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EUROPÄISCHE UNION DES HANDWERKS UND DER KLEIN- UND MITTELBETRIEBE  
EUROPEAN ASSOCIATION OF CRAFT, SMALL AND MEDIUM-SIZED ENTERPRISES  
UNIONE EUROPEA DELL' ARTIGIANATO E DELLE PICCOLE E MEDIE IMPRESE

## **UEAPME Position Paper on the Proposal for an amendment of the Eco-design Directive 2005/32/EC**

On 16 July 2008, the European Commission has proposed a Sustainability Package. UEAPME has already commented about it in the course of the elaboration and consultation process.

The Package comprises the following initiatives:

1. Action Plan Sustainable Consumption and Sustainable Industrial Policy
2. Proposal for an amendment of the Eco-design Directive 2005/32/EC
3. Proposal for a revised Eco Label Regulation 1980/2000
4. Proposal for a revised EMAS Regulation 761/2001
5. Communication on Green Public procurement

Please, find below UEAPME comments on the SCP Action plan and the Proposal SMEs most relevant parts of the package.

### **1. Communication on the Action Plan SCP**

Crafts and SMEs in Europe understand and share the main ideas of SCP, but ask all institutions at European and national level to take into account more carefully the needs of SMEs and the challenges SMEs will have to face when the existing policies will be strengthened and new instruments will be adopted to achieve the objectives of SCP, such as the recast of the Eco-design Directive.

As for the special needs of SMEs, it is important to stress that currently most SMEs do not have any environmental policy in place and do not work with instruments such as Life Cycle Analysis/Approach. Moreover eco-design policies imply taking into account: the little means of SMEs in financial, human resources and technical terms; the need of trainings, the special production cycle, the special cycle of investment, the fact that SMEs are sometime sub-contractors.

Therefore, UEAPME presents the following considerations in order to help SMEs to adapt smoothly to these new patterns:

- The implementation of concept such as eco-efficiency, eco-design, dynamic performance requirements and energy efficiency in a classic micro and small business corresponds to a revolution in its production process. It should be well prepared in advanced and introduced with care avoiding “overnight” implementation.
- The EU should set up a framework to **inform** SMEs, **prepare** them and **support** them in the transition to the new scheme
- This could be done, for instance, in the framework of a “**reinforced**” **ECAP**, which should be based on the instruments already existing at the level of SME organisations aiming at improving them. In this framework, a specific, single budget line for all the actions under ECAP would be easier to understand and to apply for in order to carry out the aims of the programme. Moreover, the problems faced by SMEs under the chapter 5.4. (Building local environmental expertise for SMEs) of ECAP are well highlighted, but the measures proposed will not ensure any long lasting solution. The main tasks in this area should not only be given to the new EU network in support of business and innovation, but should build also on the projects and the services already provided by SME organisations at local and regional level. In fact the latter ones often do not receive the relevant information and therefore should be involved in the ECAP networks.
- UEAPME understands that the focus of SCP will be on housing, food and drink and mobility. SMEs<sup>1</sup> are particular active in all these three areas and it is therefore important to stress that they would be directly affected by any new or strengthened measures.
- Specific exemptions, thresholds and simplified implementation schemes should be set up for SMEs subject to the new standards in order to cut bureaucracy and costs (for instance compliance should be ensured through self-certification with no use of third party certification).
- Incentives (such as reduced interest rates for investment in green technology, tax reduction, etc.) for SMEs –in particular small and micro business- should be foreseen.

As a whole, we believe it is necessary to avoid the situation where SMEs would be excluded from the market scene due to excessive administrative and economic burden distorting competition in the EU market.

### **SBA/ECAP/SCP: need for more coherence among those initiatives**

- In the Small Business Act (SBA) under the chapter: “*Helping SMEs turn the environmental challenge into opportunities*”, the currently proposed actions are related to state aid and in general environment-related subsidy. UEAPME considers it positive, but not sufficient.
- Reference is also made to a simplified EMAS (Eco-Audit and Management Scheme) for SMEs and the new Business Support Network in order to provide advice on eco-efficient operations.

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<sup>1</sup> For instance only in France more than 40% of craftsmen is active in the housing sector.

- Although both EMAS and the new Business Support Programme are part of the actions mentioned in ECAP, no mention is made of the new ECAP<sup>2</sup> “Environmental Compliance Assistance Programme”.
- **The SBA should mention ECAP and refer to it as the tool to translate into practice the principle “turn environmental challenges into opportunities”.**
- The “Sustainable production and Consumption and Sustainable industrial policy Action plan” (SCP & SIP) is already making a clear link to ECAP as the tool to provide the assistance to SMEs, including the improvement of their environmental performance. This makes sense and should be repeated also in the SBA.
- This means of course that ECAP should obtain the appropriate **political recognition** at the highest level in order to assure a **real implementation and follow-up to this programme.**

### **Conclusions:**

- The EU should use ECAP to inform SMEs, prepare them and support them in the transition to the new scheme
- The SBA in line with SCP should mention ECAP and refer to it as the tool to translate into practice the principle “turn environmental challenges into opportunities”.
- ECAP should obtain the appropriate political recognition at the highest level in order to assure a real implementation and follow-up to this programme.

