PART II

Chapter 4

# *Chemical Products*

## 1. Introduction

Chemical products in chapters 28 - 38 of the EC's Common Customs Tariff (CCT) code vary from bulk chemicals to higher value speciality chemicals and pharmaceuticals. It also includes fertilizers and agro-chemicals; synthetic resins; paints; varnishes; printing inks; essential oils and flavourings; soap and toilet preparations; and photographic materials such as film and developing materials.

Customs duties imposed differ greatly between product groups. Certain types of fertilizers enter free of customs duties while categories of inorganic chemical compounds attract duties of up to 17.5%.

## 2. Chemicals

Due to the nature of chemical products, legislation has been issued to take into account two major concerns of the EC: public health and safety and the protection of the environment.

The EC has introduced a uniform system for hazard classification and labelling of preparations through the Dangerous Preparations Directive. Suppliers are required:

- to identify the hazards (or dangers) of the chemicals they supply;
- to give information about hazards to suppliers, handlers and users;
- to package the chemicals safely.

Dangerous chemicals are classified under three main categories:

1. Substances and preparations dangerous because of their physical or chemical properties, i.e. explosive, oxidizing, flammable.
2. Substances and preparations dangerous because of their health effects, i.e. toxic, harmful, corrosive, irritant, carcinogenic, mutagenic.
3. Substances dangerous to the environment.

There are some 1,400 or so more common dangerous substances already classified by the EC. The EC has set up a Scientific Advisory Committee to examine the toxicity and eco-toxicity of chemical compounds. However if a substance is not on the classified list suppliers themselves have to classify it according to predetermined guidelines.

If a dangerous chemical is supplied in a package, the package must be labelled. The aim is to inform anyone handling the package or using the chemical about its hazards and give brief advice on the precautions. The label contains details about:

- the supplier
- the chemical
- the category of danger
- risk phrases - "may cause cancer" or "toxic by inhalation"

- safety phrases - "keep away from children" or "do not empty into drains"
- warning symbol (skull and crossbones, or picture of an explosion).

Chemicals must also be packaged safely to withstand the conditions of supply and carriage.

For full details of this legislation and approved list of classified chemicals contact European Commission (DG III) as detailed in Part III.

Chemical substances and preparations such as asbestos which have been proven to be a risk to public health or the environment are carefully monitored by the EC. Legislation restricts the marketing and use of these substances. Classification, packaging and labelling are also governed by EC legislation implemented in each Member State.

## 3. Paints

Paints and coatings will be affected by higher environmental standards required by the EC. Organic solvents used in paints are released into the environment both as waste from the manufacturing process and application of the product. It is a major source of air pollution through excessive emission of VOC (volatile organic compounds) into the atmosphere. These emissions contribute to acid rain while other paint constituents may be highly toxic.

The United Nations Economic Commission for Europe is developing a VOC Protocol involving agreement by signatories to reduce man-made VOC emissions by 30% in 1999. VOC which is found mainly in solvents used as drying agents for paints have made a number of paint users switch from solvent-based to water-based paints and varnishes.

Measures to prevent pollution of the environment have encouraged paint users to demand paints with lower solvent content. For example in the United Kingdom, manufacturers that

use over 5 tonnes of organic solvents per annum will come under the supervision and control of local government authorities. To avoid the bureaucracy and paper work of direct supervision manufacturers may prefer to decrease their usage of paint containing organic solvents.

## 4. Pharmaceuticals

The EC pharmaceutical industry is highly fragmented. This is caused by:

- national price controls which cause dramatic price differences between countries
- different levels of usage of similar pharmaceutical products
- marketing licences obtained at a national level.

The EC would like to eliminate the need for companies to obtain separate product licences for each EC country and allow free movement of pharmaceutical goods within the EC. In November 1992 it was agreed that a European Medicines Agency would be established. It is envisaged that after 1 January 1995 this agency will evaluate all new medicinal products intended for human or veterinary use and issue a marketing licence valid throughout the Community. Mutual recognition of national authorisations granted in the past will be allowed for existing medical products.

Proposals have also been made to introduce a method of increasing the patent life of medicines. This is aimed to protect EC research-based companies against competition from low-cost generic substitutes. If legislation is implemented it could be a barrier for potential Commonwealth pharmaceutical exporters wishing to sell cheaper generic drugs.

A harmonised list of particulars which must appear on the packaging of medicinal products for humans has been enforced since 1965. However, due to national registrations and requirements packaging and labelling varies a great deal among EC Member States.

