

Harnessing action by business and consumers and supporting SMEs

This paper is intended to expand on the preliminary ideas sent to the Commission and Presidency in February 2015¹ to help inform thinking on the new Circular Economy proposals that are expected later this year. As stated previously, these thoughts should not be regarded as agreed UK policy, but they offer suggestions for further consideration by the Commission as it develops its own thinking on which actions are best addressed at an EU level.

This paper on *Harnessing Action by Business and Consumers and supporting SMEs* is the second of three papers, all of which expand on the themes in the February paper, progressively addressing issues ‘around the circle’. The other two papers cover *Design and Innovation* and *Modernising Waste Policy*.

Why?

The UK welcomes the opportunity presented by broader new proposals to address the aim of resource efficiency in a more holistic way, taking into account the whole Circular Economy, and how measures targeted at one part of the circle may have consequences for another part. Research has shown that SMEs are already aware of the need and benefits of becoming more resource efficient. However, there is some evidence to show where measures to improve resource efficiency are being taken, these measures are not always effective; and that secondly, even though the benefits are understood, action is not being taken by Small Medium Enterprises (SMEs).. This was acknowledged in the Commission’s Communication on a Green Action Plan for SMEs published in July 2014, which formed part of the Circular Economy Package published at that time.

How?

We welcome the proposals both in that Communication and the Commission’s ambitions. The proposals are non-legislative and primarily based around existing Commission activity and funding to ensure these proposals support SMEs. They align with those of the UK Government to support small businesses and to enable them to grow and expand, support innovation, and to bring through economic benefits from action on the environment. They also build on and complement the related measures set out in the chapeau Communication *Towards a Circular Economy*. We believe that both Communications provide an excellent summary of the actions that are needed and it is worth highlighting that a number of these apply to all businesses of all sizes not just SMEs. There is a particular emphasis on improving access to practical information to improve resource productivity; raise awareness of possible funding streams; and facilitate access to markets and we recognise that, in general, measures that support these are best addressed at an EU level. However, it will be important to ensure that actions taken at the EU level complement actions being taken forward at individual Member State level, for example where advice and campaign activity is undertaken. Where possible, we should look to reduce burdens on business, especially SMEs.

¹ 2015, Feb 25th; UK ideas for a new Circular Economy package

Better information has a key role to play:

1) **Providing SMEs with practical information, advice and support on improving their resource efficiency**, including through the establishment of a European Resource Efficiency Excellence Centre drawing on and working through existing experience, expertise and networks in member States; encouraging the Enterprise Europe Network to undertake awareness campaigns; the highlighting of case studies, and the monitoring of trends in SMEs. There is some ongoing activity in the UK on this and we would want to make sure this is shared with and reflected in any existing and new EU networks.

The Centre might also have a role for identifying and commissioning research that would result in improved information for businesses. For example, an improved understanding of material flows.

2) **Supporting technology transfer and facilitating access to finance**, for example, using the Enterprise Europe Network to help commercialise green technologies through enabling sector cooperation; updating websites and databases to better reflect SME funding opportunities; using existing funding mechanisms, such as the European Investment Bank, the European Regional Development Fund, and the European Maritime and Fisheries Fund to support SME competitiveness, and resource efficiency improvements.

The Communication *Towards a Circular Economy* also highlighted the need for broad stakeholder cooperation through coordination and support action under existing funding streams such as Horizon 2020.

3) **In relation to possible barriers to enable more circular business models resulting from Competition Law**, the Circular Economy Task Force report [Resource Resilient UK](#) found that there was some concern on the role of Competition Law. It suggested that a problem of interpretation may be hindering some of the cooperative approaches needed to help bring through more circular systems. We have been looking into whether this is an issue that needs to be pursued and have been searching for information and examples to prove that this is a problem that may need to be explored further. However, to date, there has not been any substantial evidence to prove that the barriers are real.

Nevertheless there are two actions that might be usefully considered. One with regard to reviewing the current EU guidance on Competition Law and the second considering the need for guidelines on how businesses might be able to collaborate in a pre-competitive space without breaching competition rules. Anecdotal evidence suggests that some businesses are reluctant to collaborate with others for fear (perhaps unfounded) of breaching those rules. This, in turn, is hindering the development of Voluntary Agreements aimed at improving resource efficiency and minimising waste.

4) **Assisting access to markets for green SMEs** – through, for example, promoting a green internal market by encouraging circular economy aims in European Standards; facilitating access to

international markets by fostering alliances between sector 'clusters' and developing joint approaches, developing collaborative partnership and international 'matchmaking' missions; and providing financial support to SMEs to promote cross-border development via the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) programme.

We would be very pleased to meet with Commission officials to discuss these ideas and share our information on those measures that have worked well in the UK. We will continue to play a constructive part in this process.

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