

Association Connecting Electronics Industries



Results of IPC Survey on REACH Preparedness in the North American and European Electronic Interconnect Industry

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INTRODUCTION

About REACH

The new European Union (EU) legislation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) took effect on June 1, 2007. The regulation establishes new requirements for chemicals and substances manufactured within or imported into the EU, restricting those that are deemed to pose a high risk to environment, health and safety.

Every substance, or pure chemical, and every identified use of each substance, must be registered with the European Chemical Agency (ECHA). Registration will be phased in over the next 10 years, but pre-registration of all substances currently in use is necessary to make them subject to this timetable. The pre-registration period is from June 1 through December 1, 2008. Substances that are not pre-registered by December 1 will be treated as new substances and will be subject to the regulation immediately. Registration requires manufacturers of substances to provide a dossier of data on their products, their applications, toxicity, etc., to the ECHA, and to communicate this information bidirectionally throughout the supply chain.

Producers and importers of substances must pre-register and register their substances. Downstream users, who use substance to make mixtures of chemicals (known as preparations under REACH) such as laminate resin, plating baths, conformal coatings, solder, and solder paste, will either wish to register or confirm that substance manufacturers have registered the substances they use for their use. Manufacturers of finishes goods or articles such as equipment suppliers, PCB fabricators, EMS companies and OEMs, do not have to register. They must, however, be prepared to provide their suppliers with data on their applications of all substances used in their products or in the manufacture of those products. In addition, they will need to be prepared to supply information on the use of certain substances of very high concern (SVHC) in their products upon request by anyone, including the general public.

For more information about REACH, visit IPC's website at www.ipc.org/reach.

Expected Impact

REACH will have a significant impact on every industry in the electronics supply chain. Of these industries, chemical and raw materials suppliers are most likely to have the responsibility of registering their products.

It has been estimated that the financial impact of REACH on manufacturers will be 12 times greater than the impact of the Restriction of Hazardous Substances (RoHS) Directive. RoHS covers a narrow scope of substances in electronic products encompassing about 100 different chemicals. REACH, by contrast, covers substances in nearly all applications, totaling about 30,000 unique chemicals. RoHS can address entire classes of substances at a time, while REACH addresses them each individually. RoHS requires supplier-to-customer communications, while REACH requires bidirectional communication throughout the supply chain.

Survey Methodology

IPC conducted an on-line survey from July 2 through July 9, 2008, to measure the current status of the electronic interconnect industry's awareness of the REACH regulation and its readiness for REACH compliance.

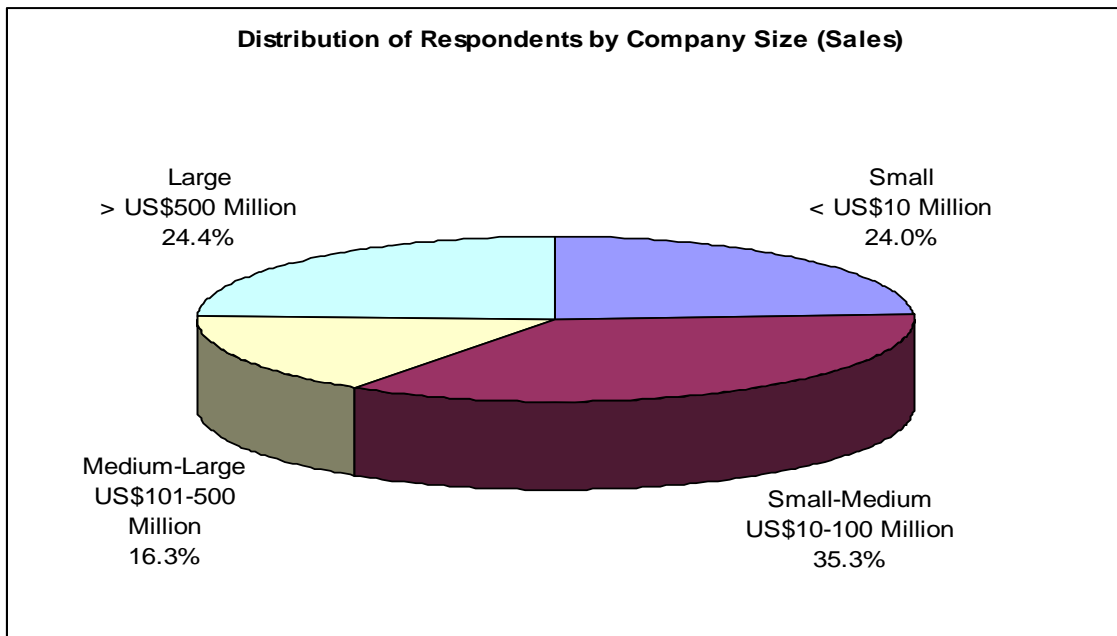
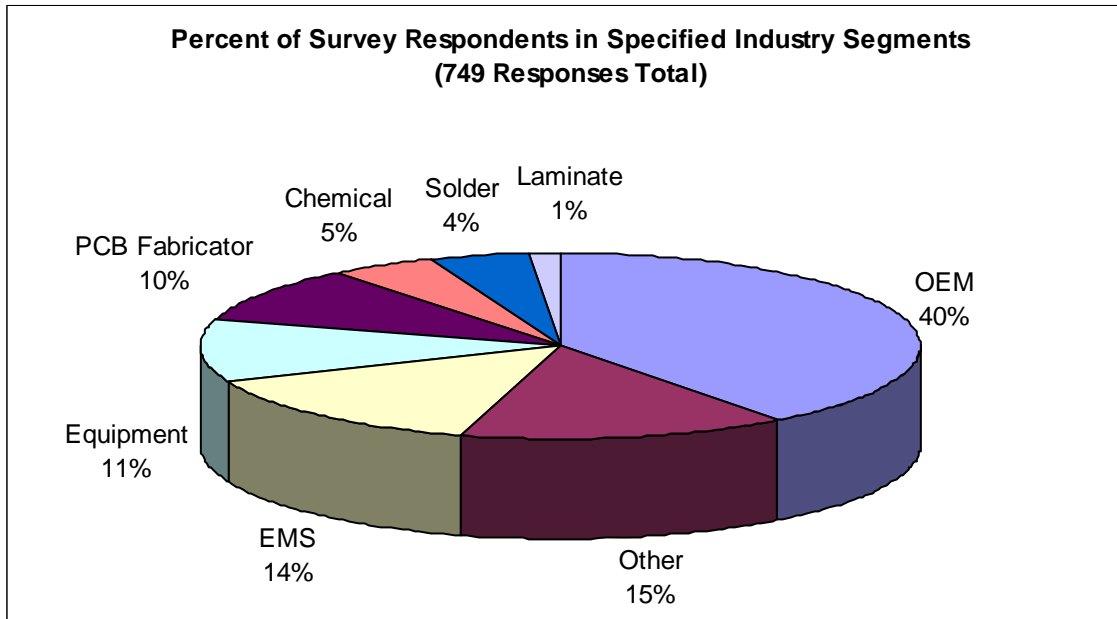
The survey link was sent to approximately 23,800 executives in North America and Europe in the electronic interconnect supply chain, including electronics manufacturing services (EMS) companies, printed circuit board (PCB) fabricators, PCB laminators, and their suppliers of materials and equipment,

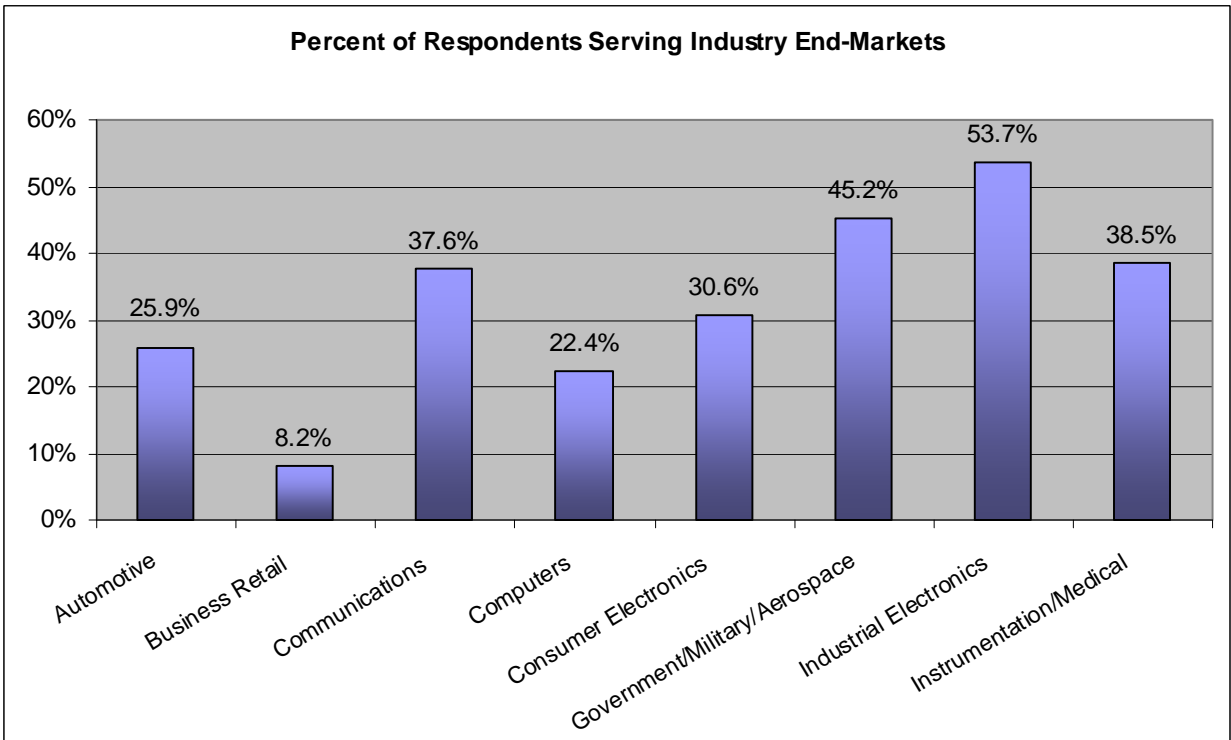
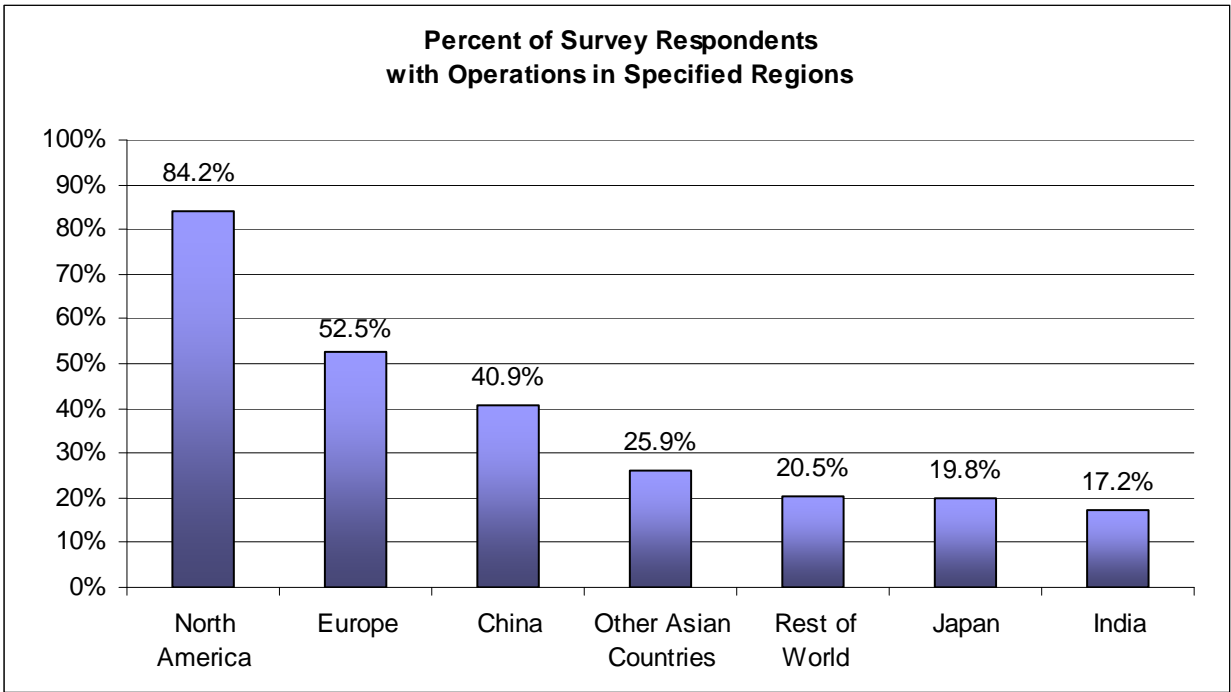
as well as electronic end-product manufacturers. Individuals were prevented from responding to the survey more than once, but multiple individual responses from the same company were permitted.

