

Dispelling the Myths of Socio-Economic Analysis

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Outline

- What SEA is and is not
- Why SEA is made
- How a good SEA looks like
- How SEA links with analysis of alternatives & CSR
- Commonly observed issues with SEA...
- ... and what ECHA has done to alleviate these

What SEA is:

- *“An approach to analysing all relevant impacts [...] of one scenario against another. Relevant impacts include: human health, environmental, economic, social and wider economic.”*
SEA guidance document
- *“The level of detail and scope of the SEA, or contributions to them, shall be the responsibility of the applicant for authorisation, or, in the case of a proposed restriction, the interested party.”*
REACH Annex XVI

What SEA is:



A toolbox comprising various analytical methods!

What SEA is:

...a methodology that support decision making by:

- Identifying the most relevant **social** and **economic** impacts and **analyse** them in a meaningful manner
- Structuring the analysis in a comprehensible way
- Enabling the valuation of the single impacts
- Making assumptions explicit
- Facilitating informed regulatory decisions

What SEA is NOT:



No substitute for savvy reasoning!

What SEA is NOT:

...no warranty that:

- All **relevant** impacts are identified
- The analysis is **transparent** and **comprehensible**
- There are **no mistakes** made

... and no excuse for poor analysis:

- Quality of SEA goes hand in hand with quality of information: little information leads to weak analysis
- **Does not replace the actual decision making**

Why is SEA made in restrictions?

Member States **may** prepare a SEA:

- *“The socio-economic impacts of the proposed restriction **may** be analysed with reference to Annex XVI. To this end, the net benefits to human health and the environment of the proposed restriction **may** be compared to its net costs [...].”*

REACH Annex XV

ECHA **shall** formulate an opinion:

- *“Any [...] decision [of restriction proposal] **shall** take into account the socio-economic impact of the restriction, including the availability of alternatives.”*

REACH Article 68.1

Why is SEA made in authorisations?

European Commission **needs** SEA information:

- *"...authorisation may only be granted if it is shown that socio-economic benefits outweigh the risk and if there are no suitable alternative substances or technologies."*

REACH Article 60(4)

