Letter to the Editor

Some Economic Benefits of REACH

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There has been some private correspondence, which reveals misunderstandings about our Invited Editorial (Rühl and Wriedt, 2006). We would like to clarify some points.

(i) The Editorial compared costs to the German insurance system of two classes of occupational disease with costs assumed in the influential RPA (2003) study, and demonstrated very big differences. We did not attempt to discuss broader implications of REACH (Registration, Evaluation and Authorisation of Chemicals) or its cost–benefit analysis.

(ii) We have been criticized for including the cost of those past cases, which result in current compensation, whereas RPA (2003) only deal with the cost of new cases over the next 30 years.

We think that our approach of using annual figures of real costs (admittedly, of both past and new cases) to estimate total costs of new cases is a valid one, since the number of acknowledged cases of skin and respiratory diseases has been roughly stable in Germany over the years, and the number of additional cases is roughly balanced by the number of cases for which compensation has ceased.

Under this basic assumption, the annual costs for all cases (i.e. both old ones and newly acknowledged ones) roughly correspond to the total costs, which will be incurred by the newly acknowledged cases, as you can see from the following calculation: number of new cases per year: $N$; average duration per case (in years): $LZ$; number of accumulated cases (old ones plus newly acknowledged ones): $N \times LZ$; average costs per case and year: $K$; total costs per case (sum over whole duration): $K \times LZ$; annual costs of accumulated cases (measured): $(N \times LZ) \times K$.

This is the same as the total cost of all cases newly acknowledged in one year: $N \times (K \times LZ)$.

We believe that the major difference between our figures and RPA’s results is from their exclusion of compensation payments (pensions), as they argue (personal communication) that pensions are not ‘additional costs’ for the economy as a whole, as the costs for the compensation-payer is balanced by the income of the compensation-receiver. However, we believe that this is unrealistic from an individual company point of view, which is more appropriate at least for the German system of compensation that is solely financed by contributions from the industrial sector in which the compensation case arises, as the companies in the affected sector suffer additional costs without an increase in output of production or services.

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