A total of 749 responses were received, constituting a representative sample of the population. At a 95 percent confidence level, the data for the total sample has an error margin of ± 3.58 percent. Confidence intervals for various subsets of the sample are noted in the report that follows.

Demographics

The survey proportionally represented the various industry segments in the electronic interconnect industry. A majority of respondents' companies operate in North America or Europe.



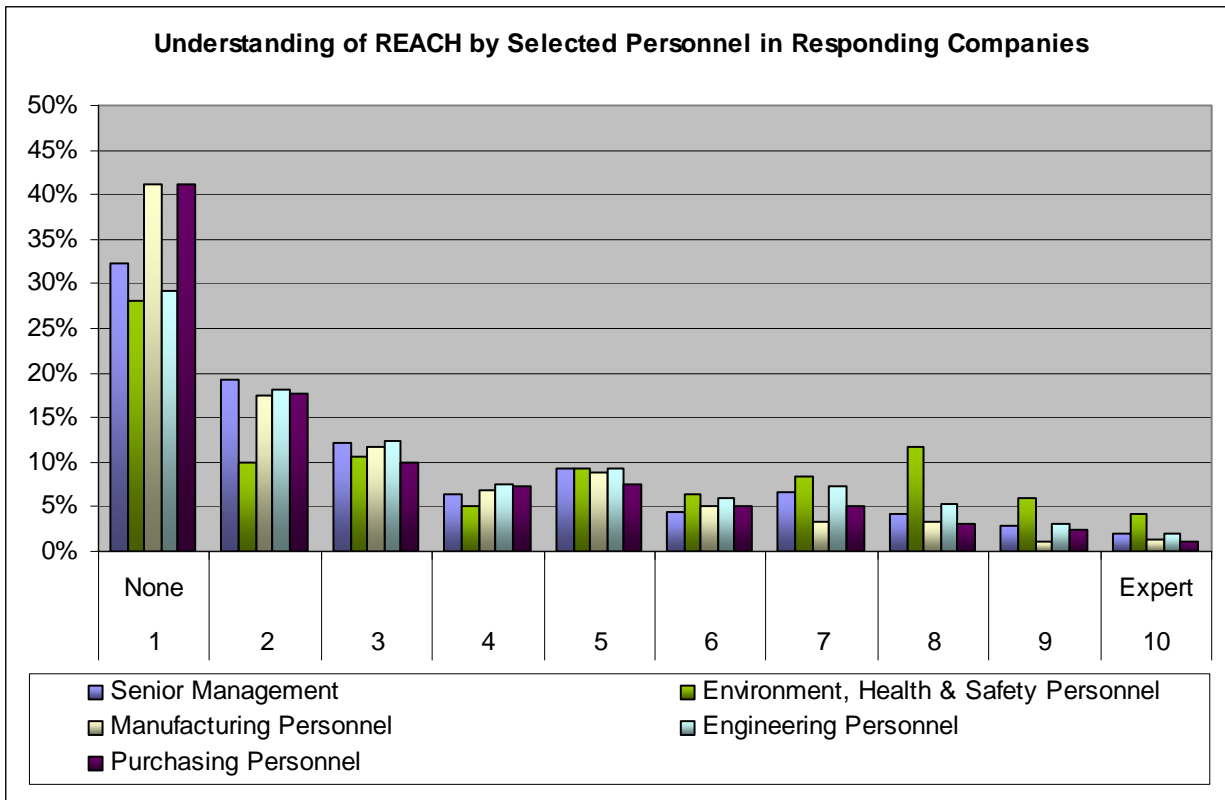


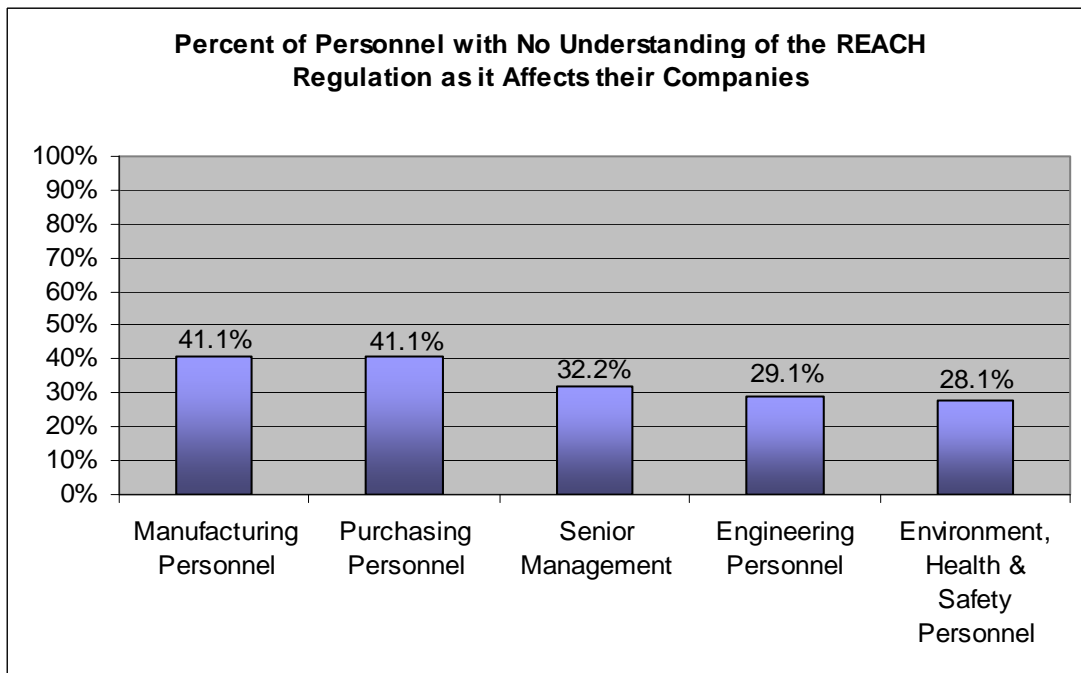
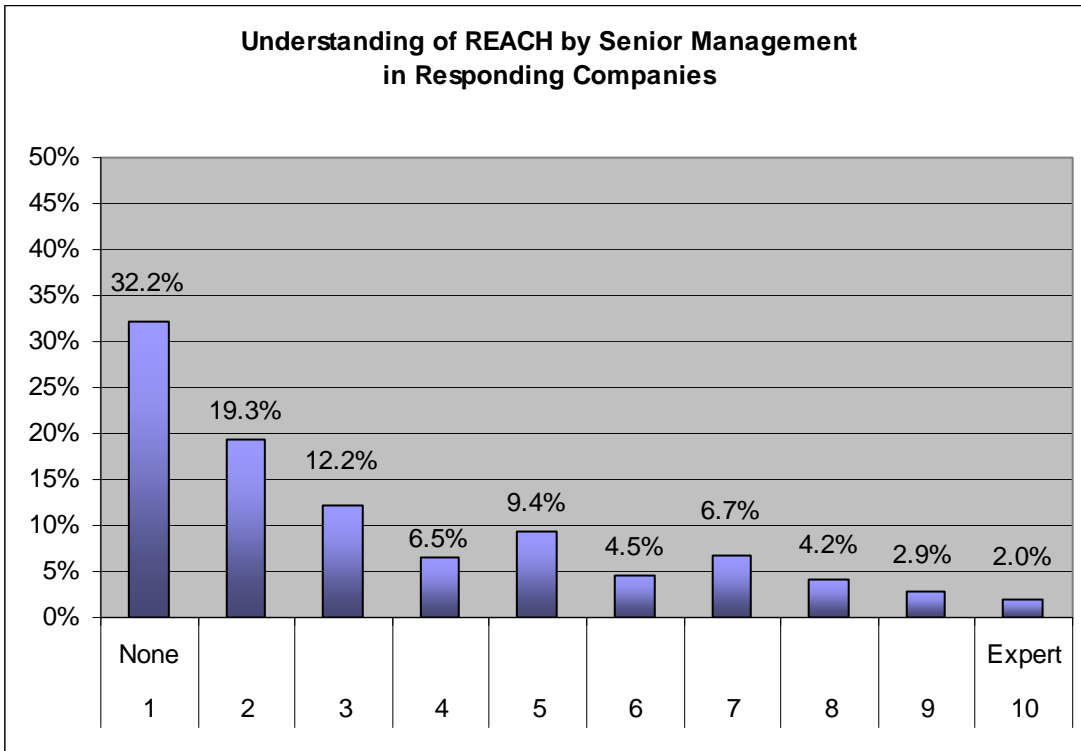
AWARENESS OF REACH

All Respondents

The results of this survey reveal a distressing lack of understanding throughout the industry on the impact and scope of REACH. It is highly unusual for survey participants to score a 1 (none) in response to a 10-point scale. Yet a sizeable proportion of them did in regards to REACH understanding within their companies.