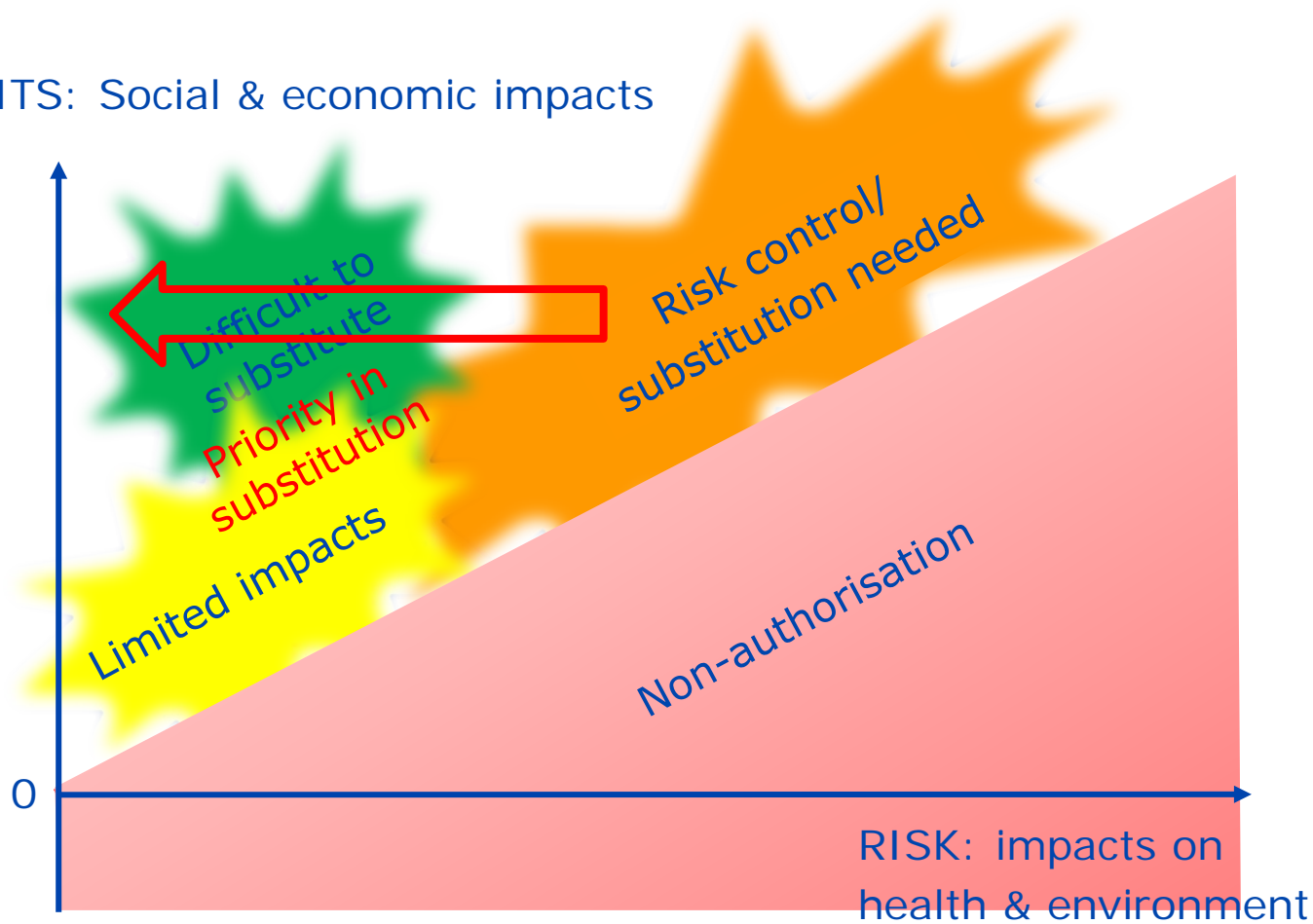
ECHA **shall** formulate draft opinion within 10 months:

- *" The draft opinions shall include [...] an assessment of the socio-economic factors and the availability, suitability and technical feasibility of alternatives [...]."*

REACH Article 64(4)(b)

