

OverREACH from the UN and EU: Putting both chemicals and progress at risk

Wolfgang Kasper



Just when we thought that the Eurocrats and their allies in the United Nations had got the message that America, Australia and major developing countries were not going to tolerate further attempts to impose global controls—such as the Kyoto Protocol and global bans on genetically-modified crops—we are confronted with a new proposal to do just that. Under a new initiative, from 2020 most chemicals are to be subjected to strict bureaucratic evaluations and controls before they can be used and traded.

The European Union (EU) has already set in motion its own comprehensive scheme to license or prohibit some 30,000 commonly used chemical compounds, plus any newly discovered ones, under its new REACH scheme (Registration, Evaluation and Authorization of Chemicals). At an International Conference on Chemicals Management in Dubai in February 2006, EU representatives managed to get delegates of numerous other countries to adopt a 'Global Plan of Action', consisting of some 270 specific chemical control measures, through which this policy is to be expanded globally under United Nations auspices (the United Nations' Environmental Program, UNEP, has created a Strategic Approach to International Chemical Management, SAICM).

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To Rule World Markets

The EU began to implement a 'chemicals policy' in the wake of an accident at Seveso in Italy in July 1976, which had more to do with foolhardy management than with deficient industry licensing. Nonetheless, the EU adopted a precautionary policy that chemicals, before they could be marketed, henceforth required strict official examination. It was also argued that, in future, consumers and users should never again be used as guinea pigs to test new chemicals. Gradually, a huge number of substances were to be registered and tested, which inflicted enormous bureaucratic and compliance costs. Therefore, some 10,000 'old substances' were exempted, and only about 2,700 'new substances' have been notified. Since this implied an uneven treatment of old and new compounds, the EU authorities were induced by the German government to develop a more comprehensive chemicals policy, covering everything. By October 2003, this led to REACH. The programme is to be implemented from the middle of 2007 and will cover some 30,000 chemical compounds, includ-

ing imports, in their thousands of diverse uses. Past knowledge and practical experience will be replaced by millions of new, official laboratory experiments. The time-tested legal principle that you are innocent till proven guilty is being turned on its head: industry and importers will have to prove a product harmless, otherwise they are henceforth considered guilty—all this at a time when there are hardly any chemically caused illnesses in Europe.

The professional associations of chemists and big industry are not overly perturbed by the prospect of REACH, since it promises huge career opportunities and competitive advantages for big industry. But smaller producers and users of chemicals are protesting that they will be burdened with disproportionate expenses, in violation of the principle of proportionality, which the Maastricht Treaty had propounded.

Fear for the international competitiveness of Old Europe's over-regulated industries were no doubt part of the reason why the EU wanted to export its new regulatory handicaps to the world at large, through a UN convention which set up SAICM. This conformed to a well-known pattern: Opportunistic, but costly EU regulations, which handicap European industry, such as costly environmental or social controls, are being exported from Brussels to a willing UN agency. Resistance to the spread of top-down EU-originated planning and control is put up mainly by the United States, but many smaller

countries comply, often because their diplomatic representatives lack the relevant expertise or do not care about costs.

The politics is confused and confusing. To date, it is clear that the UN-SAICM strategy will be an expensive undertaking, but it is unclear how it will be funded and whether the US, Australia, Japan, South Korea and Canada will subscribe to the precautionary principle in chemicals production and trade. They opposed much of what was adopted at the midnight hour of the Dubai conference. High-level European government officials are now nevertheless arguing as if the entire world had agreed to the precautionary principle for chemicals and as if the new UN strategy was binding, rather than voluntary. It will, of course, be binding for anyone trading chemicals, or products made with such chemicals, in Europe. European officialdom now busies itself to have not only industrial and agricultural chemicals covered by SAICM, but also long-existing household chemicals and disinfectants.

An Intergovernmental Forum on Chemical Safety now pushes an agenda that is to distinguish between harmful and harmless compounds, based on precaution, and that harmonises the rating of chemicals and how they are to be labelled. Can sulphuric acid be licensed for the production of fertilisers or glass, or in minerals processing, because it hurts laboratory rats? What concentrations, combinations and applications of chlorine, which humans have long used, will be banned irrespective of the consequences, as was done with DDT? Will H₂O and NaCl, which in certain concentrations can be quite dangerous to humans, be banned? What new bureaucratic costs will be caused for the transport of chemicals?

Yet, a global association of major chemical producers has welcomed the UN's SAICM, although it was sceptical about plans to finance the undertaking by a UN tax on chemicals. These

rich-country producers argued as far back as 2005 that developing countries and the transition economies 'should make chemicals policy a building block of their national public policy, and integrate the sound management of chemicals into the country's assistance strategies, poverty reduction strat-

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egy plans and sustainable development agenda'—in other words, that the new industrial competitors should adopt all the cost handicaps of Old Europe and rule out their own judgements about running risks in the interest of faster economic development.