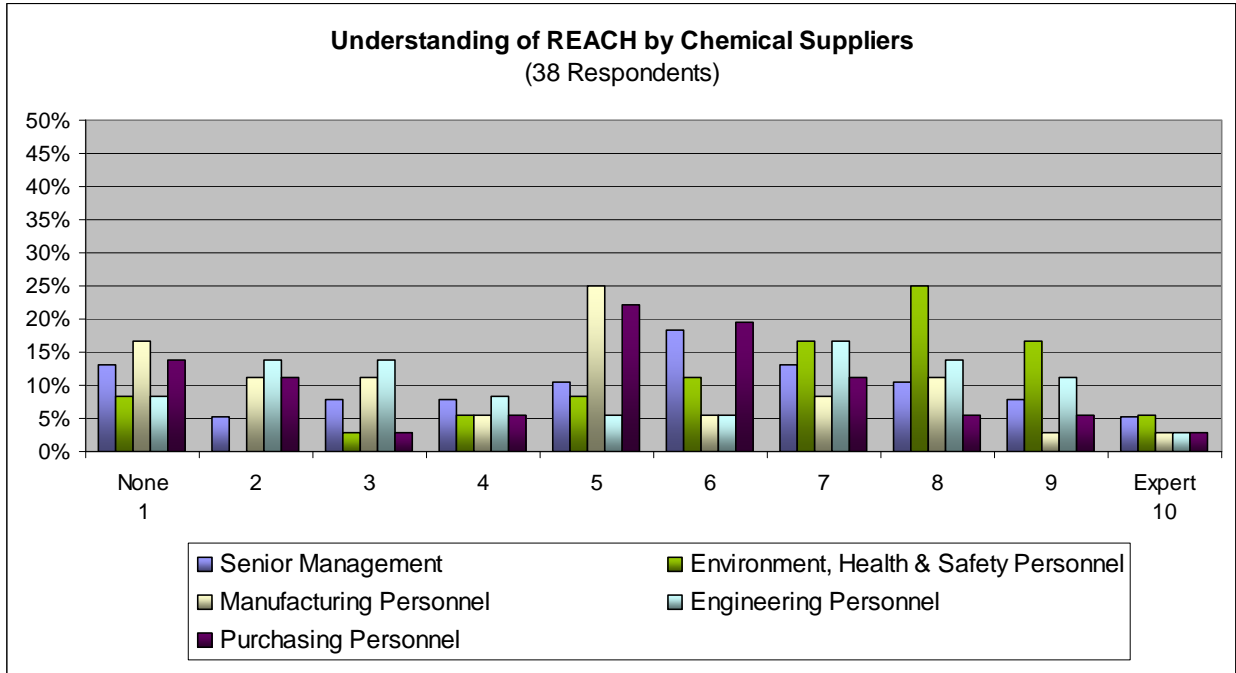
Not surprisingly, environmental, health and safety personnel have the greatest understanding of REACH out of all the job functions that will be involved in REACH compliance. But even in that group 28 percent have no understanding of REACH. Among manufacturing and purchasing personnel, it is more than 40 percent. Nearly one-third of senior management personnel have no understanding of REACH.



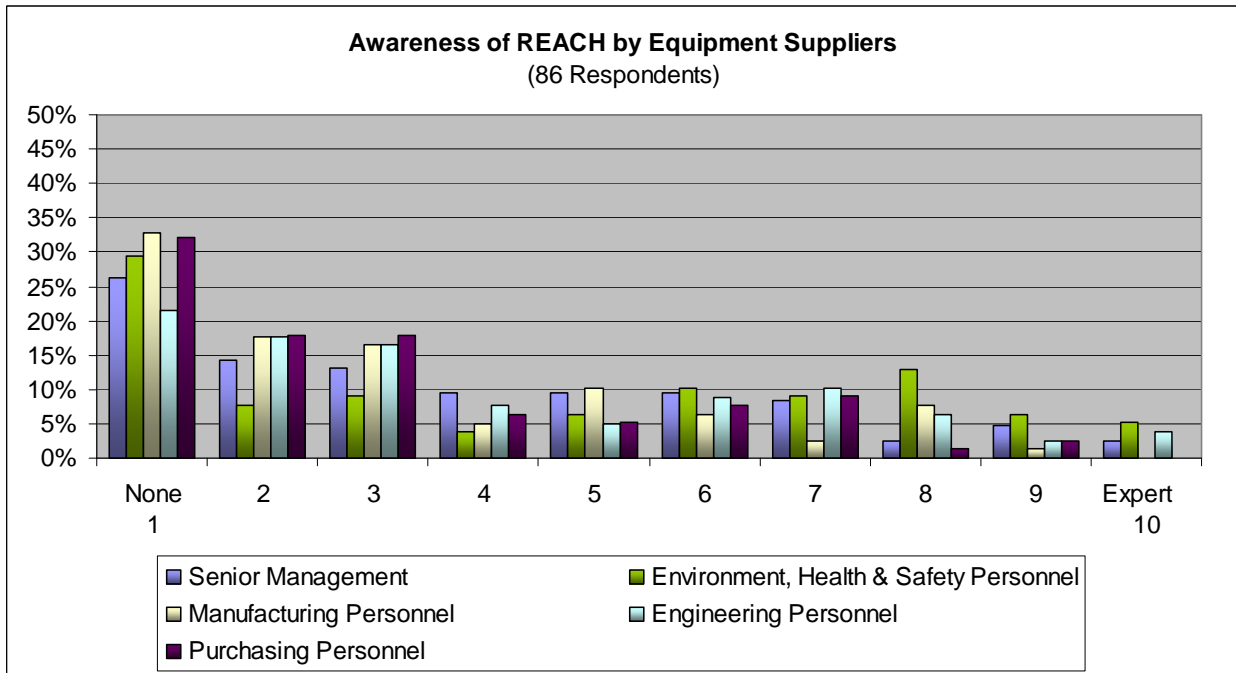


By Industry Segment

Chemical suppliers are most knowledgeable about REACH, with scores averaging in the middle of the range for most key personnel. Levels of awareness in this industry, however, still vary widely across the spectrum. EMS companies have the lowest level of REACH awareness.

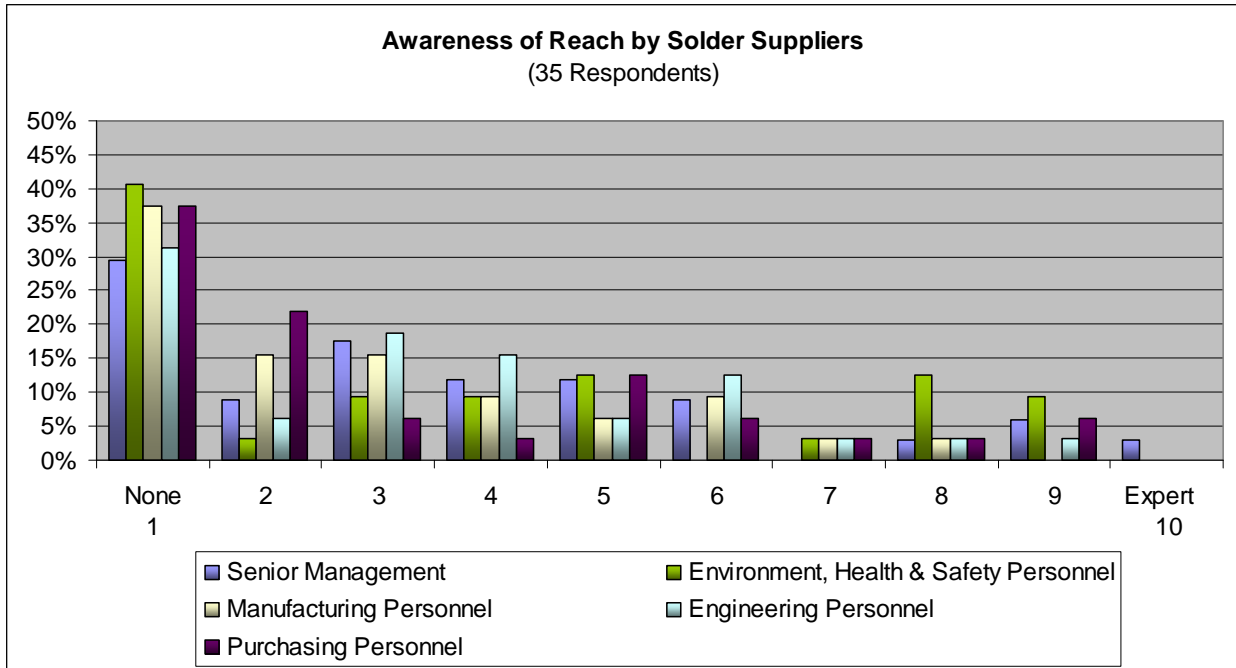


Note: at a 95 percent confidence level, this sample segment has an error margin of ±15.9

