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Dear Supplier Member:

As you know by now, the European Union (EU) is beginning to implement an entirely new regulatory system for chemicals, the Registration, Evaluation, Authorization and Restriction of Chemical Substances or "REACH." **The first regulatory step – preregistration – begins in June and runs through the end of 2008. Starting in 2009, substances that are not preregistered cannot be exported to the EU.**

A number of ILMA members – both Suppliers and Manufacturers – export products to the EU. **REACH requires that importers preregister and register chemical substances imported in excess of 1 tonne (1,000 kg) per year.** Under REACH, importers can pass along this requirement to the exporter. Though not without burden, this pass through allows the exporter to keep private the chemical composition information of lubricant products from the EU importer.

Drawing upon next week's ILMA Management Forum Keynote presentation, "Countdown to Teamwork," by Mike Mullane, ILMA Manufacturers and Suppliers must **come together as a team to prepare for REACH...** Members can achieve efficiencies by **working together as the industry addresses the challenges posed by REACH,** particularly with regard to preregistration and registration of chemical substances.

Though a Supplier may preregister substances to cover their own export activities, **this does not automatically relieve the responsibility of that Supplier's customers (and their customers) of their own preregistration responsibilities.** Fortunately, there appear to be several mechanisms by which Suppliers can actively work with their customers to aid REACH compliance. **This is where teamwork comes into play.** Aside from being in the spirit of what ILMA is all about, this coordination will be profoundly important to smaller Manufacturers.

Here are some of the options for teamwork that seem possible under the REACH regulatory scheme.

- Many Supplier Members already share sufficient compositional information with customers through material safety data sheets or other vehicles (e.g., confidentiality and non-disclosure agreements). **These suppliers should double-check this information for accuracy to assure that customers will be preregistering the proper chemicals.**

400 N. Columbus Street
Suite 201
Alexandria, VA 22314
phone: 703/684-5574
fax: 703/836-8503
email: ilma@ilma.org
web: www.ilma.org

- Other Supplier Members may wish to identify a competent law or consulting firm that has arrangements with European entities that can function as an “Only Representative” (OR) – that is, an intermediary in sharing Suppliers’ composition information with customers. **A supplier may wish to specify that customers without a legal presence in the EU use this OR to preregister chemicals purchased from them.** Contractual arrangements with this third party could be the responsibility of each individual customer or the Supplier may wish to subsidize this activity as a customer service.
- **Manufacturing Members with similar products may wish to form a consortium** facilitated by a third party to collect preregistration information on substances of mutual interest and then hire an OR to represent the companies in the consortium. Suppliers of these companies may wish to **join the consortium or assist the consortium** in the collection of information required for preregistration.
- **Manufacturing Members may choose to hire their own OR.** The same level of cooperation of Suppliers is required as in the previous options for successful compliance with the REACH requirements.
- **All Supplier Members that preregister should consider creative options to assist Manufacturing Members through the registration process.** The registration process will be an expensive undertaking for all who participate, but ILMA Supplier Members should **work together with customers** to ease the financial burdens of REACH compliance on all participants.

REACH must be taken seriously – exporters that ignore the requirements for preregistration of substances in 2008 will not be allowed to continue their current export business to the EU in 2009.

While ILMA encourages its Manufacturing Members to consider the paths outlined above and contact Suppliers as soon as possible to communicate their needs and expectations for compliance assistance, the Association urges its Supplier Members to offer proactive REACH compliance assistance to their customers.

Thank you for your attention to and actions with this very important issue.

Best Regards,



Celeste M. Powers, CAE
Executive Director