

Australia-European Union Free Trade Agreement  
Europe Division  
Department of Foreign Affairs and Trade  
RG Casey Building  
John McEwen Crescent  
BARTON ACT 0221

Email: [a-eufta@dfat.gov.au](mailto:a-eufta@dfat.gov.au)

Dear Madam/Sir

Accord is pleased to proactively provide the following comments to the Department of Foreign Affairs and Trade on the proposed Australia-European Union Free Trade Agreement (EU FTA).

Accord Australasia is the peak national industry association representing the manufacturers and marketers of formulated hygiene, cosmetic and specialty products, their raw material suppliers, and service providers. Accord has just over 100 member companies which range from smaller Australian-owned family businesses to the local operations of large consumer brand multinationals with 80 percent of members operating as small to medium businesses (<200 employees). A full membership list is attached.

Headline features and statistics<sup>1</sup> for our industry's economic footprint include:

- Estimated annual retail-level sales of industry products nudging the \$10 billion mark.
- Accord member companies directly contribute more than 15,000 full-time equivalent jobs.
- Nationally more than 180 offices and more than 60 manufacturing sites are operated by Accord member companies.
- Close to 75% of members export product.

The formulated hygiene, cosmetic and specialty products industry is a significant industry sector contributing to a prosperous Australian economy. Our industry's products include household and commercial cleaning agents; disinfectants; make-up and beauty products; toiletries and personal care products; hair-care products; skincare products, including sunscreens; oral hygiene; fragrances and perfumes, feminine hygiene products; industrial and agricultural sanitisers; household pest control; and adhesives and sealants.

Sector products play a vital role in:

- Safeguarding public health: Maintaining essential standards of hygiene and sanitation in institutions, hospitality, manufacturing and agriculture.
- Promoting personal well-being: Helping people keep clean, healthy and shielded from harmful effects of the environment.
- Maintaining comfortable homes: Enabling people to keep their everyday surroundings clean and inviting.
- Enhancing quality of life: Giving people greater personal freedom through time- and effort-saving technologies.
- Boosting confidence and emotional wellbeing: Providing opportunities for self-expression, individuality and pampering.
- Keeping the wheels of commerce and industry turning: Fulfilling specialised uses in industry, institutions and agriculture.

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<sup>1</sup> Results from Accord Industry Size and Scale Survey 2016



In essence there are three distinct product segments for our industry, each with distinct supply chains through to the product end user:

- Industrial and Institutional products (e.g. commercial cleaning products, disinfectants, agricultural sanitisers) which are mainly sold on a business-to-business or business-to-government basis or through agricultural product resellers.
- Fast-moving consumer goods (e.g. household cleaners, laundry detergents, toothpaste, shampoo, soap) which are sold to consumers primarily via either: grocery retailers, pharmacies, mass-market retailers, direct selling and hardware chains.
- Cosmetic and beauty industry products (e.g. make-up, skincare, sunscreens, fragrances, hair dyes) which are sold to consumers primarily via either: department stores, specialty retailers, grocery retailers, pharmacies, mass-market retailers, direct selling, hair salons, beauty salons, spas and on-line.

The proposed EU FTA provides an opportunity for the government to implement its Trusted International Standards Policy. The policy states that:

*If a system, service or product has been approved under a trusted international standard or risk assessment, then our regulators should not impose any additional requirements for approval in Australia, unless it can be demonstrated that there is a good reason to do so.*

Proper implementation of this policy has the potential to facilitate an increase in two way trade by addressing non-tariff trade barriers.

As noted above, Accord member products include a range of fast moving consumer goods, cosmetic and personal care products and commercial cleaning products. Many of these are fully imported products from the EU and have already been subjected to a high level of regulatory scrutiny.

While these products are generally recognized as consumer goods by the public their ingredients are recognized as industrial chemicals under Australian law. A product that is deemed safe for use in the EU will have to have its individual ingredients assessed by the National Industrial Chemicals Notification and Assessment Scheme (NICNAS).

Consumer behaviour is driving demand for the same products available overseas to be available in Australia. One of the biggest barriers to this currently is the regulatory burden of complying with NICNAS requirements, which often makes the introduction of a product containing a “new” (to Australia) chemical, financially unfeasible. Where this prevents a company from introducing a product or range of products into Australia, consumers will simply purchase the product online.