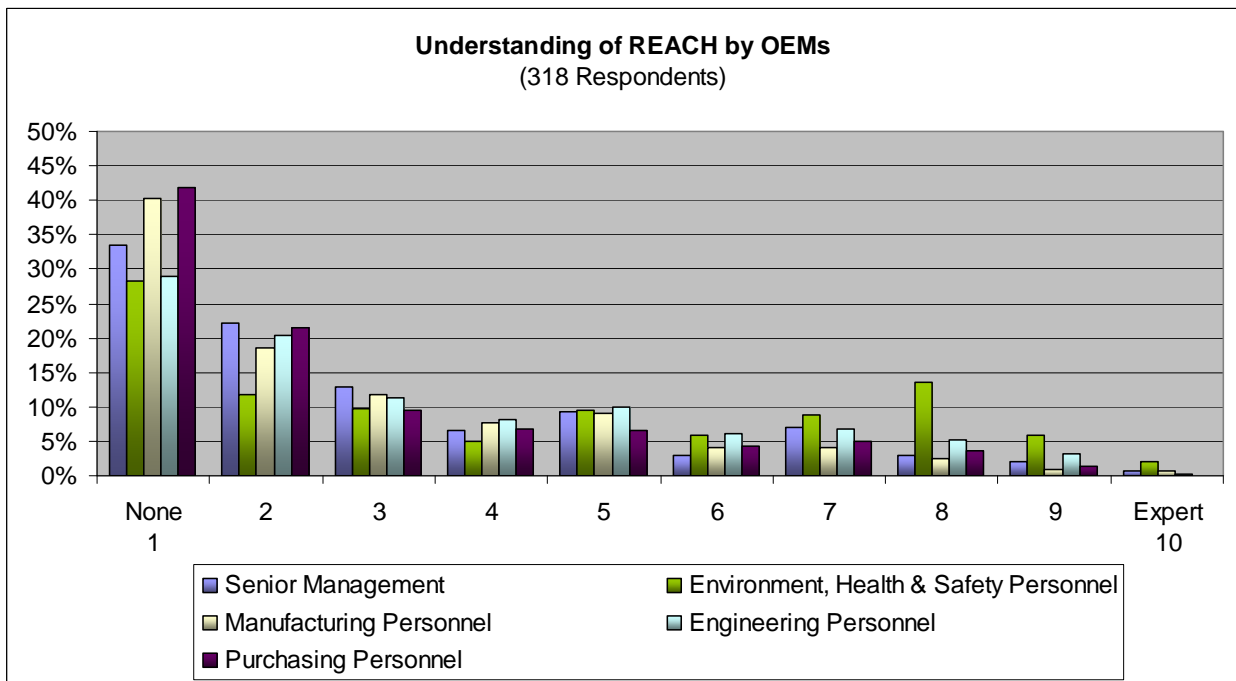


Note: at a 95 percent confidence level, this sample segment has an error margin of ±10.57

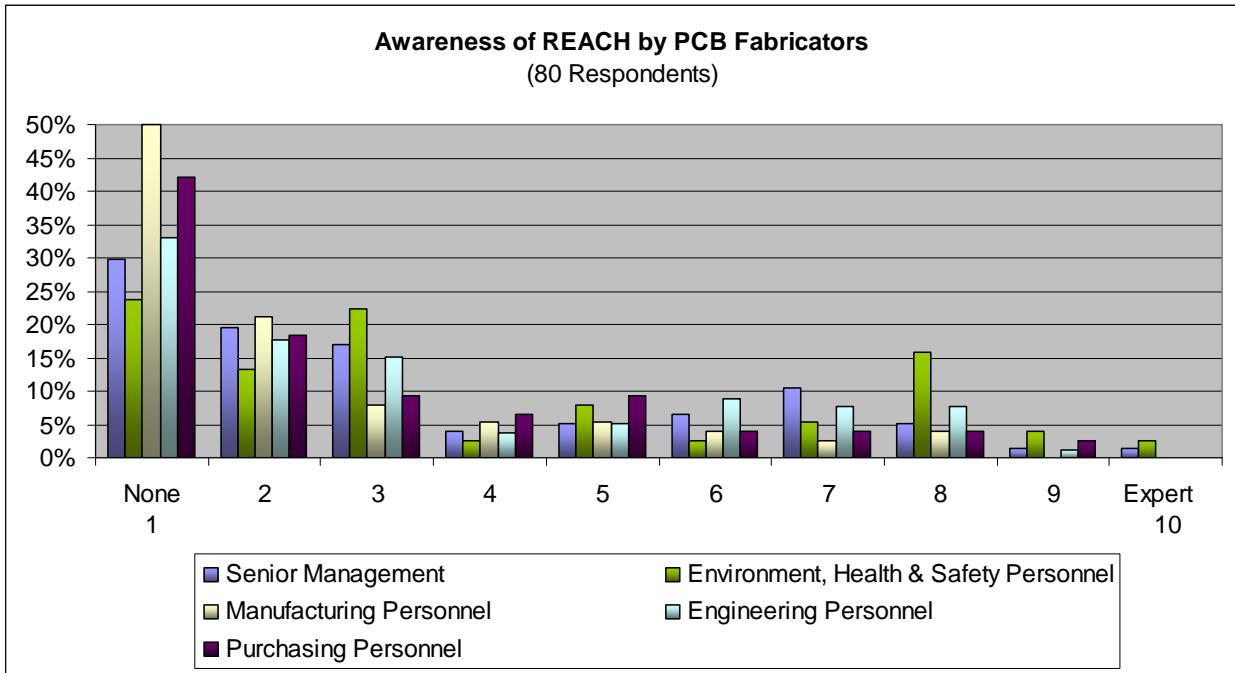
Solder products are considered preparations under the REACH Regulation. It is critical to the acceptance of these products in the EU that the substances in them are identified and registered by their manufacturers or importers. Solder manufacturers need to confirm this with their suppliers and obtain the necessary information.



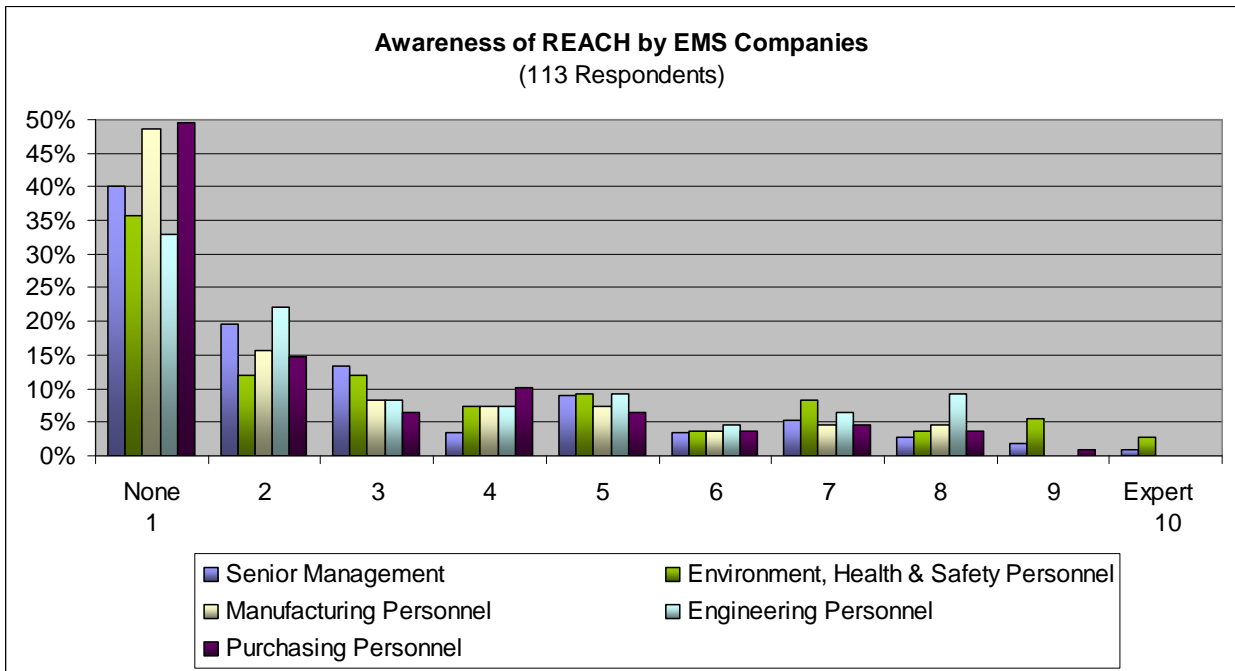
Note: at a 95 percent confidence level, this sample segment has an error margin of ±16.5



Note: at a 95 percent confidence level, this sample segment has an error margin of ±5.5



Note: at a 95 percent confidence level, this sample segment has an error margin of ±10.96

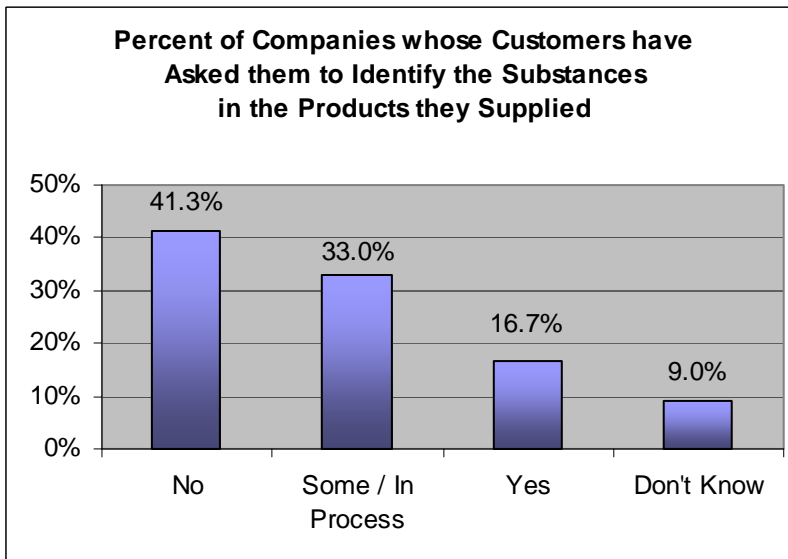
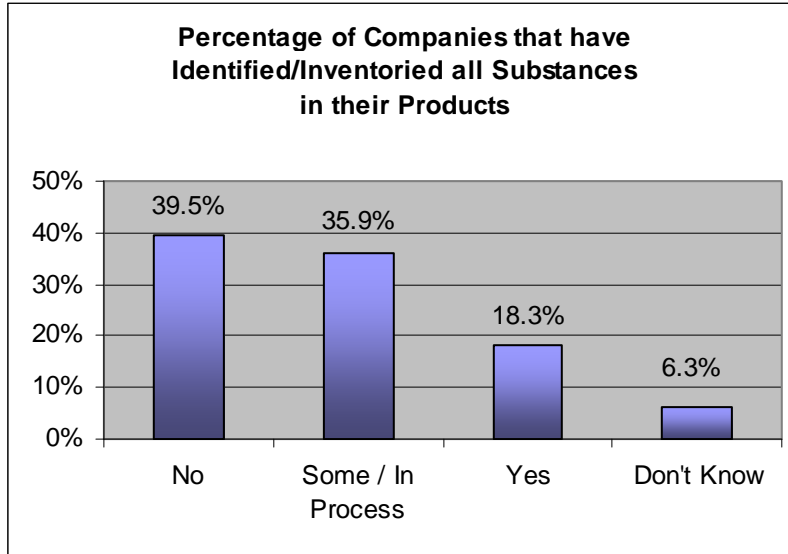


