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JOINT NEWS RELEASE

Getting fit for REACH applying Chemical Leasing

Vienna, Austria, 19 September 2006 – At a workshop in the European Parliament, Brussels, 18 September, 2006, the United Nations Industrial Development Organization (UNIDO) together with Austria's ministry for the Environment and SAFECHEM Europe GmbH, a fully owned subsidiary of The Dow Chemical Company, explored the concept of Chemical Leasing and the role it can play as a best practice risk management tool in effectively supporting the implementation of the EU Regulatory Framework for the Registration, Evaluation and Authorization of Chemicals (REACH). The workshop primarily targeted members of the EU Parliament and the EU Commission, as well as regulatory authorities at the national level. Topics discussed included: the concept of Chemical Leasing; how REACH could profit from Chemical Leasing; experiences and approach of industry; UNIDO's approach to Chemical Leasing and Cleaner Production; and Chemical Leasing as a tool to mobilize synergies.

Chemical Leasing business models are an innovative way to provide adequate risk management, coupled with environmental advantages and economic benefits for both user and producer. "Our experience in applying the Chemical Leasing business model demonstrates that it can stimulate synergies between users and producers that result in reduced chemical consumption, reduced emissions and increased risk control", states Thomas Jakl, *Director of the Chemicals Policy Unit in Austria's ministry for the Environment*.

Implementation of Chemical Leasing business models is driven by an alignment of incentives between the supplier and the customer, who share the common economic interest to increase the efficiency of the chemical and thus reduce the amount used. "This inherent economic incentive to optimize product efficiency coupled with a more transparent information flow and better know-how sharing between user and producer on applications and risk factors, makes chemical product service models such as Chemical Leasing excellent tools to implement best practice product stewardship and risk management over the chemical product's life-cycle", adds Hans-Norbert Adams, regulatory opportunities R&D leader for Dow in Europe. "It is this intrinsic capability that makes Chemical Leasing perfectly aligned with the REACH objectives."

"With the support from the Austrian Government and in close cooperation with UNIDO's National Cleaner Production Centres, we are currently conducting pilot projects in Egypt, Mexico and Russia. We believe that this new approach, in combination with Cleaner Production has the potential to facilitate sustainable chemicals management at the international scale. In order to foster its dissemination, close cooperation with large industry is of importance." says Petra Schwager, UNIDO's Chemical Leasing Coordinator.

At the workshop, Hans-Norbert Adams, shared the experience that Dow's subsidiary SAFECHEM has gained from its role in a Chemical Leasing pilot programme for metal cleaning in the automotive industry in Austria. "Results to date confirm that through additional services and know-how sharing the solvent lifespan can be prolonged by factor 4 to 8, resulting in a reduction in solvent consumption by 40 to 80%.", confirms Adams.

New Chemical Product Service (CPS) business models, such as Chemical Leasing, represent a paradigm shift from a pure product and sales volume-focused approach to selling a combination of products and services that target the value-added of chemicals and create a win-win situation for both customer and supplier. The producer mainly sells the functions performed by the chemical and his associated specialist



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know-how. This relates to optimizing the amounts of chemicals used for the task required, conditions of use, recycling concepts and disposal, and can easily incorporate comprehensive risk management.

Key elements of successful Chemical Leasing business models are proper benefit sharing, high quality standards and mutual trust between participating companies.

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About UNIDO

UNIDO is a specialized agency of the United Nations founded in 1966, that works towards improving the quality of life of the world's poor by helping countries achieve sustainable industrial development. UNIDO views industrial development as a means of creating employment and income in order to overcome poverty. It helps developing countries produce goods they can trade on the global market, and helps provide the tools – training, technology, and investment – to make them competitive. At the same time, it encourages production processes that will neither harm the environment nor place too heavy a burden on a country's limited resources. UNIDO has 171 Member States and has its headquarters in Vienna, Austria (please visit www.unido.org).

Contact:

Petra Schwager

UNIDO Cleaner Production Programme

Tel. (+43-1)-26026-3749

Mobile: (+43)- (0)69919200935

E-mail: P.schwager@unido.org

www.unido.org/cp

About SAFECHEM

SAFECHEM Europe GmbH, a subsidiary of The Dow Chemical Company, was founded in 1992 as a solutions provider for the industrial cleaning industry. SAFECHEM enables the safe and sustainable use of chlorinated solvents in a variety of high-quality cleaning applications and supports users in their efforts to meet the principles of Responsible Care® and Product Stewardship by offering active risk management for the use of solvents. Combining chemical product knowledge with in-depth application expertise, SAFECHEM has formed a Service Alliance that includes qualified distributors, waste managers and leading European machine manufacturers to offer innovative solutions including the closed-loop SAFE-TAINER™ System and associated services. With offices in Düsseldorf and Paris, SAFECHEM serves more than 4,500 clients across Europe. For more information, visit www.safechem-europe.com

Contact: Inge Van Halst

Dow/SAFECHEM

Tel: (+41) 44 728 30 42

E-mail: vanhalst@dow.com

www.safechem-europe.com

About Dow

Dow is a diversified chemical company that harnesses the power of science and technology to improve living daily. The Company offers a broad range of innovative products and services to customers in more than 175 countries, helping them to provide everything from fresh water, food and pharmaceuticals to paints, packaging and personal care products. Built on a commitment to its principles of sustainability, Dow has annual sales of \$46 billion and employs 42,000 people worldwide. References to "Dow" or the "Company" mean The Dow Chemical Company and its consolidated subsidiaries unless otherwise expressly noted. More information about Dow can be found at www.dow.com.

Contact: Inge Van Halst

Dow/SAFECHEM

Tel: (+41) 44 728 30 42

E-mail: vanhalst@dow.com

www.dow.com



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About the Austrian ministry for the Environment

Federal Ministry of Agriculture, Forestry, Environment and Water Management, Division of Chemicals Policy

Austrian chemicals policy is aiming at a high level of protection for the environment and for human health. In Europe, Austria plays a pioneering role in this field and has been highly successful in reducing the environmental impacts of chemicals. The Ministry commissioned various studies, showing that almost 4000 Austrian companies would basically qualify for the application of Chemical Leasing models, cutting to day's annual use of 150.000 tons of chemicals by one third. The Austrian Ministry of the Environment is supporting the establishment of pilot implementation projects in Austria. Six implementation projects covering a wide range of applications and technologies have been or are being implemented.

The „Chemical Leasing“ model has won two awards in the past: In December 2004 the Genius 2004 award in the innovation sector and in early 2005 the Constantinus award in the sector of management consulting.

The experience of the Austrian pilot projects is now used for the UNIDO project: “Promotion and implementation of Closing-the-Loops cooperation and business models in the chemical industry“. Consultants who supported the Austrian pilots work now as the international experts in Egypt, Mexico and Russia.

*Contact: Thomas Jakl, PhD, MSc;
Director, Chemicals Policy Unit, V/2
Ministry for the Environment*

*A - 1010 Wien, Stubenbastei 5
Tel: + 43 1 51522 2330
Fax: + 43 1 51522 7334*

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