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EUROPÄISCHE UNION DES HANDWERKS UND DER KLEIN- UND MITTELBETRIEBE
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UEAPME'S CONSIDERATIONS ON THE UPCOMING SUSTAINABLE CONSUMPTION AND PRODUCTION (SCP) ACTION PLAN

Introduction

The European Commission is working on an Action Plan on Sustainable Production and Consumption.

UEAPME responded to the on-line consultation in September 2007, attended two stakeholder meetings organised respectively by DG ENTR and DG ENV and the "Time for Action" conference in Ljubljana, which was also part of the consultation process.

Crafts and SMEs in Europe understand the main ideas of SCP, but ask all institutions at European and national level to take into account more carefully the needs of SMEs (currently, most SMEs do not have any environmental policy in place and do not work with instruments such as Life Cycle Analysis/Approach) 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.

The upcoming SCP

The envisaged SCP will be developed on three main areas: 1) Better products; 2) Leaner and Cleaner Production and 3) Smarter Consumption.

The European Commission and the European Environment Agency¹ have identified three areas - housing, food and drink and mobility - as to lead to the highest environmental pressures over their full life cycles. UEAPME understands that the focus of SCP will be on these three areas. SMEs² are particularly 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.

¹ EIPRO Study 2006, NAMEA Study 2006, WI 1998

² For instance only in France more than 40% of craftsmen are active in the housing sector

Better products & Leaner and cleaner production

Two core elements under consideration are more policy coherence and a dynamic approach to improve environmental performance of products.

UEAPME understands that the Commission is considering establishing an EU framework with general eco-design principles, which could guide the review of existing and the establishment of new Community instruments related to product design.

The Commission is also considering introducing more dynamic performance requirements for products to better exploit the innovation potential of industry.

Although the background document of Commission is still vague regarding the above mentioned potential new instruments, below is a non-exhaustive list of expected impacts, potential barriers and priorities UEAPME sees in relation to:

1. EU eco-design framework
2. Dynamic performance requirements
3. Environmental product declarations
4. Resource and material efficiency targets

1, 2 & 4: EU eco-design framework, Dynamic performance requirements and Resource and material efficiency targets

The proposed actions of the Commission would introduce a new way of manufacturing products. Currently, most SMEs do not have any environmental policy in place and do not work with instruments such as Life Cycle Analysis/Approach. This means that lots of SMEs run the risk of not being in compliance with the future minimum requirements. This, in turn, means that these SMEs will no longer be able to put their products on the market with negative consequences on their survival and employment level.

Moreover, the very same idea of a more extensive use of standardisation will result in an increase in bureaucracy (particularly time) and costs for SMEs, due to the respect of the standards as well as to the verification and test systems adopted to give evidence of compliance. For instance, SMEs will have to face more bureaucracy and costs in order to demonstrate that they are in compliance with the set resource and material targets, due to the potential verification and test systems adopted to give evidence of compliance.

There could be problems with choosing a frontrunner in each product category. Since several aspects of a product could be linked to the concept of sustainability, picking a single frontrunner as benchmark could be a troublesome task. The approach could also create uncertainties about the future and especially future dynamic performance requirements and hence hamper investments in available technology. SMEs could e.g. be unwilling to expand their business if the performance requirements would change every now and then since this would result in uncertainty about future compliance costs.

In this context, it should be noticed that the consultation system carried out so far in the framework of the EuP Directive is only formal and does not really allow SMEs as well as their organisations to react. This is due to some reasons, such as the fact that the extremely technical documents are only available in English as well as the limited amount of time to comment.