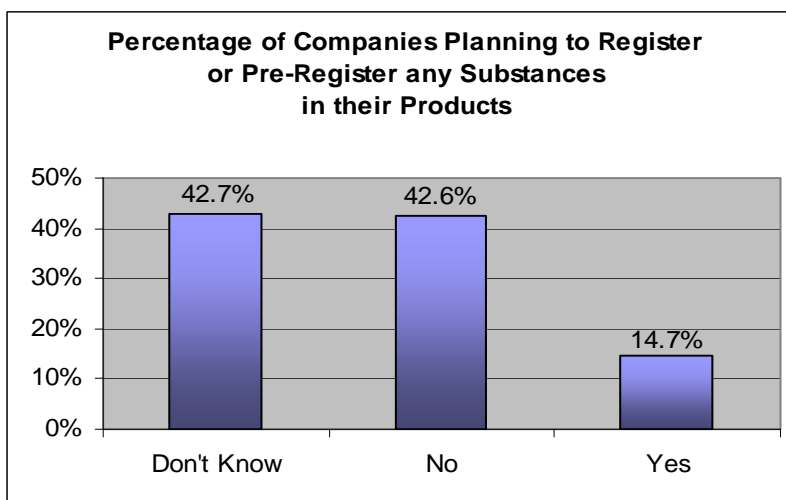
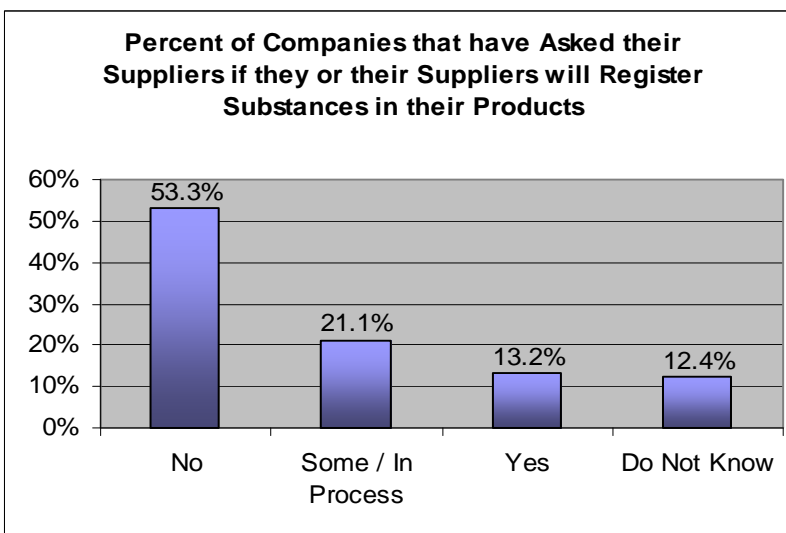
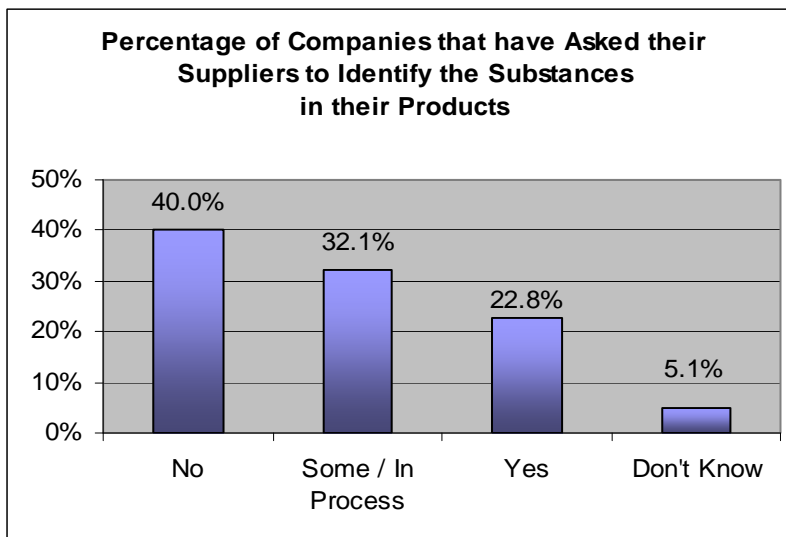
Note: at a 95 percent confidence level, this sample segment has an error margin of ±9.2

STATUS OF REACH PREPAREDNESS

All Respondents

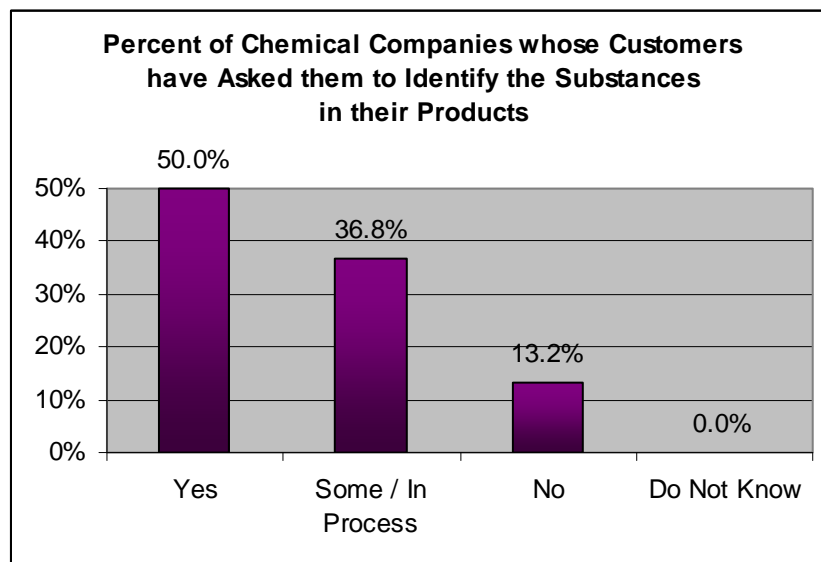
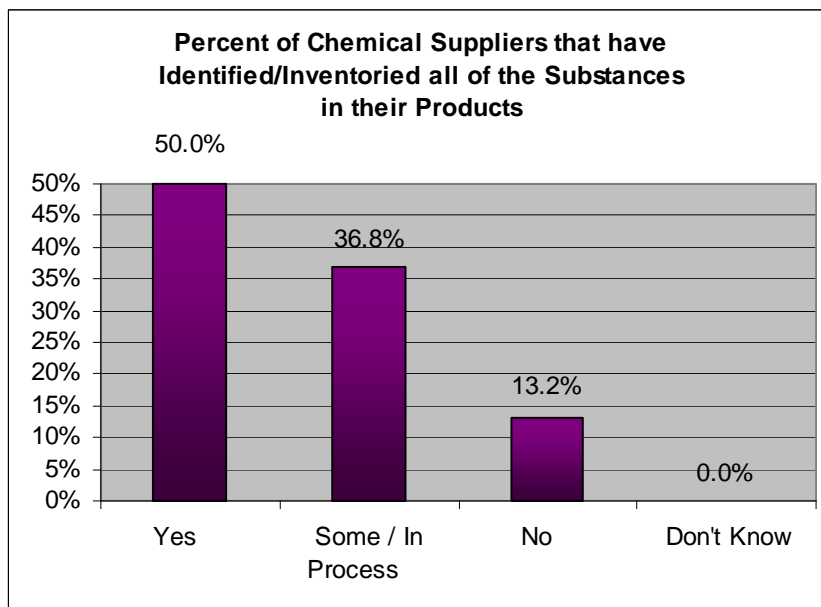
In preparation for REACH compliance, all companies should be identifying the substances in their products with information from their suppliers, and passing that information on to their customers. Currently, about 87 percent of chemical suppliers are doing this, but only about half of the companies in the other industry segments are taking these basic steps toward compliance.

