

Executive summary

Governments are striving to design and implement cost-effective policies for “greener” and more innovative sources of growth and more sustainable consumption. How such policies are implemented in the chemical industry will be critical to achieving sustained success. This report discusses both the quantifiable and non-quantifiable benefits that accrue to governments and the chemical industry from the OECD Environment, Health and Safety (EHS) Programme.

The chemical industry is one of the world’s largest industries, with products worth around USD 5 681 billion in 2017. OECD countries account for almost half of global production (42%). The OECD estimates that world production is expected to grow to almost USD 22 000 billion by 2060.

Modern life without chemicals would be inconceivable; chemicals are a part of our daily life. But given the potential environmental and human health risks from exposure to chemicals, governments have a major responsibility to ensure that chemicals are produced and used as safely as possible. Effective regulation should be based on a productive working relationship with the chemical industry in the public interest.

The potential risks of chemicals are managed in OECD countries through sophisticated and comprehensive science-based systems founded on the identification of hazards and the assessment of risks. The role of the OECD is to assist member countries to meet the dual aims of developing and implementing policies and high-quality instruments to protect human health and the environment and to make their systems and processes for managing chemicals as efficient as possible. In order to eliminate duplication of work and avoid non-tariff barriers to trade, emphasis has been on developing frameworks for work sharing in gathering and assessing information on the potential risks of chemicals. The time-tested instruments of the OECD Mutual Acceptance of Data (MAD) system provide the basis for generating savings to governments and industry. These savings are a measure of the success of OECD’s work on chemicals, which is further demonstrated by the adherence of non-members to the MAD system.

The EHS Programme was set up to help OECD governments optimise the use of their resources, reduce non-tariff barriers to trade, and save industry time and money by co-operating to test and evaluate the safety of industrial chemicals, pesticides, biocides, nanomaterials and products of modern biotechnology. It does so through a variety of ways: harmonisation, burden sharing, exchanging technical and policy information, international co-operation, ensuring green growth, and contributing to sustainable development.

Key findings and conclusions

The net financial savings to governments and industry brought by the programme (after deducting costs) for harmonising the testing and assessment of new biocides, new and existing industrial chemicals, and pesticides, are estimated to be more than EUR 309 million a year.

This report estimates that net savings attributable to the EHS Programme have grown by 75% since 2010 and by over 240% since 1998. However, it is important to note that unlike

the estimates for 2010 and 1998 that were documented in the two previous reports which quantified the financial benefits that accrue to governments and industry, the estimates in the present report include the significant savings from tests on biocides not being repeated due to MAD. Those savings are estimated to be around EUR 61 million per year. In addition, since 2010 there has been an increase in the number of OECD member countries and non-member full adherents to MAD. This means that the reduction in duplicative testing is now spread across more countries and hence the savings are greater.

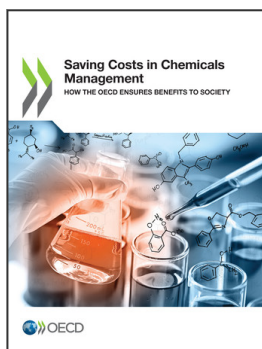
Some activities within the EHS Programme can currently only be described in qualitative terms, either because the benefits are not easy to measure in direct monetary gains or because the activities have not been implemented for a sufficient length of time to gauge their impacts. However, these benefits are just as real and important as the quantifiable benefits. Many of them are due to countries working together to tackle chemicals management issues, thus sharing the burden associated with tasks that they otherwise might have to face alone. Such burden sharing saves valuable time and resources for government and industry.

Further, by pooling resources, OECD countries develop methods for improving the way risk assessments are conducted, which in turn leads to better risk management decisions. And, as some of the most experienced experts across the OECD participate in this work, countries get access to high-quality, globally respected material in many different technical areas. Individually, no country could match this level of expertise in each field. Finally, by harmonising chemical safety tools and policies, governments are provided with a common platform for collaboration.

Some examples of benefits which are due to work sharing under the EHS Programme include: facilitating easy access to information on chemicals, thus reducing the risks of duplicative testing and increasing the reuse of existing assessments by other countries; providing access to harmonised templates for structuring data when reporting summaries of the results from health and environmental safety tests; ensuring the safety of manufactured nanomaterials by developing harmonised tools for testing and assessment; harmonising the safety assessment methodologies for products of modern biotechnology; providing harmonised tools to identify endocrine disruptors; reducing the need for governmental inspections of test facilities in other countries that adhere to MAD as such countries can request another country to conduct an inspection of a test facility located in the other country; enhancing hazard assessment methods and limiting the use of animals in chemical testing; facilitating the exchange of information on chemical accidents to support prevention, preparedness and response; advancing harmonisation of biocides regulations; and counteracting the illegal trade of pesticides.

In addition, and most importantly, by working together through the EHS Programme, governments can better, and more rapidly, address and minimise impacts to health and the environment from the production and use of biocides, pesticides, industrial chemicals and manufactured nanomaterials.

Finally, while this report has not tried to quantify the annual savings for pharmaceutical companies, these savings are expected to be significant. Pharmaceutical companies conduct many non-clinical tests using OECD Test Guidelines and follow OECD Principles of Good Laboratory Practice, and, hence, many potential benefits could accrue to this industry as a result of MAD. On average, OECD governments review non-clinical test data from companies on around 34 new active ingredients per year. The testing of such compounds can be in the millions. As such products are marketed in multiple regions, there are likely to be great savings from the reduction in duplicative testing.



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