SEA Landscape

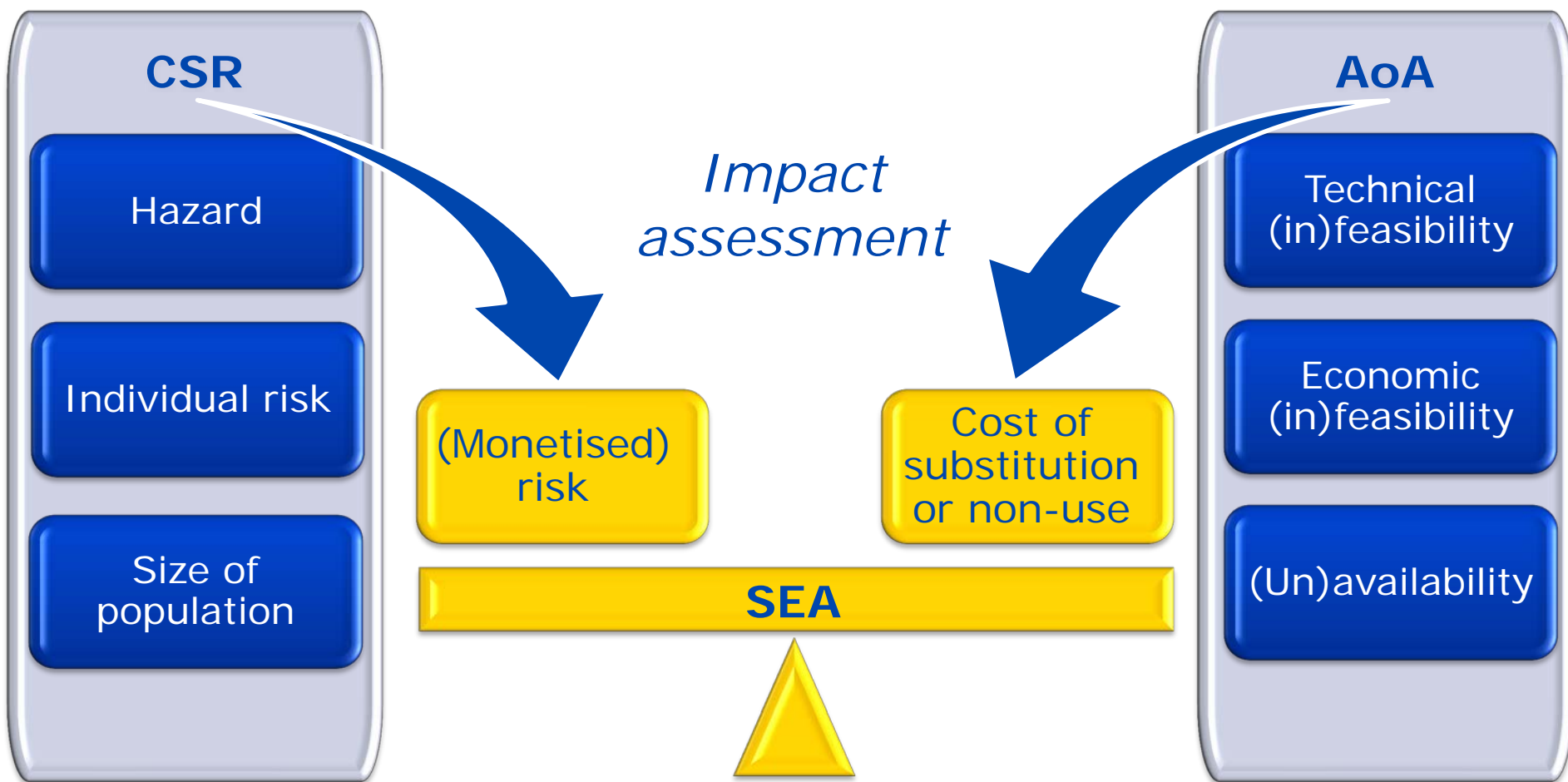
BENEFITS: Social & economic impacts



How does a good SEA look like?

1. Definition of the baseline (business-as-usual)
2. Definition of options (response to regulation)
3. Definition of spatial and temporal boundaries
4. Estimation of (health and environmental) impacts
5. Estimation of economic impacts (micro & macro)
6. Estimation of other (distributional) social impacts
7. Synthesis

Link between SEA, AoA and CSR



Commonly observed issues with SEA

- Missing link to AoA and substitution efforts
- Unclear scope and opaque assumptions
- Unjustified claims about best response to regulation: what would actors do if restricted/non-authorized?
- Information asymmetry: SEAC does not know what the applicant's / industry's options are
- Over- / underestimation of impacts for strategic and non-strategic reasons, e.g. impacts on competitors
- Voodoo economics: use of SEA to support forgone conclusion

What ECHA has done to alleviate issues

- Scrutiny of applications of authorisation and proposals for restriction—see ECHA’s meta-analyses
- Conduct of seminars, workshops, trainings, capacity building, pre-submission information sessions,...
- Provision of templates, reference values, dose-response functions, capacity building,...
- Identification of good examples (on our webpage)
- Internal quality management (for opinions)
- Learn to support dossier submitters and applicants better from feedback, surveys and case studies

Conclusions

- SEA is important input to decision making both in restriction and authorisation processes
- SEA can help applicants / dossier submitters in scoping
- Needs sound understanding of technical issues, economic principles and risk assessment
- SEA practice improves through:
 - Learning from restriction and application cases
 - NeRSAP Network
- ECHA continues to **support** Member States and applicants in preparing **evidence-based SEA!**

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