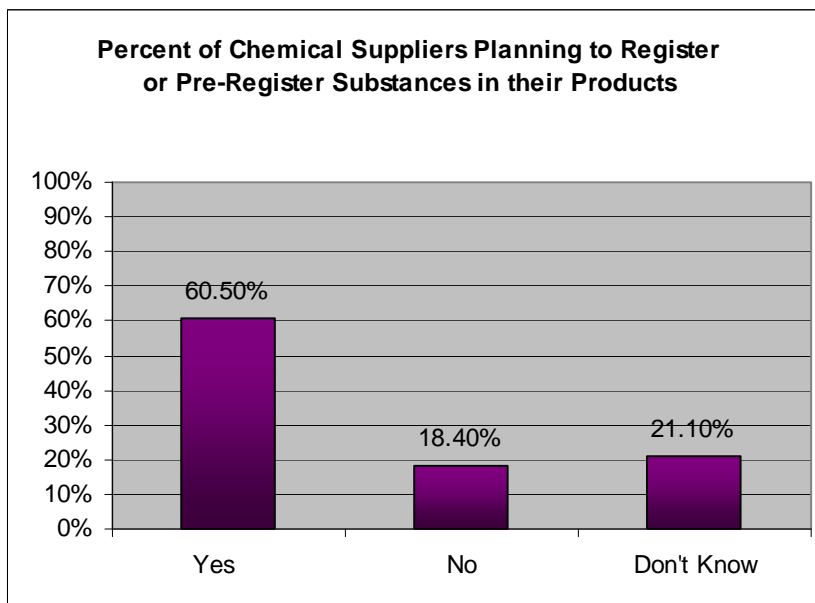




By Industry Segment

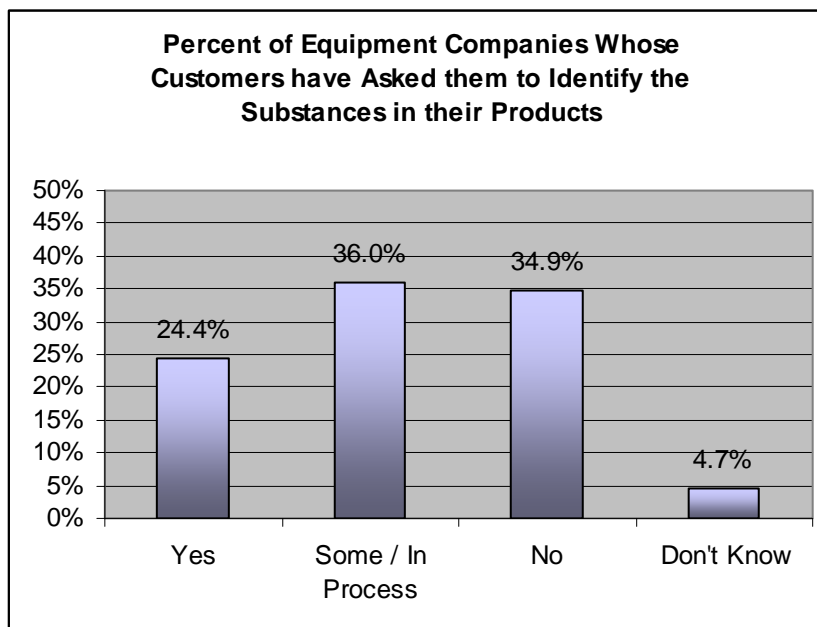
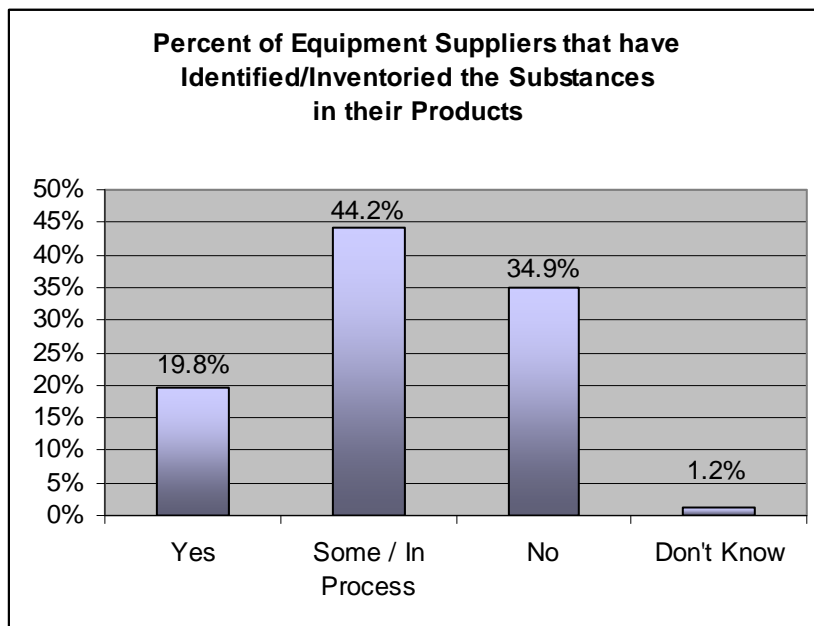
Chemical Suppliers

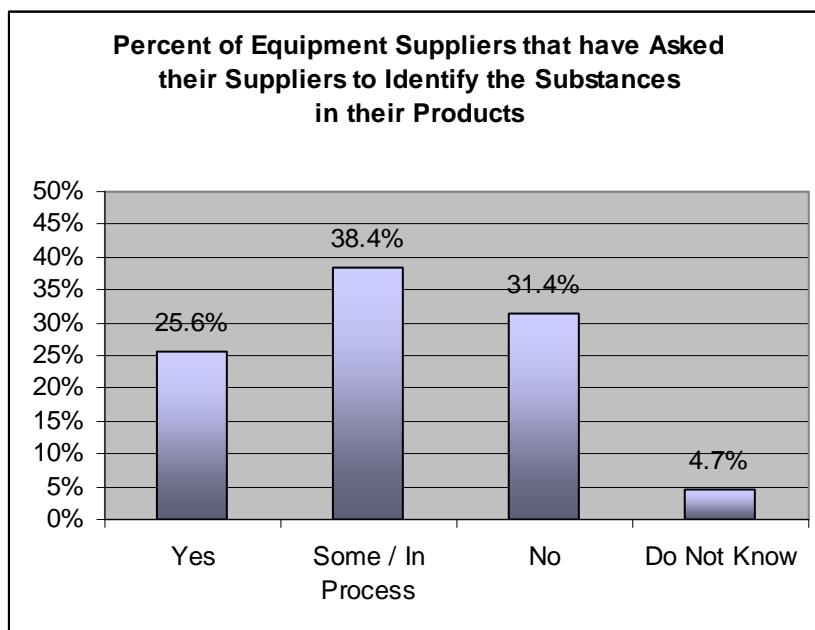




Note: at a 95 percent confidence level, this sample segment has an error margin of ± 15.9

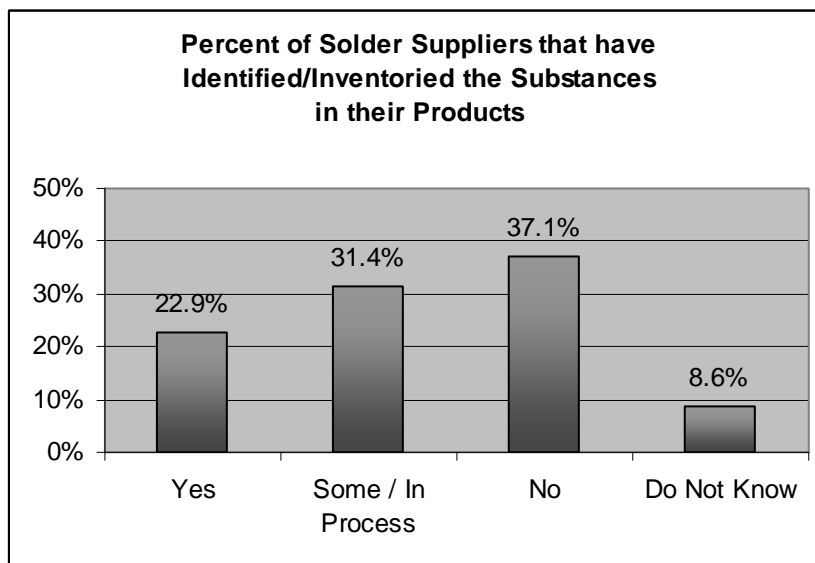
Equipment Suppliers

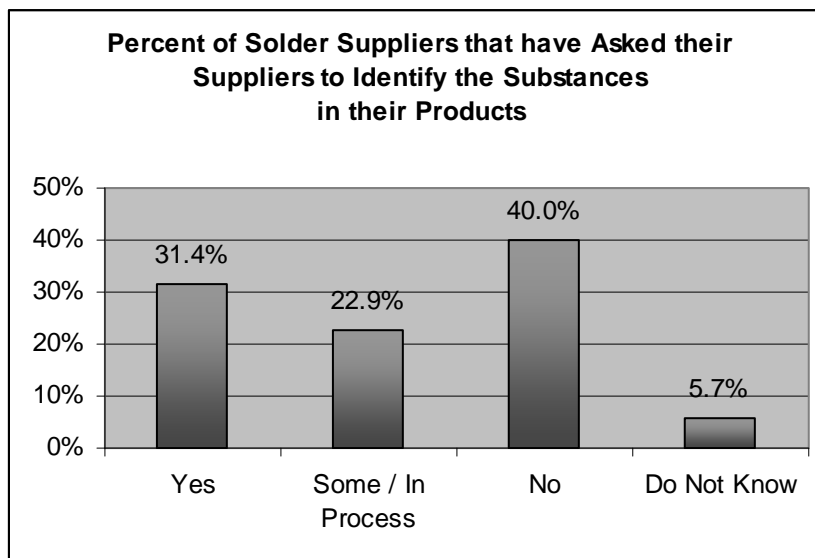
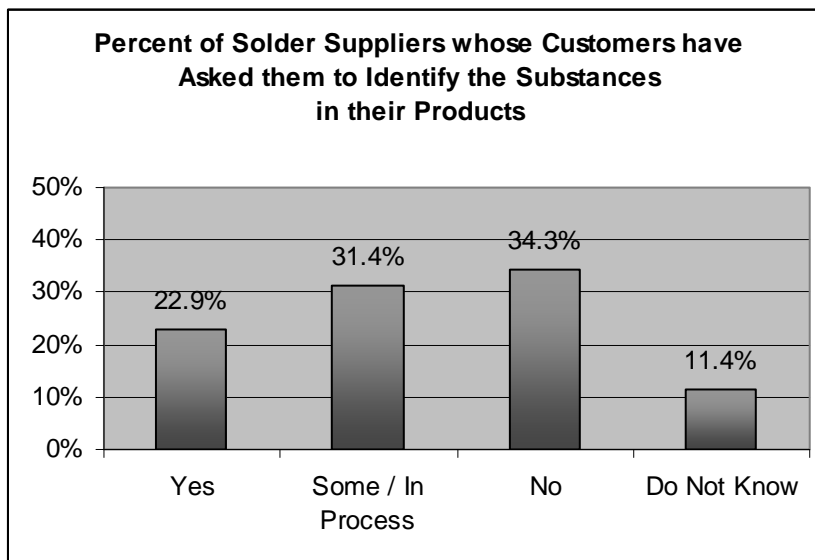




