



August 3, 2009

PRESS RELEASE

New EU legislation prompts apparel exporters to brace up for stringent chemical tests

New Delhi, Aug 3 -- Indian textile and apparel manufacturers could face tremendous hurdles while exporting to the European Union in coming years when a tough law on chemicals and their safe use tightens its grip by December 2011, experts here say.

This will upset many import and export strategies besides having a significant impact in terms of supply chain management, they said.

By December 1, 2011 the producers or exporters will have to notify the European Chemicals Agency (ECHA) if their goods contain hazardous properties of a substance listed in the candidate list of a new law called Registration, Evaluation, Authorisation and Restriction of Chemical Substances (REACH).

This will include dyes and pigments. The idea is to improve protection of human health and environment from hazards of chemicals.

Enterprises manufacturing or importing more than one tonne of a chemical substance per year will be required to register the chemical in a central database. The general aim of REACH is to replace these potentially hazardous substances by safer alternatives whenever possible.

To spread awareness for the clothing industry, the Apparel Export Promotion Council (AEPC) is currently holding seminars across the country. The first two were held

last week in Delhi and Noida. They will be held in Bangalore, Chennai and Mumbai on Aug 5, 6 and 12 respectively.

Actually the new regulation came into effect in June 2007 and is being rolled out in phases. The European Chemicals Agency (ECHA) has the role of an evaluator for registration dossiers provided by manufacturers. Based on this information, it may accept or reject a registration. The registration of substances and articles formally started on June 1 last year.

The ECHA is authorised to define restrictions for the use of specific chemicals. Experts say this may have significant implication on exports of apparel, textiles and textile polymers to the European Union.

"India is not really geared for such testings at present," said AEPC's executive committee member Hari Kapoor. "The penalties could be severe -- as high as 75,000 euros per consignment or having the entire shipment burnt."

Mr Kapoor expressed concerned over capacities for testing of samples which may fall short once the law comes fully into effect. At present, there are ten major laboratories in India with capacity to test 20,000 to 30,000 samples per year. This is half of China's capacity.

He said policymakers should enact legislations so that it is mandatory for textile firms to supply data to apparel manufacturers, which is not the case today.

Companies unable to comply with the REACH could experience a reduction in their market share. The penalties will be country-specific and member states will impose a penalty for non-compliance which will be effective, proportionate and dissuasive.

Mr Sudhir Sekri, chairman of AEPC's committee on export promotion, said complying with the new law will increase costs. But the industry must move forward quickly as the REACH is aimed at being eco-friendly and sustainable.

Nearly 47 per cent of India's garment exports were to the European Union. In 2008-09, the figure totaled around five billion dollars.