

Module G

Challenges for Small and Medium Sized (SME) Paint Manufacturers



Outline

- Understanding the SME perspective
- What motivate SMEs to remove lead from their paint production?
- What challenges does the SME face?
- What support could help SMEs eliminate lead from their paint production?
- References
- Point of Contact



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Understanding the SME perspective



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What is an SME?

- The definition of an SME varies between countries, and refers to a wide range of businesses with very different capacities
- Most often defined by number of employees or annual sales
- Includes small low-tech paint manufacturers, as well as companies with several hundreds of employees and high-tech solutions
- Countries generally have a great number of SME paint manufacturers, but a few larger companies usually hold the largest market share



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Why do many SMEs still produce lead paint?

- Old habits will prevail if there no reason for change
- Lack of knowledge about hazards of lead in paint
- Lack of access to know-how about paint reformulation
- Lack of knowledge of consequences of changing production



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What motivates SMEs to remove lead from their paint production?



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Main driving forces

- Brand image and public awareness
- Market advantages
- Wanting to do the right thing
- Legal limits for lead content of paint



Brand image and public awareness

- **Media are eager to tell the story** of high lead levels in paint when reports with new data are released
- Media coverage **increases awareness by consumers** that local paints contain hazardous levels of lead

ceylontoday

“Excessive Lead Levels in Paints”

Bangkok Post

“‘Dangerous’ lead levels in Thai paint”



“Continued Lead Exposure From Paints could Shutter Next Generation”



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Brand image and public awareness

- **Increased consumer awareness** drives major paint companies to reformulate their paints
- Major paint companies then advertise their “lead safe” products in to order to **protect their brand image**
- Smaller companies are pressured to **change or be at a competitive disadvantage**



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Market advantages

- When the public becomes aware, demand for paint without added lead will increase
- To produce and market paint without lead will create a market advantage



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Wanting to do the right thing

- Many paint manufacturers are unaware of the hazard of lead in paint, especially to young children
- Once informed of the issue, manufacturers in many countries have chosen to voluntarily remove lead from their production
- Many of these manufacturers have also become champions for lead paint elimination in their own countries, providing practical support to other companies



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Legal limits for lead content of paint

- Legal limits for lead in paint will ensure a fair, level playing field for all paint manufacturers
- Enactment of legal limits needs to include time to provide manufacturers with time for reformulation of their paint products
- Enactment of legal limits needs to include time to provide manufacturers with time for ensuring that their raw materials or production process do not introduce any lead contamination.



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What challenges does the SME face?



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Challenges specific to SMEs

- Access to raw material appropriate to their needs at a competitive price
- Lack of R & D expertise and resources
- Access to information on the selection of substitute ingredients and their use



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Access to uncontaminated raw material

- Manufacturers seek the least costly ingredients that meet their needs
- Some cheaper raw materials may be contaminated with lead
- SMEs need access to vendors who can provide them with lead-free pigments and driers and can reliably ensure these and the other ingredients they supply are not contaminated with lead



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Cost-effective ingredients

- SMEs produce less paint than large manufacturers and need smaller quantities of raw materials
- Their traditional vendors may lack experience in providing lead-free substitutes
- As national markets shift, vendors who service SMEs have a growing incentive to supply them with smaller quantities of substitute ingredients at a reasonable price



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Lead paint reformulation

- Reformulating paint cost-effectively while retaining the paint's color and properties takes time and involves trial and error
- Large paint companies generally have research and development divisions, with expertise in paint chemistry
- SMEs often have less expertise and less resources for research and development
- SMEs often depend on their ingredient vendors for expertise in the selection and use of the appropriate substitute ingredients.



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What support could help SMEs eliminate lead from their paint production?



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Paint manufacturers associations

- In some countries, paint manufacturer associations have been key to provide technical support to participating SMEs
- Associations can provide a neutral platform where knowledge and experiences can be shared and disseminated
- In many countries, raw material suppliers are part of the association, making it easier for new supply chains to be established



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SME group collaborations

- In countries where there is no manufacturers association, or SME participation is low, other group collaborations can be a tool to facilitate paint reformulation
- Groups can purchase pigment in bulk for a better price
- Groups can also organize seminars and workshops about general technical requirements for cost-effective paint reformulation



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Government role

- The successful introduction of a national regulatory framework to control the manufacture, import, export, sale, and use of lead paints and products coated with lead paint requires engagement from all stakeholders
- The adoption of a legally-binding and enforced national regulatory framework creates a level playing field for all paint companies
- The decision to establish a regulatory framework signals that that the national market for lead-containing or lead-contaminated paint ingredients is about to collapse, incentivizing national paint ingredient vendors to make the needed adjustments



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Summary

- SMEs have, in general, less capacity for paint reformulation than larger manufacturers
- The main challenges SMEs face are access to appropriate substitute ingredients in the right quantities at a competitive price and access to information on how to reformulate
- Paint trade associations and manufacturer groups can be vehicles for solutions



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Summary, cont

- Paint ingredient vendors have a key role to play, especially for SMEs
- Some SMEs will likely delay a decision to reformulate until the government provides a clear regulatory signal



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