

Report to Ministers on Reducing Divergences in GHS Implementation in APEC Economies

Background/Key Issues

The chemical industry is one of the world's largest industrial sectors and is a significant contributor to economic growth, with global sales in 2015 of over \$US 5.2 trillion and exports of nearly \$US 2.0 trillion¹. The APEC share of global chemical exports has grown significantly over the last several years and is composed of small, medium, and large domestic and international companies. Chemical manufacturing industries are increasingly moving from developed economies to developing economies. These dynamics are increasing the need for greater regulatory cooperation and alignment between APEC members in the chemical sector.

The APEC Chemical Dialogue (CD) has been promoting the consistent implementation of the GHS since 2002 when the Ministers Responsible for Trade (MRT) endorsed the CD's efforts to promote the widest possible GHS implementation by APEC member economies before 2006. In 2013, APEC Ministers welcomed the Chemical Dialogue Regulator's Forum Action Plan for 2014 and 2015, which included work on regulatory cooperation and convergence, consistent implementation of the UN Globally Harmonized System for Classification and Labelling of Chemicals (GHS), and strengthening the industry's role as an innovative solutions provider. The GHS provides economies with the regulatory building blocks to develop or modify existing domestic programs that address classification of hazards and transmittal of information about those hazards and associated protective measures. Yet, as the annual reports of the Virtual Working Group on GHS have increasingly identified, there are marked variances in whether, how, and when GHS has been implemented by APEC member economies. These variances impose substantial unnecessary transaction costs along the supply chain in chemical trade where companies are required to adopt economy-specific hazard communication systems, undermining the intended benefits of a globally harmonized system.

In May 2016, Ministers Responsible for Trade welcomed the annual implementation report and noted the CD's intention to hold an expert workshop on GHS divergences. The United States implemented a two-day capacity building workshop, "GHS for the Workplace: A Capacity Building Workshop", on the margins of the APEC Third Senior Officials' Meeting (SOM 3) in August 2016 in Lima, Peru. The training, which was attended by technical experts from 13 economies, enabled participants to engage in discussion of progress in harmonizing the classification of chemicals, emphasizing the importance of standardization, as well as lessons learned and tools that can ease the implementation process. Participants prioritized as follows the key issues and challenges that had been noted in the annual implementation report:

- 1) **Building Block Implementation:** capacity building to help regulators determine the criteria used to identify which UN GHS building blocks to implement to improve alignment with other APEC economies;
- 2) **GHS Mixture Cut-Off Values:** help with identifying how the mixture cutoff values in other APEC economies are set and the criteria used for determining the appropriate cut-off values;
- 3) **Classification of Key Products;** including identification of key products
- 4) **Adoption of Different Versions of GHS:** which could result in variances; and
- 5) **Adoption of GHS in Different Sectors:** e.g. adoption in the workplace/consumer products/pesticides sectors could result in variances in mixture cut-off values and building blocks.

The Workshop agreed that the above list of prioritized issues and challenges be put to the Chemical Dialogue for further discussion and agreement, and then a process be initiated to identify and recommend potential approaches to addressing these issues.

¹ American Chemistry Council, Business of Chemistry 2016 (Annual Data).

Required Actions/Decision Points

Welcome the findings of the Workshop on which key issues that cause divergences in implementation of the GHS should be addressed for resolution, and instruct the Chemical Dialogue to develop options to address those issues and then report in 2017 on the implementation status in APEC member economies.