Proposals have been made to improve labelling and include the following information on the outer package:

- name of medicinal product
- its composition
- pharmaceutical form and content
- list of instructions that should be known to ensure effective use of medicine
- method of administration
- date of expiry
- storage precaution
- name and address of EC seller/importer.

(Member States may demand that price and conditions of reimbursement by social security organisations also appear)

The EC has also laid down the principles and guidelines of Good Manufacturing Practice (GMP) for medicinal products for human use. A copy of these guidelines (Ref. CB-55-89-722) can be obtained from

Office of Official Publications of the European Communities
2 Rue Mercier
2985 Luxembourg
Tel: +352 499 281
Fax: +352 490 003

Jean Monnet House
8 Storey's Gate
London. SW1P 3AT
United Kingdom
Tel: +44 71 973 1992
Fax: +44 71 973 1900

## 5. Cosmetics

The cosmetics industry has been highly regulated across the EC since the late 1970's due mainly to concern for public health. Legislation defines what products are to be considered as cosmetic and differentiates them from drugs which would then require medical licenses from EC Member States. Legislation also introduces lists of substances subject to restriction and in some cases requires appropriate labelling when present in cosmetic products. This is the case for hair dye ingredients. The Scientific Committee on Cosmetology, an expert group of toxicologists appointed by the EC to advise on matters relating to the safety of cosmetic ingredients and products, has been established to review the safety of ingredients brought to its attention by Member States. This is usually as a result of some considered allergic potential. When approving the use of an ingredient the SCC can advise that the substance should be listed on the label of a product when present.

The following proposals have been made:

- inventory listing of ingredients used in cosmetics within the EC
- the requirement for a full dossier on every product
- the registration of all manufacturing sites
- requirement for comprehensive ingredient labelling for all cosmetic products.

The objective of this amendment is to provide "absolute transparency" i.e. both authorities and the consumer will have the ability to obtain information relating to a cosmetic and its ingredients. The EC cosmetic industry is keen to ensure that any labelling scheme proposed is as compatible as possible with that used in the USA so that a system can be established which automatically will be of use internationally.

Problems exist in implementing the requirements of this legislation. A common system of nomenclature must be agreed before comprehensive ingredient labelling can be established. There are many hundreds of ingredients used within the EC and it will take some time before the European industry can set up a system whereby some form of common dictionary is established.

Despite EC legislation on cosmetics individual Member States have added their own requirements for labelling over and above that which is specified in this Directive. French cosmetic products must declare the percentage of any "promoted" ingredient and the Italian Government requires an alcohol declaration for cosmetic products sold in the country. Cosmetic companies in other EC states are pushing to ensure that additional requirements by Member States can no longer be imposed, given the harmonisation of legislation in the EC.

A consolidated version of existing Community laws concerning cosmetic products can be found in the EC's Official Journal C 322 of 21 December 1990, ref. SEC(90)1985.

Certain cosmetic and toiletry products prepacked in preestablished quantities may have to be unit priced from 7th June 1995. This is in line with EC legislation on unit pricing. This legislation presents practical problems for manufacturers and retailers. The industry is making a strong plea for exemptions of luxury perfumes, cosmetics and specific creams which by their very nature are not suited to unit pricing. Proposals to the Commission have been made so that all cosmetic and toiletry products which are not powders or solids can continue to be priced by volume.

## 6. Fertilizers

The EC has specific laws regarding the marketing of fertilizers in the Community. It has issued a list of natural and chemical substances which may be designated EEC Fertilizers and be labelled as such. Additional information must be given on the type of fertilizer as well as a guaranteed nutrient content list.

Details on laws governing the marketing of fertilizers can be found in the EC's Official Journal OJ L 111 of 22 April 1989, ref. 89/284/EEC.

For more information contact the European Commission (DG VI) as detailed in Part III.

