

INCEPTION IMPACT ASSESSMENT

Inception Impact Assessments aim to inform citizens and stakeholders about the Commission's plans in order to allow them to provide feedback on the intended initiative and to participate effectively in future consultation activities. Citizens and stakeholders are in particular invited to provide views on the Commission's understanding of the problem and possible solutions and to make available any relevant information that they may have, including on possible impacts of the different options.

TITLE OF THE INITIATIVE	Simplification and digitalisation of labels on chemicals (CLP, Detergents, Fertilising Products)
LEAD DG (RESPONSIBLE UNIT)	DG GROW F2 Bioeconomy, Chemicals & Cosmetics
LIKELY TYPE OF INITIATIVE	<i>Proposal(s) for Regulation(s) of the European Parliament and of the Council</i>
INDICATIVE PLANNING	Q1 2023

The Inception Impact Assessment is provided for information purposes only. It does not prejudice the final decision of the Commission on whether this initiative will be pursued or on its final content. All elements of the initiative described by the Inception impact assessment, including its timing, are subject to change.

A. Context, Problem definition and Subsidiarity Check

Context

This initiative contributes to the European Commission's priority of '[a Europe fit for the digital age](#)', and supports several Commission strategies including the [European Green Deal](#) and its [Chemicals Strategy for Sustainability](#) and the [Industrial Strategy](#).

This initiative follows up on a Fitness Check and an evaluation in the field of EU chemicals legislation by the European Commission in 2019, as well as stakeholder feedback following the adoption of new EU legislation on fertilising products. It was found that there is room for improvement to better communicate essential information about chemical products to users (particularly consumers) and that the use of innovative digital tools on product labels could improve the communication.

The Commission therefore plans an impact assessment to inform legislative proposal(s) for the possible simplification and digitalisation of parts of the labels of chemicals.

Problem the initiative aims to tackle

This initiative concerns the labelling requirements under the Regulation on [classification, labelling and packaging of substances and mixtures \('CLP Regulation'\)](#), the [Detergents Regulation](#) and the [Fertilising Products Regulation](#).

Given that labels are the primary means to communicate essential product information to users, including hazard and safety information and product use-instructions, clear communication is vital for the effectiveness of chemicals legislation in protecting human health and the environment. The [Fitness Check of the most relevant chemicals legislation \(excluding REACH\)](#) and the [evaluation of the Detergents Regulation](#) found that chemicals' labels are overloaded with information, making them difficult to read and understand, especially for consumers. This reduces the effectiveness of the communication, and could lead to an impairment of one of the legislation's aims, *i.e.* raising product user awareness through labelling. Following the findings of the Fitness Check and evaluation, means of simplifying and streamlining labels will be considered for the labelling requirements under the CLP and Detergents Regulation, with a particular focus on consumers.

The evaluations also suggest that communication could be improved by using innovative digital tools for labelling (targeted) chemical product information. The current legal labelling requirements do not allow the use of digital labelling on its own, nor incentivise it as an addition to existing labelling information. At present, digital communication on product labels is done only on a voluntary basis. In order to secure effective communication for digital labelling, actions should be taken to avoid that a range of voluntary schemes lead to potential market fragmentation or systems that are incompatible with developments such as those under the Globally Harmonised System for the classification and labelling of Chemicals (GHS). Therefore, it is desirable to introduce the possibility of digital labelling based on a common framework at EU level. Means of digitalisation (alongside the physical label) will be analysed for the labelling requirements of all three afore mentioned pieces of legislation.

Introducing the possibility of digital labelling and simplifying the labelling could further reduce the administrative costs for companies. Increased effectiveness of communication could lead to many downstream benefits including reduced impacts of harmful chemicals on the environment.

Basis for EU intervention (legal basis and subsidiarity check)

The legal basis for this initiative is Article 114 of the Treaty on the functioning of the European Union.

The simplification and digitalisation of the labels for chemical products concerned by this initiative requires action at European level as it implies the amendment of various regulations already adopted at EU level. The labelling of chemicals, including detergents and EU fertilising products, is regulated at EU level to grant free movement within the internal market and avoid competition at the expense of safety. It is therefore deemed appropriate to regulate digital labelling no different than other labelling and to tackle the issue at EU level by developing a common framework to strengthen the internal market and create a level playing field in the EU that might serve as a model also in the international arena.

B. Objectives and Policy options

The main objective is to increase the effectiveness of communicating essential information on chemicals, including safety and product use-instructions, in order to further reduce the impact of harmful chemicals on health and the environment. The means of simplifying and streamlining information and introducing the use of digital tools for parts of the labels will be explored to fulfil this objective.

