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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's REACTION TO THE GREEN PAPER ADAPTING TO CLIMATE CHANGE IN EUROPE**

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### **General comments**

Adaptation to climate change is different from mitigation of green house gases. Efforts aimed at adaptation will e.g. generate local benefits that often can be realised in a short time-perspective, whilst mitigation can give results in a much longer period. Because of this, private actors will respond to climate change with autonomous adaptation initiatives to a much higher degree than what is the case with measures aimed at mitigation. Autonomous adaptation will in short be market-based reactions to a changed climate. The main obstacles for autonomous adaptation are financial constraints and market failures in the form of imperfect information. Coordination on EU level or on national level is hence primarily needed when market failures are preventing autonomous adaptation.

Due to the geographically diverse effects of climate change, adaptation measures should and will to a great extent be local or regional. On the contrary, mitigation of green house gases must be internationally coordinated to prevent the extent of climate change in a cost-effective way. A coordinated adaptation strategy is however motivated when climate change affects several countries in a similar way.

Since "Adapting to climate change in Europe" is a green paper, it does not contain any suggestions of a more concrete form. There is neither any specific SME-perspective on adaptation in the text. However UEAPME emphasises that it is important to follow the adaptation issue from a specific SME-perspective since SMEs could have a harder time to adapt to climate change because of e.g. proportionally greater adaptation costs.

### **Responses to the questions:**

#### **1) What will be the most severe impacts on Europe's natural environment, economy and society?**

Indeed the most severe impact on Europe's natural environment will be droughts in Southern Europe and higher rainfall and warmer climate in Northern Europe.

This will have profound impact on the economies of the European countries but also on the health and life of both humans and animals as well as on tourism. The cost of living will rise significantly while a large section of the population might have to live in or on the verge of poverty.

2) **Which of the adverse effects of climate change identified in the Green Paper and its Annex concern you most?**

The adverse effects will differ according to the location of the Member States and the various economic sectors. Although some branches (such as the building sector) might profit from some aspects of climate change, most economic sectors will suffer due to a higher increase of natural disasters, higher prices of energy and water, likely reduction of raw materials and worsening of health conditions. This situation will be particularly negative for SMEs, which do not have the ability to finance investments and/or rebuilding measures directly.

3) **Should further important impacts be added?**

Other important impacts to be made more explicit are the adverse effects on (all kinds of) infrastructure, economic activity and cost of living. At the same time, more efforts should be concentrated on education and initial/ continuous training actions in order to allow all actors to cope with this huge challenge. Craft businesses and SMEs, for instance, can disseminate information when providing services to their customers. Moreover, continuous training would allow them to implement in their sectors measures to adapt to climate change. The European standards (for instance in the building sector) should be adapted as well, in order to allow a better reaction to changing climate conditions.

4) **Does the Green Paper place the right urgency and emphasis on the matter of adaptation in Europe?**

The argumentation in the Green Paper is correct when the benefits of early adaptation is emphasised. In order to avoid unnecessarily expensive adaptation costs early action is important. In this framework, it is of great importance to stimulate research and development, particularly on CO<sub>2</sub>-friendly technologies.

5) **What should be the different roles of the EU, national, regional, local authorities and the private sector?**

UEAPME believes that the different roles are quite adequately described in the Green Paper. The EU role in particular should be more concentrated in the areas of policy-making, co-ordination and research. Private sector initiatives at all levels should be particularly encouraged and in this direction both EU and national funding should be (productively) used. Moreover, communication and dissemination of information are important areas as well. However, it is essential that actions are carried out at the level where results are the most effective and the adaptation costs are the lowest.

6) **Which economic, social and environmental impacts of climate change should be addressed at EU level as a matter of priority?**

There are different areas that the EU should tackle with urgency: security of energy supply and limiting the increase of energy prices, coordination of the fight against natural disasters (water shortage, floods, fires, etc.), support the setting up of the necessary infrastructure for adaptation and communication of measures to prevent the effects of climate change.

