commission softened a preliminary draft it released in May, easing regulations for thousands of substances.

Industry argues the Commission has constantly underplayed the impact of the regulations which, it says, will put smaller firms out of business and push much chemicals manufacturing outside of the EU.

Industry-funded studies have said anything from 360,000 to one million jobs could be lost and that the costs could be between 29 billion and 54 billion euros a year, figures dismissed by the Commission as "scare mongering".

Environmentalists and consumer groups say the new rules are essential to reduce the risk of chemicals that can cause cancer or harm fertility building up in the environment.

Chemicals is one of the EU's biggest industrial sectors with big names like Germany's BASF <BASF.DE> and France's Rhodia <RHA.PA> contributing to total sales of 528 billion euros and employing 1.7 million people.

The issue took on a high-level political angle last month when German Chancellor Gerhard Schroeder, French President Jacques Chirac and British Prime Minister Tony Blair co-signed a letter to the Commission echoing industry fears about the scheme's cost and workability.

Copyright 2003, Reuters News Service