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Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan of July 16, 2008

Position Paper of the Austrian Federal Economic Chamber (WKO) - September 2008

GENERAL ASSESSMENT

In principle the WKO welcomes the European Commission's proposal of the SCP-package. The WKO considers an integrated approach most essential when sustainability is concerned. The SCP-package does contribute to an integrated approach by adjusting various measures and thus providing for harmonized environmental standards.

In the WKO's view the trend towards environmental production and environmentally conscious consumption enhances the competitiveness of Austria's economy, providing incentives for companies to develop new environmental technologies, which in return stimulates innovation in this area.

It is nevertheless important to maintain the balance between a fair and comprehensive assessment of products on the one hand and minimizing administrative burden that comes along with this process on the other hand.

REVISION OF ECO-DESIGN DIRECTIVE (COM(2008) 399, Dr. Benedikt Ennser)

In the WKO's view it is evident that product specific requirements as formulated in the eco-design directive can uniquely be dealt with on EU level. Since the ongoing work on the implementation of the eco-design directive primarily aims at reducing energy use, one can expect substantial contributions to the enhancement of energy efficiency in the long run. This in turn complies with a permanent energy- and climate policy related claim of the WKO: Without stabilizing energy use, it will hardly be possible to reach other targets such as CO2 emissions reduction and the expansion of renewable energy sources. In this sense the extension of covered product groups within the eco-design directive seems to be useful, too.

When it comes to the actual choice of new product groups for implementing measures it will nevertheless be decisive to coordinate new provisions with existing rules such as directive 89/106/EEC on construction products, respectively with their technical specifications and norms. Moreover producers need to be extensively included into the development of implementing measures. Administrative burden needs to be reduced to a minimum, this is particularly relevant for SME which shall not be put at disadvantage by the fact that they often run single production or very small production runs. Last but not least producers need extensive transitional arrangements in order to have enough time to adapt to new product requirements.

REVISION OF EMAS REGULATION (*COM (2008) 402, Dr. Elisabeth Fuherr*)

The WKO emphatically welcomes the European Commission's intention to reduce administrative burdens and facilitate participation in EMAS by revising the existing regulation on EMAS, in order to raise the system's attractiveness for organisations. Unfortunately, this declaration of intent has not been transformed into concrete proposals. The intended facilitations are partly regulated in such a nonpractical way, that in fact burden reductions could hardly take place (eg possibility of interval extension for SME review); envisaged incentives face additional administrative burden, threatening to overcompensate all potential advantages.

The revised EMAS-system shall be accessible to non-European countries around the world. Registration will have to take place in a member state of the EU; the audit will be conducted by an accredited EU-environmental verifier. The verifier needs to be accredited in the member state where the application for registration takes place (see Art.3 (2)). Article 4 (5) states that non-European organisations fall under the scope of environmental legislation applicable for similar organisations, in the country they choose for registration. This formulation is extremely vague and needs to be clarified.

Article 7 provides for derogation for SMEs, aimed at reducing their administrative burden. Intervals of review can be extended upon company request. However, this extension is tied to certain criteria, which do not seem to be practicable in their current formulation (Art.7 (1) lit a, b and c). It would make more sense to request a statement by the environmental verifier, confirming the marginal environmental impact of a company.

Tightening of registration suspension: unacceptable measure (since it does not lie within the company's responsibility), stating that registration shall be suspended, in case the responsible authority receives a report by the accreditation authority, saying the verifier's activities were not sufficient to comply with EMAS rules.

Overall additional burden outbalances the vaguely perceptible advantages the new EMAS-system is supposed to bring along. Our main criticism regards the considerably extended environmental reports, where the additional requirement of environmental performance reports and the need to include core indicators would both have discouraging effects on EMAS participants.

Additionally, the proposal urgently needs an editorial revision, since the current text is confusing, unclear and hardly user-friendly.

REVISION OF ECO-LABEL REGULATION (*COM (2008) 401, Mag. Christoph Haller*)

We support the approach of taking into consideration the entire life-cycle of a product. So far the design of criteria heavily focuses on ingredients: if ingredients are good, the entire product is good! However, the material a product is made of, does not uniquely decide upon its

ecological competence, other factors such as the right ingredient in the right product and the later use (eg PVC as material in windows is the most appropriate product when it comes to passive energy houses) are relevant criteria, too.

Looking at the entire life-cycle of a product, it is not only the producer who carries responsibilities, but also the consumer (use, disposal). Hence definitions such as "environmental impacts" and "environmental sustainability" in art.3 need to be complemented by stating shared responsibilities.

A balanced participation within the EUEB of all concerned branches of economy needs to be secured. The generation of criteria catalogues for the respective product groups currently taking place is quite intransparent. Compatibility with other requirements and specifications from other directives (eg construction products directive) needs to be secured. Criteria catalogues need to be designed in such a way that evaluation of a product in the course of its life cycle remains feasible for SMEs.

The EUEB needs to be involved in the generation of the report according to Art.14 as well as in the procedure according to Annex I lit.B.

COMMUNICATION ON GREEN PUBLIC PROCUREMENT (*COM (2008) 400, Dr. Annemarie Mille*)

In principle the WKO welcomes the communication on green public procurement, particularly in the version of Council document 12859/08 of 17.9.2008 (paragraph 6).

However it is important to state that in the WKO's view no rigorous, product specific targets must be set, since they could lead to a narrowing of the market as well as distortion of competition, which both run counter to the creation of an EU-wide internal procurement market. By no means may green public procurement lead to discrimination against small and medium enterprises. SMEs often cannot afford complex and costly external and internal audit systems or certification measures.

Europe's textile industry for example does not necessarily provide sufficient capacities for such specific ecological criteria and purposes: moreover it is questioned whether ecologically produced "green" textiles can always comply with high requirements regarding resistance and maintenance properties, often necessary in textiles for hospital laundry, scrubs or professional clothing / uniforms.

The WKO further argues against fixed limits such as the 50% limit for green procurement, since such limits are often inappropriate and hard to implement in practise.

It is crucial to analyze input gained from practical experience to make sure enough contenders participate in the tendering procedure within the different procurement groups. Ecological procurement must not lead to distortion of competition or to inappropriate preferences of certain products or services against the principle of free and fair competition. The WKO therefore willingly offers its know how on ecology and public procurement to further elaborate nonbinding criteria catalogues (see council document of 17 September 2008, paragraph 13).

Kind regards

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