7) **Are there other areas that have been missed out?**

UEAPME agrees with the priority areas as identified in the four-action approach, although the impact on the competitiveness of businesses should be further explored. Moreover, communication is another important area. Only through proper communication and information we will be able to generate the necessary sensitivity among the broad public.

8) **Does section 5.1 correctly and comprehensively identify the needs and policy priorities for early adaptation actions that should either be taken or coordinated at EU level?**

All the important policy areas seem to have been included, even though private households are not mentioned as a major cross-cutting field for either EU action or co-ordination. Under the headline "Industry and services" it is mentioned that the Commission will investigate how the industrial policy will contribute to the adaptation efforts. This review will be followed by an Action Plan in early 2008. It is of paramount importance that the specific possibilities for SMEs to adapt are carefully examined in connection to this review, since smaller firms could have proportionally greater costs of adaptation. UEAPME can provide specific proposals in a separate paper.

9) **How do policy approaches need to change for different sectors? Which policy approaches should be taken at national, regional or local level? Where is European action needed?**

European action is mostly needed in the following areas: energy, transport, public health, natural resources, protection from natural catastrophes and development of new technologies, since these areas are more integrated and more trans-European than the others. Policy priorities do not necessarily need to change radically but they need to take more into consideration the effects of climate change and encourage prevention, mitigation, and adaptation measures.

10) **How can agriculture and fisheries policy be adapted to help these sectors adjust to the impacts of climate change?**

UEAPME believes that the adaptation suggestions of the Green Paper for the sectors of agriculture and fisheries are quite comprehensive. However, no

unrealistic targets should be laid down for the production of agricultural bio-fuels. The existing potentials in Europe should be exploited as far as possible and reasonable. Agricultural subsidies could be targeted to the production of energy crops instead of laying land fallow.

11) **How should the EU express its solidarity with regions suffering most heavily from the consequences of climate change?**

The EU should express its solidarity with regions suffering most heavily from the consequences of climate change through financial assistance and provision of expertise, best practices and know-how.

12) **How could a collective European response help coastal Europe to tackle the effects of rising sea levels?**

A collective approach could definitely help along the lines listed in question 11 above.

13) **How should EU policy on public health take the impact of climate change into account?**

This could be achieved through actions aimed at preventing future problems (such as research on and dissemination of vaccines against new diseases or diseases reappearing in the EU). In this framework, UEAPME supports the Commission's intention to adopt a Communication in 2008 focusing explicitly on this issue.

14) **What will be the consequences of climate change for member States' potential energy mix and for the European energy policy?**

The consequences will differ according to the geographic location and the existing energy mix of the Member States. It is clear, for example, that in Southern Europe Member States relying heavily on hydropower will have problems unless they modify their portfolio. Moreover, solar and photovoltaic energy will gain much more importance while new innovative forms of energy production will need to be encouraged. The energy performance of buildings is another key area that needs attention not only because of climate change but also because of the rising oil prices.

15) **Relevance and urgency of listed options**

UEAPME does not think that something is irrelevant. In our opinion, though, the top priority options are those related to energy, new technologies, efficient use of natural resources, prevention of natural catastrophes, information/education and continuous training.

16) **What are the possible synergies between adaptation and mitigation measures? How can they be strengthened?**

Several synergies can be mentioned at this point such as:

- The use of dykes to carry photovoltaic elements
- Decentralized production of electricity, heat and cold, particularly by SMEs, will result in more supply security, more eco-efficiency and cleaner energy if this is made out of renewables
- Better insulation of buildings will act as mitigation and adaptation measure. Therefore a renewed European strategy consisting of more stringent standards for buildings but also more targeted financial support has to be drawn up.

17) **How can companies and citizens be encouraged to participate in adaptation actions?**

Currently European citizens and businesses face a lack of knowledge about the individual impact of climate change. That hampers the readiness to participate in adaptation actions. Therefore, dissemination of information, including the result of research (data demonstrating that certain impacts will occur) should be fostered.