Any policy option considered will aim to facilitate compliance and increase cost-efficiency and competitiveness, and minimise regulatory burden for the EU chemicals industry. The important technological and societal developments in information and communication technologies and the need to remain future-proof will be taken into consideration when addressing available policy options.

The baseline scenario to be used as benchmark against which policy options will be assessed will reflect the current state of labels on products, under the CLP, Detergents and Fertilising Products Regulations. Policy options in line with the following scenarios will be looked at in terms of improving product user outcomes through labelling:

- Simplifying information, e.g. by removing or adding information (relevant to the CLP and Detergents Regulations only).
- Changing the way in which specific information is currently provided (e.g. from the physical label to digital means; relevant to the CLP, Detergents and Fertilising Products Regulations).

The detailed policy options will be developed in the impact assessment process after collecting the relevant data on the different product user needs (including consumers and professional users) and available IT solutions.

C. Preliminary Assessment of Expected Impacts

Likely economic impacts

- Increased cost-efficiency for industry, e.g. through decreased administrative costs and increased ease to quickly adapt information on labels subject to frequent changes.
- Increased competitiveness of EU businesses by creating a level playing field through a clear European framework, further reducing risks of market fragmentation.
- Better empowerment of EU consumers and professional users through better access to more specific user-relevant as well as more understandable product information, and therefore enabling more informed decisions on the purchase and use of chemicals.

Although it is expected that all economic operators will benefit from this initiative in the long term, as the proposed policy options could change obligations for the industry, this initiative may also result in short term increased costs for certain operators, such as initial cost increases related to re-designing a label or training staff.

Likely social impacts

- Improved health and safety of consumers and product-users.
- Significant impacts on the employment and labour markets are not expected, but better communication may improve working conditions, e.g. through better communication of product use-instructions.
- This initiative will analyse the current access of different product users to IT tools, and will take into account the varying readiness to shift to an increased use of IT tools and associated risks thereof (such as creating a digital divide).

Likely environmental impacts

- Minimising environmental risks, e.g. by reducing adverse effects of chemicals of concern to the environment through better informing consumers and product users of hazard information and product use-instructions.
- Improving nutrient use-efficiency (and thereby reducing nutrient pollution) by providing targeted use-instructions for EU fertilising products.

Likely impacts on simplification and/or administrative burden

- Reduced administrative burdens by easing compliance with labelling requirements.
- Simplified processes of compliance checks of products (relevant to conformity assessment bodies and market surveillance authorities, e.g. through customised information, quick searches, languages).

D. Evidence Base, Data collection and Better Regulation Instruments

Impact assessment

An impact assessment will be prepared to support the preparation of this initiative and to inform the Commission's decision(s). The evidence base and impacts of a range of options will be supported by two comprehensive external studies.

Evidence base and data collection

The work of this initiative will build on the conclusions of the [Fitness Check of the most relevant chemicals legislation \(excluding REACH\)](#) and the [evaluation of the Detergents Regulation](#), as well as the findings presented in the [Staff Working Document accompanying the proposal for the new Fertilising Products Regulation](#). The work carried out as part of this impact assessment will further take account of the recent and ongoing work in the relevant Commission Expert groups, namely, [CARACAL](#) (Competent Authorities for REACH and CLP), the [Detergents Working Group](#) and the [Expert Group on Fertilising Products](#). This impact assessment will further be supported by two external studies; (1) on the simplification of the labelling requirements for chemicals and the use of e-labelling with a view to improve the communication of hazard and safety information as well as use instructions to users (relevant to the CLP and Detergent Regulations), and; (2) on the use of digital labelling for EU fertilising products.

Consultation of citizens and stakeholders

The objectives of the consultation activities are to gather information and insights such as personal views, practical experiences, evidence and data, and to test or validate existing analysis and preliminary findings to ensure that they are informed by stakeholders. As a minimum, consultations will include: Public administrations and authorities; the European Chemicals Agency; industry and consumer associations; academia; industry stakeholders; conformity assessment bodies and market surveillance authorities; NGOs, civil society and citizens; chemical products users and consumers; third countries/international bodies and businesses. Consultation activities will include a 12-week public consultation. The initial findings of the public consultation will be included in a factual summary report, which will be published on the ["Have your say"](#) portal along with all contributions. Targeted consultation activities will include questionnaires, surveys, interviews, in-depth interviews, a behavioural experiment and focus groups. The findings of all consultation activities will be summarised in a synopsis report (to be annexed to the impact assessment report). The main communication channel will be the ["Have your say"](#) portal on the Europa website.

Will an Implementation plan be established?

Although a detailed Staff Working Document will accompany the Impact Assessment of this initiative, it does not take the form of an implementation plan (to help Member States transpose and implement Union legislation), as this initiative will not lead to proposal of a directive.