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UEAPME remarks on the Compliance Assistance Programme (CAP) for SMEs in the field of the environment

Introduction

According to the 6th Environmental Action Programme 2002-2012, DG Environment is to set up a Compliance Assistance Programme (CAP) for SMEs. In its first position paper UEAPME explained what were the needs of SMEs in the field of the environment. In a separate paper, UEAPME presented the sort of tools that should be developed as part of the programme.

The present paper provides detailed comments and suggestions on the structure of the upcoming programme. It is not a direct response to the consultation document prepared by DG Environment for the stakeholder meeting of 14 October 2005.

Background

Environmental legislation is very complex and technical, making it undoubtedly one of the biggest challenges for smaller businesses. 93% of all enterprises in Europe are micro-enterprises, 50% of which are one-person businesses. The setting up of a CAP specifically addressed to SMEs and micro-enterprises is therefore welcome.

The purpose of this upcoming programme should be to help micro and smaller businesses in their daily activities to comply with environmental legislation. It should run in parallel to the efforts of the EU, and the European Commission in particular, to “better regulate” which so far have been quite limited in the area of the environment.

Presentation of the Programme

The CAP should be managed by the European Commission in collaboration with Member States. It should have as objective to become a one-stop shop programme. It should be a focal point, a framework programme which coordinates all the existing actions in the field of the environment.

Information plays a vital role in this regard. The information must be adapted to the structure and size of the business. Bearing in mind that few SMEs have environmental managers, information must be made available in a simple format. It must also be available in all languages as many craftsmen and small entrepreneurs do not speak foreign languages. This

task should involve intermediary organisations, who have experience in disseminating information. The implementation stage is also a very critical moment for smaller businesses and the programme should cover this aspect.

There is a growing awareness among businesses that they have an impact on the environment. IT tools etc. are regularly developed to help businesses but the upcoming programme must go further and fill the current gaps, which lie foremost in the field of “coaching”.

Smaller companies are often helpless when confronted to the complexity of environmental legislation. What these businesses need is advice on what they should be doing to comply with the environmental requirements. Such advice can only be given by environmental experts specialised in SMEs and micro-businesses. The problem is, however, that there are not enough of these experts. One possibility would be for public authorities to help SME organisations train environmental advisers, who could be made available to micro and small businesses at reasonable costs.

The CAP should also have a policy dimension with as first objective to make “better regulation” a reality in the field of the environment. Indeed the core problems as regard environmental legislation and SMEs remain unsolved. Firstly, the way in which legislation is drafted. The absence of threshold values as in the WEEE directive, for instance, makes it almost impossible for small businesses to implement. As a consequence, environmental objectives are not met which causes further legislation. A systematic SME and micro-enterprise Impact Assessment together with a better involvement of SME experts in the early stages of the decision-making process is necessary. Legislation adopted would in this framework be adapted to the specificities of SMEs and could be implemented while contributing to improving the environment.

When possible (such as in the EMAS case), legislation should allow for a step-by-step approach and deadlines for implementation to be sufficiently long for businesses to be able to anticipate.

The CAP should also encourage the exchange of best practices. For instance, there is a growing tendency among Member States to streamline and simplify environmental administrative requirements. Member States could use the experience of others to improve their situation at home.

Secondly the “gold-plating” tendency of Member States which results in excessive administrative burdens and red tape should be prevented. The European Commission should also verify that all new requirements Member States impose on businesses are really necessary and not simply more red tape.

Thirdly, public authorities should strive towards improving their “image”. While inspections are necessary, the usual punishment role of public authorities should gradually be replaced by the “positive discrimination” approach. Financial and fiscal incentives (i.e. to support SMEs paying for the expensive tests required to show compliance with the Eco-Label criteria) as well as reducing the number of inspections for EMAS registered businesses are examples of positive discrimination that could be encouraged.

The CAP and funding for SMEs

Complying with environmental legislation requires investment in time, paper work, money and in new equipments etc. In the case of new equipments the investments can be quite costly and are not always adapted to the needs of SMEs.

There is occasionally EU funding available for smaller firms wishing to invest in environmental technologies and new equipments. For instance, the cohesion and structural funds foresee the possibility of helping SMEs. Another source of funding is the EIB (European Investment Bank) and EIF (European Investment Fund). The problem is that businesses are unaware of this. Efforts should focus on better highlighting the existing initiatives aimed at SMEs. In other areas such as the 6th Framework Programme for Research and Development procedures are simply too long and conditions too complicated for SMEs. Moreover, the money originally earmarked for SMEs was finally allocated to research institutes.

Therefore, the CAP must have as one of its main objectives to raise awareness among SMEs on the funding possibilities available at European, but also national or local level. This is all the more important that many programmes are currently under revision such as the structural funds or new initiatives (CIP) etc are being set up.

However, further programmes specifically addressed to SMEs should be developed to help SMEs meet some of the major environmental challenges of the coming years such as climate change etc.

Conclusion

Legislation in the field of the environment is changing very fast and many SMEs are unable to follow. The CAP must therefore become DG Environment's top priority. It should be set up and running by the end of 2006, with a first review in 2009.

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