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## **2. Proposal for an amendment of the Eco-design Directive 2005/32/EC**

- Changing the scope of the Directive and extending it to all “**energy-related**” products would heavily impact many European SMEs whose products will be actually submitted to Ecodesign implementing measures and to harmonised standards.
- The definition of “energy-related” products included in the Ecodesign proposal is not clear enough. It is actually impossible to predict exactly which products will fall in the scope of this framework Directive.
- In order to guarantee a real participation of SMEs in the consultation process for the definition of implementing measures it is necessary for SMEs to be informed well in advance and to have sufficient information on the products to be considered.
- SMEs often run single production or very small productions runs. The economic impact the Eco design provisions would have on microenterprises, which cannot amortize the costs of putting in place such a new product design due to the absence of economies of scale, would be too high and can only be affordable when large series are manufactured. Thus we understand that most of the

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<sup>2</sup> COM (2007) 379 final, Brussels, 8.10.2007

provisions of the Eco design proposal, such as the definitions of “Eco design” and “Product Design” can only apply to serial products.

- Some important parameters such as the sector, the structure of companies and the serial character of the production should be taken into account when conformity procedures are carried out.
- Furthermore, we notice that the definition of Eco design as the “integration of environmental aspects into product design with the aim of improving the environmental performance of the product throughout its whole life cycle” is an additional step to be undertaken by **industrial enterprises**. It should be considered in fact that only in the case of an industrial design processes the environmental impact factor can be successfully integrated in the technical specifications of the product concerned.
- When it comes to the actual choice of new product groups for implementing measures it will be decisive to coordinate provisions with existing and new rules such as directive 89/106/EEC on construction products (and the draft Construction Products Regulation which is now discussed in the Parliament), respectively with their technical specifications and standards as well as the REACH Regulation and the Environmental Performance of Buildings Directive.
- The EU Commission should set up a consultation scheme in the preparation of the new standards, which really puts SME organisations in the condition to react and give their contributions.
- An example of “formal” or “**false**” **consultation** of SME organisations is clearly happening at the moment in the framework of the Energy Using Products Directive (EuP). In this case, very technical, long documents in English are sent by the Commission to the members of the Consultation Forum with very short deadlines to reply. The level of technical skills to react to these documents is such that only the manufacturers of the products concerned by the consultation or independent external technicians with expertise in the field could respond. It is clear that, because of time constraints and language problems, it is impossible for small manufacturers to react directly. On the other side, it is very difficult to find the above-mentioned technical expertise inside SME organisations. The only solution is, therefore, for SME organisations to pay for external technicians for this job. This is clearly not possible on a continuous basis and there is a high risk that often no response is given to the consultation documents.
- Considering the serious repercussions that the extended EuP directive will have on companies and their level of employment (since **it will be no longer possible for manufacturers to put their products on the market if they do not correspond to the requirements set by the Directive**), an effective consultation of the impact of the proposed measures on micro and small businesses is of paramount importance. Therefore, the Commission should follow the example set by Directorate General Environment in the framework of the Eco-Label, by establishing procedure to finance SMEs’ technical involvement in the EuP/Eco-design scheme.
- Moreover we believe that, before starting any consultations on implementing measures a **thoughtful impact assessment** on the economic consequences on SMEs should be conducted by the Commission as regards each product and sector concerned. This impact assessment should include a cost/benefits analysis to evaluate the financial sustainability and consequences on

competitiveness for the companies involved, especially according to their size and financial firmness.

- Data-bases for Life cycle analysis should be set up, from the very beginning, in collaboration with SMEs and the choice of the reference values should be weighted in order for it to be suitable also for small producers.
- The framework conditions should also be made suitable for companies, particularly SMEs, whose products will fall under the definition of energy-related products. This means that long implementation measures as well as financial and technical support should be made available. Moreover, it is important that exemptions are foreseen for those products with

▶ Reduced impact on the environment, energy consumption or climate change in general

▶ Limited margin of manoeuvre to improve their environmental impact

▶ Not destined to the internal market, but to local or regional consumption

- We consider expanding the scheme to a wider range of consumer goods, like footwear and furniture, as **premature**.

### **Conclusions:**

1. The cost of conformity assessment is very high and can only be affordable when large series are manufactured. Thus we understand that most of the provisions of the Eco design proposal, such as the definitions of “Eco design” and “Product Design” can only apply to serial products.
2. The EU Commission should set up a consultation scheme in the preparation of the new standards, which really puts SME organisations in the condition to react and give their contributions, by establishing procedure to finance SMEs’ technical involvement in the EuP/Eco-design scheme.

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