## 7. Further Information and Contact Points

### TRADE ASSOCIATIONS

1. ***European Federation of Pharmaceutical Industries Association***
   Avenue Louise 250-Bte 91
   B-1050 Brussels
   Belgium
   Tel: +32 2 640 6815
   Fax: +32 2 647 6049

2. ***European Confederation for Trade in Paint, Wall and Floor Coverings***
   42 Avenue Marceau
   F-75008 Paris
   France
   Tel: +33 1 47 23 64 48
   Fax: +33 1 47 20 30 90

3. ***European Federation of the Perfume, Cosmetics and Toiletries Industry***
   Rue de la Loi 233
   Bte 2, B-1040
   Brussels, Belgium
   Tel: +32 2 230 9179
   Fax: +32 2 231 1587

4. ***European Fertilizer Import Association***
   Rue de l'Orme 19
   B-1040 Brussels
   Belgium
   Tel: +32 2 733 1264
   +32 2 734 1240
   Fax: +32 2 734 6702

4. ***European Chemical Industry Council***
   4 E. van Nieuwenhuyse
   B-1160 Brussels
   Belgium
   Tel: +32 2 676 7211
   Fax: +32 2 676 7300))

### TRADE FAIRS & EXHIBITION

1. ***INTERCHIMIE***
   ***International Exhibition for Chemical and Process Engineering***
   Location: Paris-Nord/Villepinte
   Contact: SEPIC
   1 rue du Parc
   92300 Levallois-Perret
   Paris, France
   Tel: +33 1 49 68 51 00
   Fax: +33 1 47 37 74 68
   Frequency: Every 3 years in April.
   Next fair - 1993

2. ***PRIMIERE/AMBIENTE/AUTUMN FAIR***
   ***International Trade Fair for Consumer*** Goods (Cosmetic products ind.)
   Location: Frankfurt, Germany
   Contact: Messe Frankfurt GmbH
   Postfach 970126
   6000 Frankfurt 1
   Germany
   Tel: +49 69 75750
   Fax: +49 69 75756433
   Frequency: Primiere: Every year in January
   Ambiente: Every year in February
   Autumn Fair: Every year in August

3. ***FARBE***
   ***International Exhibition of Colour Design and Colour Application***
   Location: Cologne, Germany
   Contact: Messe-und Ausstelungs-ges mbH Koln
   Postfach 21 07 60
   Messeplatz 1
   D-5000 Koln 21, Germany
   Tel: +49 221 8210
   Fax: +49 221 8212574
   Frequency: Every 2 years in March
   Next fair - 1993

***European Commission***
200 Rue de la Loi
1049 Brussels
Belgium
Tel: +32 2 299 1111

Product Example

# *Dyes and Chemicals*

## Product Coverage

| CCT NUMBER | PRODUCT DESCRIPTION |
|---|---|
| 320411 | Disperse dyes |
| 320412 | Acid and mordant dyes |
| 320413 | Basic dyes |
| 320414 | Direct dyes |
| 320415 | Vat dyes |
| 320416 | Reactive dyes |
| 320417 | Pigments |
| 320419 | Other dyes |

## Customs Duties

| CCT NUMBER | FULL | ACP | GSP | LDDC |
|---|---|---|---|---|
| 320411 | 10% | 0% | 0% | 0% |
| 320412 | 10% | 0% | 0% | 0% |
| 320413 | 10% | 0% | 0% | 0% |
| 320414 | 10% | 0% | 0% | 0% |
| 320415 | 10% | 0% | 0% | 0% |
| 320416 | 10% | 0% | 0% | 0% |
| 320417 | 10% | 0% | 0% | 0% |
| 320419 | 10% | 0% | 0% | 0% |

## Product and Standards

Dyes can be classified as natural dyes coming from natural materials or as synthetic dyes made from chemicals. Due to the considerable volume of natural resources required to obtain natural dyes, the industry has turned to synthetic dyes which give an overall superior quality as a colouring agent. At present the main user of natural dyes is the food industry while synthetic dyes are essential requirements for the textile industry.

New dyes have been developed to meet the market demand for improved colour fastness and a wider colour range. Along with new dyes other chemical products have also been developed such as mordants which are

substances (usually metallic compounds) applied during the dye process to increase the fastness of dyes. These chemicals however have proven to be highly toxic. Waste disposal after industrial dying process has proven to be a problem for many EC manufacturers. In fact chemical companies have taken 40 dye stuff products off the market because of environmental objections.

To protect public health and safety and the environment legislation has been issued requiring all new chemical substances to be given an identity card, showing what potential dangers may be present for human health and environment. Manufacturers or importers must present the following information to the EC authorities:

- a technical dossier detailing the physical, chemical, toxicological, and eco-toxicological characteristics of the product, use to be made and any necessary safety precautions required
- potential risks of the product to human health and environment
- proposals for any measures relating to the conditions of use of the product intended to limit any unfavourable effects
- classification of the new product into different pre-defined categories.

This means any modifications to dyes must be tested and registered before the modified product can be marketed even if a new substance accounts for only 0.1% of an existing formula.