Multinational companies are working more and more with global product offerings where the same products are available throughout the world. Australia currently represents around 1.3% of the global cosmetics market. The potential return on investment from a market this size is simply not viable to warrant the considerable investment that is needed to meet Australian specific requirements.

We have several examples from our members where “global” product launches have become “global – except Australia” due to the high regulatory burden of introducing a new chemical that is not on the Australian Inventory of Chemical Substances (AICS), in volumes sufficient to meet the demand of Australian consumers. These are products that are compliant with the regulatory systems of our major trading partners such as the EU and freely available to millions of consumers around the world.



This is similarly the case for raw material suppliers that wish to introduce “new” chemicals that are otherwise available to product formulators and manufacturers internationally. For such a small part of the global market, these companies are not prepared to meet additional Australian requirements or significant additional re-assessment costs.

Our industry functions effectively as a ‘healthy ecosystem’ of local and global companies, manufacturers and importers, and of course exporters of Australian-made product. And technology-based industries like ours need ready access to the latest global innovations in ingredients and products. Local manufacturers cannot expect to be globally competitive if they are cut off from sources of innovation and know-how or have no incentive to keep up with the latest product innovations.

In recognition of the global trade in cosmetic and personal care products, an international collaboration of national cosmetic industry associations has emerged with trade liberalisation as one of its key objectives. The success of industry working together to achieve regulatory cooperation is demonstrated by the success of the Trans Pacific Partnership (TPP) with the inclusion of an Annex on cosmetic products (Annex 8.D Cosmetics). The TPP is the first trade agreement to promote regulatory convergence and address technical barriers to trade that impede the personal care products sector. The TPP Cosmetic Annex provides an important framework for international regulatory best practices and promotes a stronger global personal care products industry.

While the TPP Cosmetic Annex is suitable for multilateral trade negotiations where partners are at different stages of regulatory development, where there are discussions between advanced economies with highly developed regulatory systems, mutual recognition of products and systems should be accepted as outlined in the government’s Trusted International Standards Policy.

For the EU FTA, Accord would like to see free trade for our members’ products as well as for raw materials which are in commercial use as not having any further regulatory requirements. Mutual recognition of industrial chemicals and formulated products allows both economies to maintain their own regulatory systems but removes the need for industry to comply with two sets of rules and provides for higher certainty for industry while reducing technical barriers to trade and lowering regulatory costs.

In the coming months and into 2017 there will be significant regulatory policy changes proposed and implemented by the government. The most significant of these for our industry sector are the proposed industrial chemical regulation reforms. Details for these reforms have been progressively released over the last twelve months. A legislative package is expected soon.

Of interest, in terms of potential TBT implications, is feedback to NICNAS from global industry bodies in the USA, EU, Canada and NZ, pointing to significant divergence in the proposed new technical standards for Australian chemical regulation from standard but rigorous safety assessment approaches adopted in these other advanced nations. Concerns expressed about the proposed Australian approach are that either they are unaligned with global approaches or disproportionate to controlling the actual risks that are of concern; i.e. the focus on assessment of non-hazardous ingredients, thereby acting as a non-tariff technical barrier to trade.

Enabling timely access to “new” chemical ingredients already approved and in use in the EU through the EU FTA rather than requiring retesting at the Australian border will improve the competitiveness of Australian industry, particularly as we look for more export opportunities. The benefits of the EU FTA will not only enable Australian business to engage on a more equal footing with the EU but provide access to innovative ingredients and raw materials for elaborate manufacturing. Innovation in chemical

ingredients occurs in Europe not Australia and an EU FTA will enable Australian businesses the opportunity to take advantage of this through early adoption given the appropriate regulatory regime.

Exposing our economies to international competition adds value to our economy by expanding the range of goods and services and placing downward pressure on costs. When we remove barriers to trade, we increase our purchasing power.

Accord supports the development of an Australia EU FTA as it has the potential to deliver significant benefits to Australian businesses if the non-tariff barriers to trade are removed. Ongoing transparent dialogue with industry is essential if meaningful outcomes for Australian businesses are to be achieved.

The contact officer for this submission is Ms Dusanka Sabic, Accord's Director Regulatory Reform. Should you have any questions in relation to the matters raised please do not hesitate to contact her at 02 9281 2322, 0422569222 or [dsabic@accord.asn.au](mailto:dsabic@accord.asn.au).