Note: at a 95 percent confidence level, this sample segment has an error margin of ± 10.57

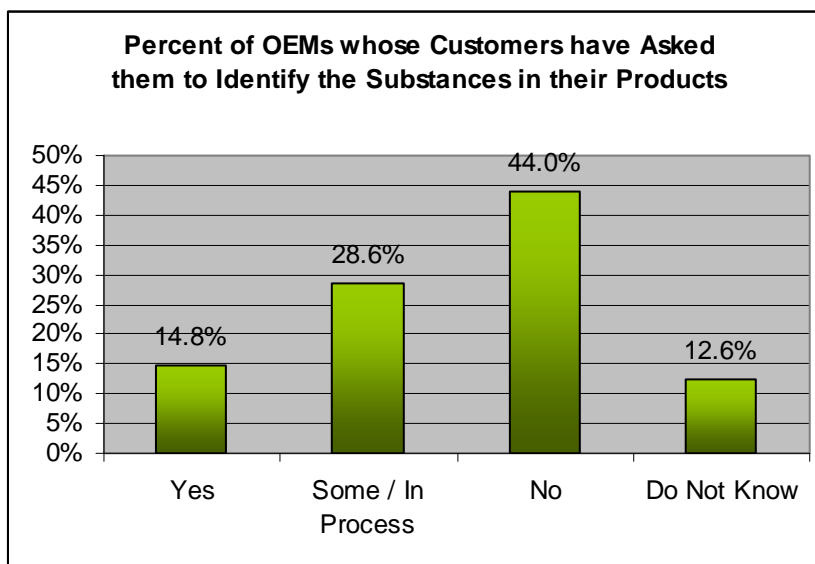
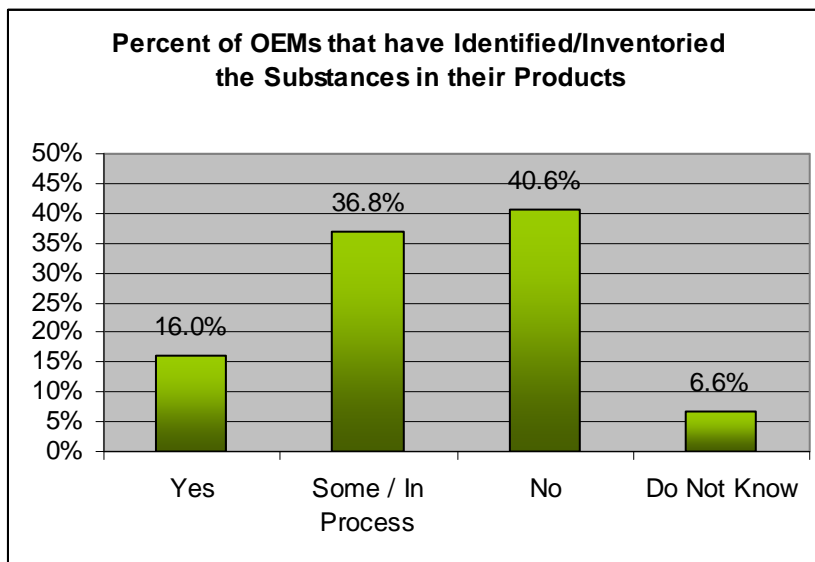
Solder Suppliers

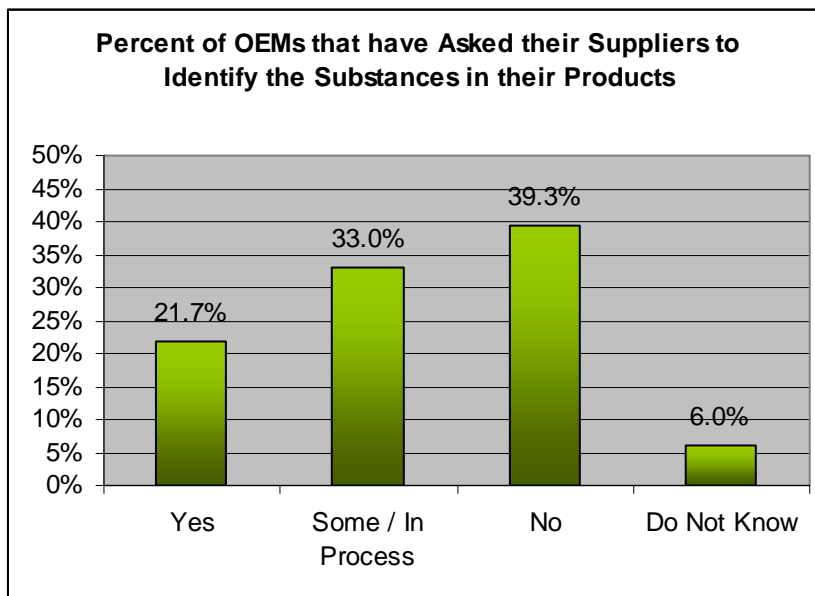




Note: at a 95 percent confidence level, this sample segment has an error margin of ± 16.5

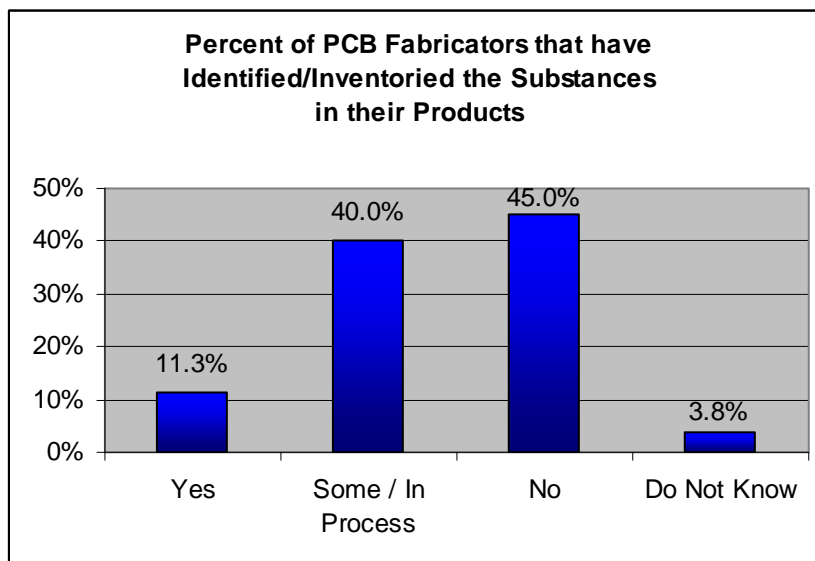
OEMs

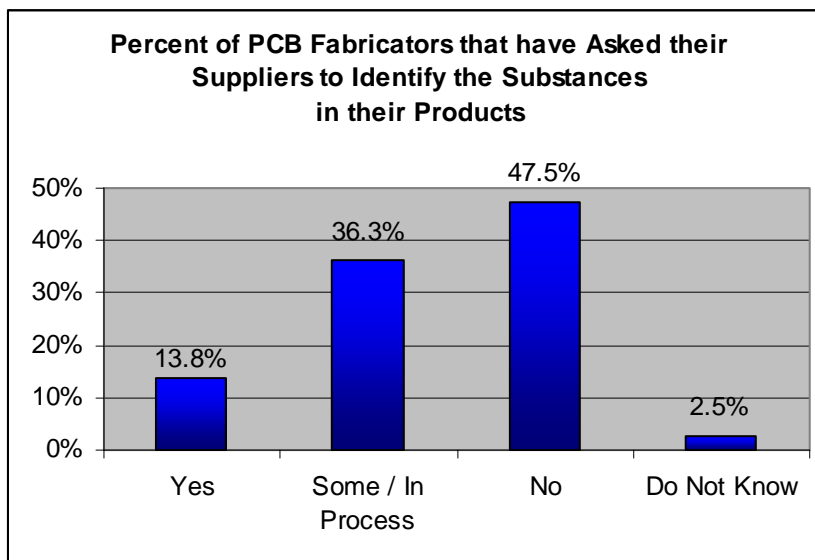
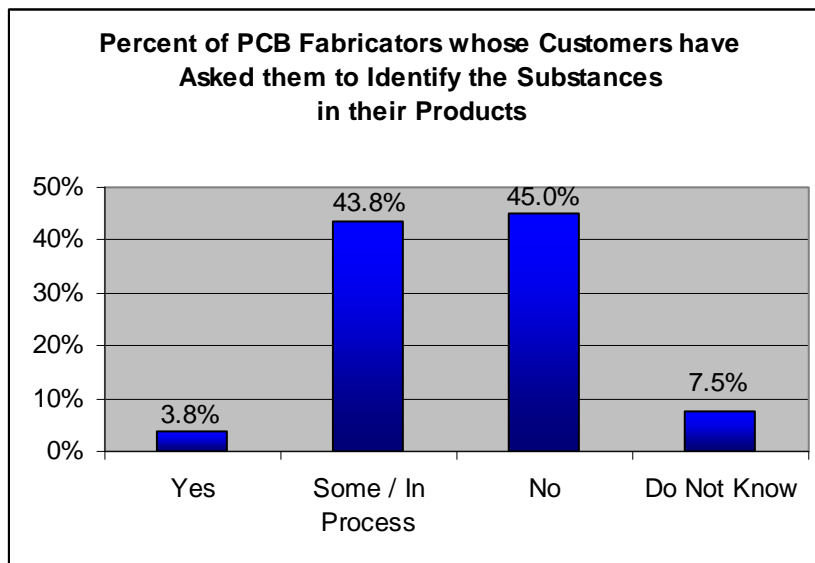




Note: at a 95 percent confidence level, this sample segment has an error margin of ± 5.5