## Marketing and Distribution

Dyestuffs are made by a relatively specialised sector of the chemical industry in the EC. Prices are between £20,000 and £50,000 a tonne. World sales of dyestuffs reached £7 billion in 1989.

Dyestuffs from third countries are usually sold by chemical merchants directly to industrial users. Dyestuffs manufactured in developing countries are reported to be available from these merchants at a quarter of the price of European equivalents. However, these chemicals do not comply with labelling and registration requirements of the EC. EC enforcement in the past years has not been stringent but is expected to be so in the future. As an example Benzidine dyes which are known to be carcinogenic and should be labelled as such are available quite cheaply in the market.

## Documentation

Aside from normal shipping and import documents, Certificate of Origin - Form A for GSP and LDDC countries, EUR 1 for ACP countries - must accompany consignments to benefit from reduced tariff or tariff free entry into the EC.

## Other Information:

Trade Association:
The Ecological and Toxicological Association of the Dyestuff Manufacturing Industry
Clarastrasse 4, P.O. Box
CH-4005 Basel 5
Switzerland
Tel: +41 616 812230
Fax: +41 616 914278

Trade Fair:
INTERCHEMIE
International Exhibition for Chemical and Process Engineering
Location: Paris-Nord/Villepinte
Contact: SEPIC
1 rue du Parc
92300 Levallois-Perret
Paris, France
Tel: +33 1 49 68 51 00
Fax: +33 1 47 37 74 68

# *GSP Commonwealth Countries*

# *ACP Commonwealth Countries*

# *ACP Commonwealth Countries*

*Entry Conditions:*

Tariff free and quota free entry into the EC.

*Rules of Origin:*

General rule of origin for chemical and allied products states that non-originating (i.e. not from an ACP or EC country) material used to produce the final product must have a different customs tariff classification heading from the end product imported into the EC. However, non-originating materials classified within the same heading may be used as long as they do not make up more than 20% of the value of the final product.

Petroleum based products are at the present time of writing subject to national rules of origin. The EC intends to harmonize rules of origin during 1993.

*Documentation:*

Certificate of Origin (EUR 1 must accompany products if the exporter is to benefit from tariff free entry into the EC. These forms can be obtained from the exporting country's national Customs and Excise office or Ministry of Trade.

# *GSP Commonwealth Countries*

*Entry Conditions:*

Products of chemical and allied industries are allowed entry into the EC free of customs duties. Tariff ceilings apply to a number of chemical products including:

**Inorganic Chemicals**

- ammonia
- sodium hydroxide
- chromium oxide and hydroxide
- antimony oxides
- ammonium chloride
- barium carbonates
- sodium dichoromate

**Organic Chemicals**

- chloroethylene
- methyl alcohol
- quinol
- lactic and citric acid
- paracetamol
- vitamin C and other vitamins
- cortisone

**Fertilzers**

- urea
- sugar phosphates
- mixtures of urea and ammonium nitrate

**Miscellaneous Chemical Products**

- gelatin and derivatives
- active carbon
- resin from fresh eleoresins

Imports beyond the ceiling may be subject to the full rate of duty.

*Rules of Origin:*

The general rule of origin for chemical and allied products states that non-originating (i.e. not from a GSP country) material used to produce the final product must have a different customs tariff classification heading from the end product imported into the EC. However, non-originating materials classified within the same heading may be used as long as they do not make up more than 20% of the value of the final product.

Petroleum based products are at the present time of writing still subject to national rules of origin. The EC intends to harmonize rules of origin during 1993.

*Documentation:*

Certificate of Origin (Form A) must accompany products if the exporter is to benefit from tariff free entry into the EC. These forms can be obtained from the exporting country's national Customs and Excise office or Ministry of Trade.

# *LDDC Commonwealth Countries*

# *LDDC Commonwealth Countries*

*Entry Conditions:*

Tariff free quota free entry into the EC.

*Rules of Origin:*

The general rule of origin for chemical and allied products states that non-originating (i.e. not from an LDDC country) material used to produce the final product must have a different customs tariff classification heading from the end product imported into the EC. However, non-originating materials classified within the same heading may be used as long as they do not make up more than 20% of the value of the final product.

Petroleum based products are at the present time of writing subject to national rules of origin. The EC intends to harmonize rules of origin during 1993.

*Documentation:*

Certificate of Origin (Form A) must accompany products if the exporter is to benefit from tariff free entry into the EC. These forms can be obtained from the exporting country's national Customs and Excise office or Ministry of Trade.