Yours sincerely



Bronwyn Capanna  
**Executive Director**

 September 2016



## ***Members***

### **Consumer, Cosmetic and Personal Care**

Advanced Skin Technology Pty Ltd	KAO Australia Pty Ltd
Amway of Australia Pty Ltd	Keune Australia
AVON Products Pty Limited	Kimberly-Clark Australia
Beiersdorf Australia Ltd	La Biosthetique Australia
BrandPoint Pty Ltd	La Prairie Group
Chanel Australia	L'OCCITANE Australia Pty Ltd
Clarins Group/Trimex Pty Ltd	L'Oréal Australia Pty Ltd
Clorox Australia Pty Ltd	LVMH Perfumes and Cosmetics
Colgate-Palmolive Pty Ltd	Mary Kay Cosmetics Pty Ltd
Combe Asia-Pacific Pty Ltd	Muk Haircare Pty Ltd
Cosimer Pty Ltd	Natural Australian Kulture Pty Ltd
Cosmax Prestige Brands Australia Pty Ltd	Nutrimetics Australia
Coty Australia Pty Limited	NYX Pty Ltd
De Lorenzo Hair & Cosmetic Research Pty Ltd	Pacific SMM Pty Ltd
Edgewell Personal Care	Panamex Group
Elizabeth Arden Australia	Procter & Gamble Australia Pty Ltd
Emeis Cosmetics Pty Ltd	PZ Cussons Australia Pty Ltd
Estée Lauder Australia	Reckitt Benckiser
Frostbland Pty Ltd	Revlon Australia
GlaxoSmithKline Consumer Healthcare	SC Johnson & Son Pty Ltd
Hairjamm Pty Ltd	Scental Pacific Pty Ltd
Helios Health & Beauty Pty Ltd	Skin Health Pty Ltd
Henkel Australia Pty Ltd	Syndet Works Pty Ltd
Hypred SAS	The Heat Group Pty Ltd
Inglot Cosmetics Pty Ltd	Ultraceuticals
iNova Pharmaceuticals – A Valeant Company	Unilever Australasia
Integria Healthcare (Aus) Pty Ltd	Vitafive
International Beauty Supplies Pty Ltd	Weleda Australia Pty Ltd
Johnson & Johnson Pacific	

### **Commercial/Hygiene & Specialty Products**

A S Harrison & Co Pty Ltd	Lab 6 Pty Ltd
Albright & Wilson (Aust) Ltd	Novozymes Australia Pty Ltd
BP Castrol Australia Pty Ltd	Nowra Chemical Manufacturers Pty Ltd
Brenntag Australia Pty Ltd	Peerless JAL Pty Ltd
Castle Chemicals Pty Ltd	Recochem Inc
Chemetall (Australasia) Pty Ltd	Rohm and Haas Australia Pty Ltd
Clariant (Australia) Pty Ltd	Schulke Australia Pty Ltd
Crisp Solutions	Solvay Interlox Pty Ltd
Deb Australia Pty Ltd	Sopura Australia Pty Ltd
Dominant (Australia) Pty Ltd	Symbio Australia Pty Ltd
Ecolab Pty Limited	Tasman Chemicals Pty Ltd
E.D. Oates Pty Ltd	Thor Specialties Pty Limited
Huntsman Corporation Australia Pty Ltd	True Blue Chemicals Pty Ltd
Jet Technologies Australia Pty Ltd	Whiteley Corporation Pty Ltd

## **Associate Members**

### **Corporate Travel Services**

Platinum Travel Corporation

### **Graphic Design and Creative**

Ident Pty Ltd

### **Legal and Business Management**

FCB Lawyers

K&L Gates

KPMG

TressCox Lawyers

### **Logistics**

Bolloré Logistics Australia Pty Ltd

### **Recruitment**

On Q Recruitment Pty Ltd

### **Regulatory and Technical Consultants**

Apitton Scientific Consulting

APPharma Pty Ltd

Clare Martin & Associates Pty Ltd

Competitive Advantage

Davoren Environmental Pty Ltd

Engel, Hellyer & Partners Pty Ltd

Robert Forbes & Associates

Seren Consulting Pty Ltd

Sue Akeroyd & Associates

Tudor Chem Pty Ltd

UL International Australia Pty Ltd

### **Specialist Laboratories and Testing**

Dermatest Pty Ltd

D.Lab Solutions Pty Ltd

Eurofins ams Laboratories Pty Ltd

*August 2016*