Progress and Precaution

Some historical context would be useful. Human life expectancy, as well as general health and nutrition, have been improving enormously over the past two centuries. In the affluent West, life spans have gone up by about 25 years during the twentieth century alone. Much of this improvement in human well-being owes a lot to chemistry and chemicals.

Chemical progress has been propelled by market competition, and so has the know-how about the safe use of chemical compounds. Like progress in other areas of human knowledge, entrepreneurs, animated by profit expectations, weighed technical and

commercial risks when developing and marketing new compounds. Sometimes, their guesses were welcomed by market demand and made profitable. Sometimes the costs and risks proved to be excessive so that products had to be abandoned or modified. The process of decentralised trial and error also produced some chemical accidents, which of course hurt the profitability of chemical companies and produced new, useful knowledge. The protagonists of a centrally-planned chemicals policy have argued that maybe 4,500 lives could be saved annually if people were completely protected from excessive exposure to man-made chemicals. These statistics are hotly contested. But whatever loss of human life there may be, it has to be weighed against the many millions of human lives that are saved, extended and improved annually by the blessings of chemical and pharmaceutical progress.

Weighing the costs and benefits of new knowledge in the informal, decentralised ways of the market is, however, anathema to central planners. They argue for a precautionary principle to prevent all harm. They tell us that enlightened, dispassionate elites can avert all risks. But the precautionary principle, so beloved to Green elites these days, always singles out one narrow goal, for example avoiding all deaths from chemicals or all harm to nature, to the neglect of all other human aspirations, such as general prosperity, high employment, self-reliance in old age, or longevity. In other words, the protagonists of precautionary principles arrogate for themselves the right to single out a particular objective from the manifold human aspirations and want to preclude that we balance the expected costs and benefits in terms of all the many objectives we pursue. Behind this is a power grab: 'We, the elites, decide what has priority!' The proponents of precautionary principles often argue that the opponents advocate incaution. This is not so! They only argue for a



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balanced assessment of risks and gains, and against the one-sided promotion of specific causes by single-issue pressure groups.

Another problem with precautionary principles is, of course, the unrealistic assertion that elites, who implement policies based on such a principle have perfect knowledge, are competent and never cause deleterious side-effects. In reality, this is not so! The pursuit of one sole priority objective all too frequently leads to dramatic backlashes and costly reversals of policy. In reality, the gradual evolution of useful knowledge and democratic policy are served much better if we acknowledge that we have to cope with many conflicting objectives and, alas, have to incur some risks.

Impoverishing the Poor

The global chemicals initiative pays as little attention as Kyoto did to the aspirations of poor countries. The pattern was set long ago by global DDT bans: Arguably false alarms in the 1960s about the impact of DDT on the eggshells of sea eagles led to a ban of a chemical that was harmless to humans. As is now well known and documented, this led to the renewed spread of malaria, causing millions of avoidable malaria deaths in the Third World.

A global chemicals policy will have similar, but much broader, impacts on the world's poorest. Indian economists have, for example, pointed out that the labour-intensive, profitable recycling of electronic equipment and the dismantling of ships in India and Pakistan will probably soon be precluded by regulations, which control the international trade in products that might contain regulated chemicals. More generally, the UN and the EU are preparing the ground for creating another barrier to economic development. Basic hygiene, health care and food preservation will become unaffordable for millions of the world's most destitute and for many Third-world governments, so that more will remain aid-dependent clients of the World Bank and other, often corrupt, aid agencies.

If realised, these measures will also have profound consequences for Australians as consumers and producers. They will inflict high compliance costs, but also create numerous new bureaucratic careers. We are already learning from a whole alphabet soup of lobby groups, government authorities, councils and conferences how many new bodies will be staffed by high-earning, autocratic, and self-serving careerists. Tell your children to study public ad-

ministration, a little chemistry and a little environmental science, if you want them to be among the few who are bound to profit from the new global chemicals policy.

On a more fundamental level, REACH, and the attempt to globalise this bureaucratic monster through SAICM, is yet another attack on economic freedom and fundamental law. Burdens of proof are being turned upside down, as we saw; individual property rights will be violated by a pervasive plan-and-control machinery. The responsibility of producers and users of chemicals is being eroded, and the dispersed, entrepreneurial knowledge-testing of markets, to which we owe so much of humanity's progress, is to be replaced by huge, cumbersome bureaucracies. The errors and corruption, which go with central planning and bureaucratic licensing the world all over, will do much to slow human progress.

But dreams of world government will be advanced, yet again.

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