18) **How will climate change affect the policy priorities of the EU's external policies?**

The EU should have as target the globalisation of the fight against climate change. The current policy, which sees the EU as the only group of countries engaged in compulsory reductions of greenhouse gases (through the Emissions Trading Scheme) cannot be prolonged forever. The danger is a real loss of competitiveness. It is, therefore, of paramount importance to include the other industrialised countries and emerging new powers (such as China and India) in the actions to fight climate change.

19) **Which priorities should the Eu set for its co-operation programmes in the different parts of the world with respect to adaptation to climate change?**

Such programmes should facilitate the know-how as well as the technology transfer to address the core problems of climate change in particular in developing and emerging countries. This could lead to a win-win situation for both sides. However, it must be ensured that developing countries have access to such know-how and technology under fair conditions.

20) **Which are the main opportunities and obstacles for adaptation in different parts of the world?**

One of the major obstacles is the economic growth and the pursuit of higher standards of living in Asia, particularly in China and India. The very high growth rate of greenhouse gas emissions in these countries makes efforts to reduce them in the other parts of the world almost useless. It is, therefore, urgent to develop tailored solutions addressing the traffic and the energy problems in this

area of the world. The same goes for the fact that the USA refuse to join any mandatory post-Kyoto international agreement.

21) **What are the best options to make the EU's external action more resilient to climate change?**

- The integration of further developing countries, in particular in Asia, and the United States of America into a post-Kyoto agreement
- A post-Kyoto agreement providing for a well-balanced and comprehensible burden sharing. It shall in particular take into account the significant mitigation measures already taken by certain countries
- When funding international projects with EU money, special attention should be paid to climate protection (mitigation and adaptation).

22) **What could be the value added for EU action compared to other international initiatives including, for instance, the UNFCCC and multilateral funding instruments?**

More (financial) resources will be allocated to the issue as well as a more targeted and better co-ordinated approach. However, it is important to underline that the EU leading role worldwide in the fight against climate change only makes sense if the EU manages to involve its international counterparts into an agreement resulting in a real reduction of greenhouse gas emissions.

23) **Do the listed research areas address the most important knowledge gaps?**

The research activities should provide data demonstrating when certain impacts will occur. Such information is vital for the establishing for a European climate change adaptation road map.

24) **Which are the most important research areas that need to be addresses as a matter of priority?**

- Energy-Efficiency (particularly in the building sector)
- Research in the area of clean energy
- Climate and climate change consequences
- Carbon Capture and Storage
- Mobility and clean transport technology

25) **How should research results be communicated and made available to decision makers and a broader public at local, national, EU level and internationally?**

Research results, which should highlight the individual impact of the different sectors, should be communicated to decision makers through specific reports by the Commission and through specific briefing sessions / seminars. As far as the broader public is concerned, we believe that the use of the Internet and ICT more

generally, is of prime importance. Results should also be communicated through relevant associations, professional and sectoral bodies, which include business representative organisations, such as UEAPME and its networks.

26) **Does the Green Paper foresees sufficient participation of the different stakeholders in identifying and implementing EU adaptation actions?**

UEAPME believes that in general the Green Paper foresees sufficient participation of the different stakeholders in identifying and implementing EU adaptation actions.

27) **Should stakeholders from EU's neighbours and other regions be involved?**

Yes, this should be the case when common measures are necessary. A coordinated adaptation strategy is justified when climate change affects several countries in a similar way. There is no particular reason why adaptation measures should be limited to only the member countries if the effects of climate change are more dispersed. Organisational forms that perhaps could be used for this kind of cooperation are e.g. the European Economic Area (EEA) and the European Neighbourhood Policy (ENP).

28) **Would the establishment of a European Advisory Group on Adaptation be helpful in further exploring an EU response to the effects of climate change? If yes, which areas should such an Advisory Group concentrate its work on?**

UEAPME agrees with the establishment of a European Advisory Group for Adaptation to Climate Change and is willing to propose experts representing SMEs' point of view in this debate. Obviously the Advisory Group should concentrate on adaptation and prevention measures. It should deal with all the areas listed in the relevant part of the Green Paper, also making suggestions on the necessary adaptation of EU policy and financing mechanisms.

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