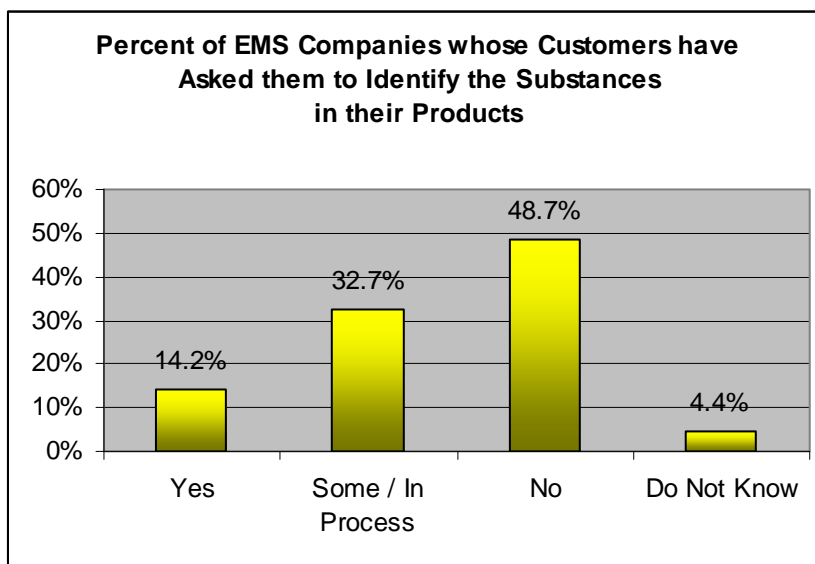
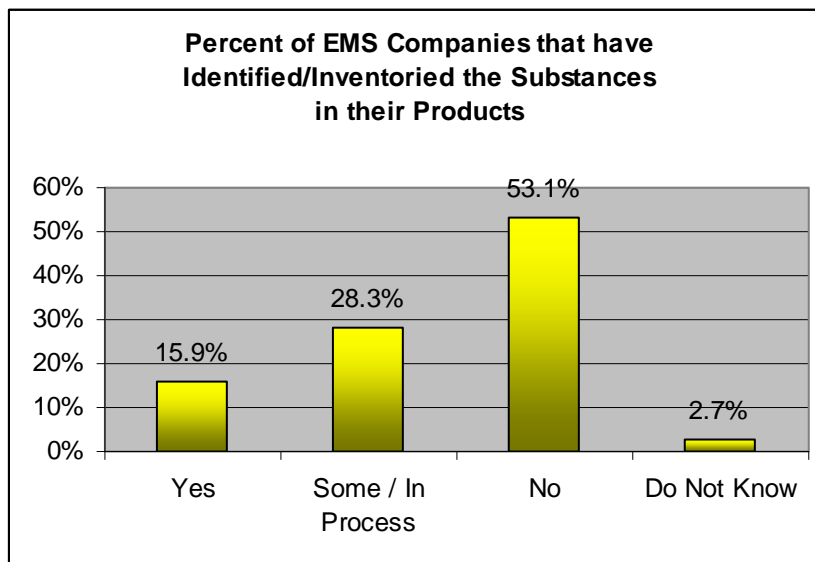
PCB Fabricators

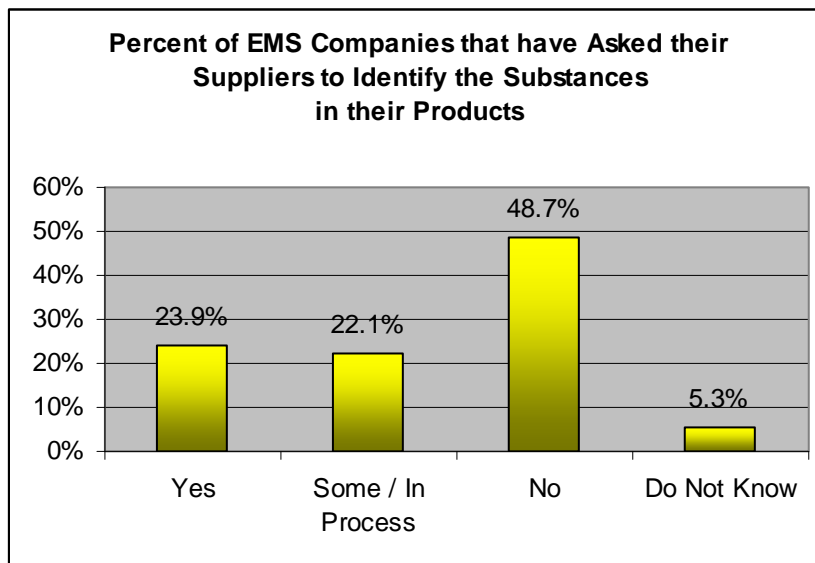




Note: at a 95 percent confidence level, this sample segment has an error margin of ± 10.96

EMS

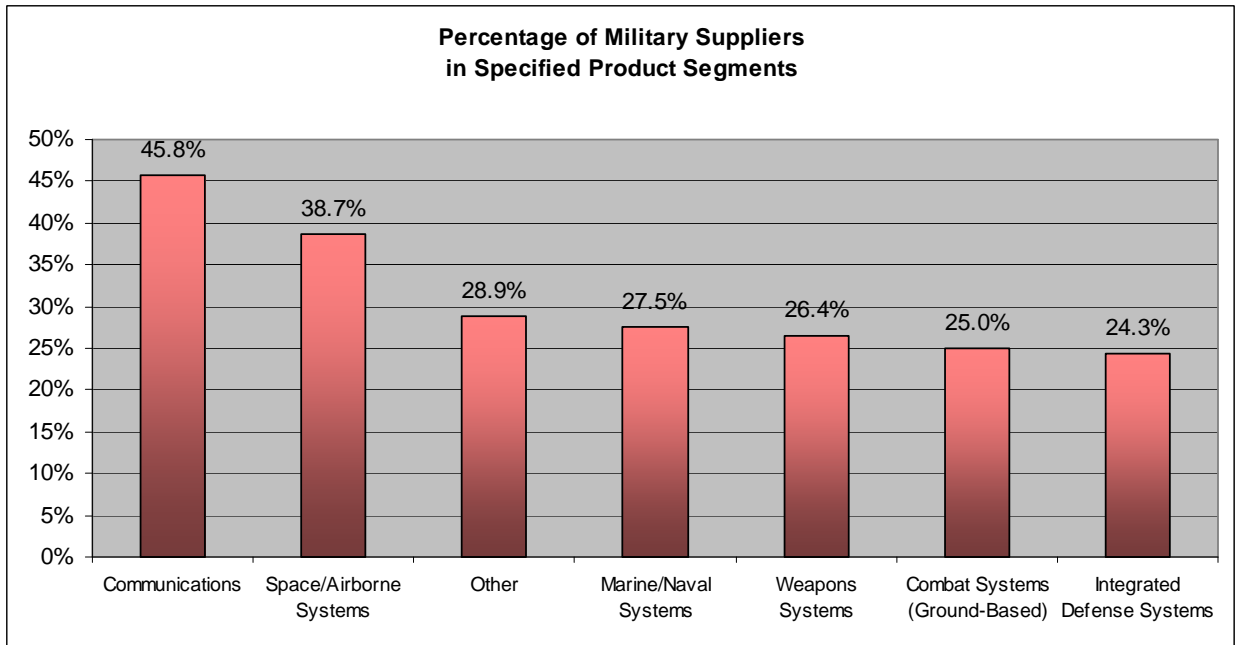
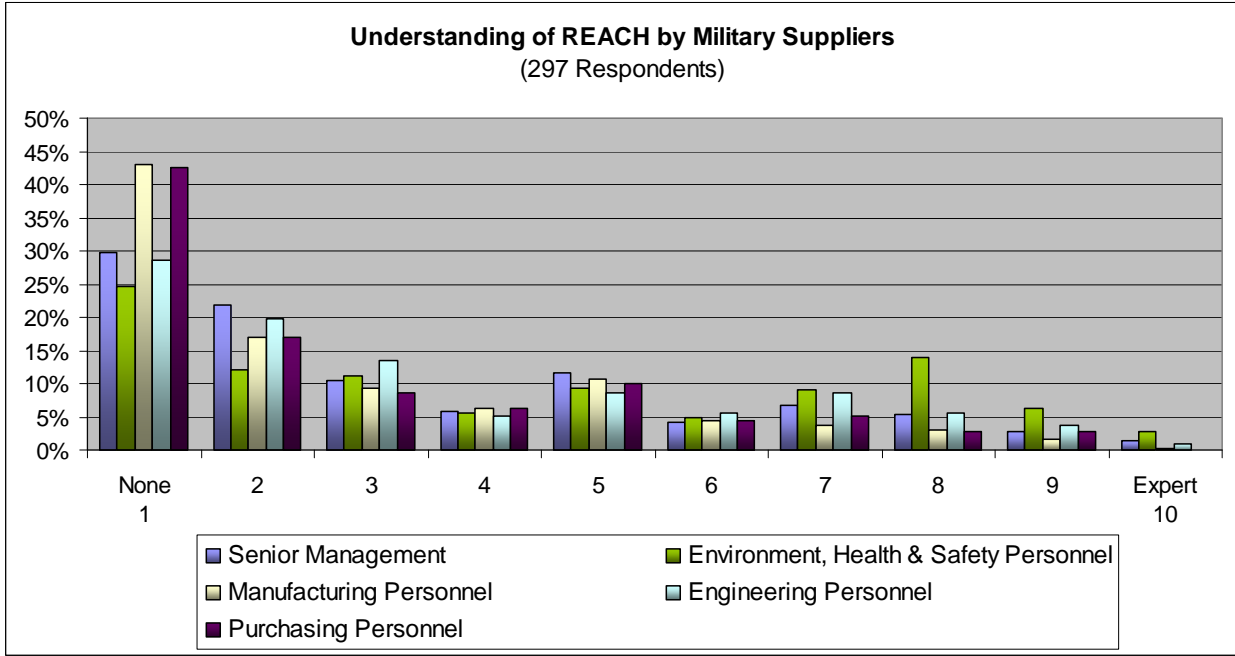




Note: at a 95 percent confidence level, this sample segment has an error margin of ± 9.2

MILITARY SUPPLIERS

Nearly 40 percent of the survey respondents are military suppliers. There is no significant difference between the awareness of REACH among military suppliers versus the general population of electronics manufacturers, except for the environmental compliance specialists in these companies. Environmental specialists in companies supplying the military are substantially more aware of REACH than in other electronics companies. Compliance, however, will require the participation of all specified job functions.



Note: at a 95 percent confidence level, this sample segment has an error margin of ±5.87

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