Therefore, the following measures should be considered whenever shaping new Community instruments related to product design and environmental performance:

- The EU should set up a framework to inform SMEs, prepare them and support them in the transition to the new scheme (for instance as a follow-up of the recently adopted **programme to help SMEs comply with environmental legislation**³); it should be based on the instruments already existing at the level of SMEs organisation aiming at improving them; it should also foresee a specific chapter targeted at capacity buildings in the same SMEs organisations in order to reinforce their role among the enterprises;
- 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;
- Before their final approval, an analysis of the impact of these new proposals on the competitiveness as well as the employment level of companies subject to them should be carried out; in particular the specific duration of the investment and innovation cycle in SMEs should be taken into account
- A sector/ activity approach should be privileged
- 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

3 Environmental Product Declarations (EPDs)

Today, the global market has an increased demand for comparable information about environmental performance of products and services.

A wide range of “eco-labels” have been developed to communicate information on the environmental credentials of a product or service in a standardised way, with the view to helping consumers or other business to select greener products or services. This is not always having the expected effect. In fact green products are often more expensive than other products, the majority of consumers do not compare what they buy from an environmental point of view and the communication of environmental information is sometime too complicated.

The intent of an EPD should be to provide the basis for a fair comparison of products and services based on their inherent environmental performance. They should have

³ COM (2007) 379 final, Brussels, 8.10.2007

direct consumer benefits, be easy to understand, and have less impact on the product cost.

The same domestic EPDs rules should apply on imported products. Concerning false environmental claims, UEAPME calls for an efficient control of self-certified declarations.

Sustainable consumption

Below is a non-exhaustive list of expected impacts, potential barriers and priorities UEAPME sees in relation to:

1. Information, education and training
2. Green Public/Private Procurement

1. Information, education and training

Consumer information mainly falls under the responsibility of public authorities and large retailers but also craftsmen have an important role to play. In fact they have a privileged position vis-à-vis of consumers, enterprises and local authorities. They can correctly inform, advice and spread “good” practices. Considering this important role of craftsmen, future efforts should in particular focus on supporting them getting the correct scientific information to advice consumers, on receiving the relevant training to understand the new legislation and norms and on supporting the efforts already made by SMEs organisations.

Small retailers are often not acquainted with ecological information of the products they sell. Therefore education and training actions in this area with the involvement of SMEs associations would also be necessary.

UEAPME supports in general any actions to improve consumer access to information on the environmental performance of products, raising awareness, education and training. An effective way to develop sustainable consumption and influence consumers’ purchases would be the introduction of a lower VAT rate on more eco-friendly products (such as EPDs and Eco-labels).

2. Green Public/Private procurement

There may be possible conflict between the interest of achieving “greener” public procurement and the interest of SMEs to participate in public procurements, especially if the proof of “being greener” creates serious bureaucratic and administrative burdens. This is a possible risk that is important to consider in the work on GPP, especially since there is also an ongoing discussion – both at EU and national level – on how to increase SMEs participation in public procurement.

UEAPME would suggest a thorough impact assessment on the effects on SMEs of any new measure/action in the field of GPP.

It is therefore important NOT to over-complicate tender documents, as SMEs are already experiencing difficulties to participate in often complex public procurement procedures. The European Commission should avoid that GPP would have discriminatory effect towards SMEs which would benefit to large enterprises.

As for private procurement, UEAPME would like to stress that when the “green” supply chain of some large retailers can pass on incentives for production and product design, it can also put a lot of pressure on sub-contracting SMEs, pricing them out of the market. In the initiatives to stimulate large private sector purchasers to green their supply chains, a step by step approach should therefore be foreseen.

Conclusion

As stated in the recently approved Programme of the European Commission “Programme to help SMEs to comply with environmental legislation” to achieve results a mix of the following should be employed: well designed rules, accessible environmental tools, education and awareness raising, targeted information and exchange of good practices. UEAPME demands a focused financial assistance and a multi-annual financial programme to promote and support initiatives by public authorities or business support networks aiming at sustainable production and consumption in SMEs. Moreover UEAPME demands a comprehensive consultation scheme that allows the reactions of SMEs and their organisations to fully be acknowledged.

UEAPME is convinced that changes and improvements should be gradual and sector-based.

Brussels, November 2007