

SBS Position Paper on the Evaluation of Regulation 1025/2012 on European standardisation

October 2024

Key points:

- Regulation 1025/2012 is still fit for purpose, and it is not necessary to amend its provisions. The focus
 should rather be on the full and effective implementation of its principles, particularly on stakeholder
 participation, access of SMEs to standards and the timely development and citation of harmonised
 standards.
- The Regulation has significantly improved inclusiveness of the European standardisation system and contributed to secure the funding of the Annex III organisations, such as SBS. However, despite considerable advances towards inclusiveness, SME interests are often still underrepresented. It is vital to fully implement Articles 5 and 6 of the Regulation to ensure a more balanced and effective representation of SMEs in standardisation and the improve their uptake of standards.
- Harmonised standards, which give a presumption of conformity with EU legal requirements, are extremely
 important for SMEs to maintain their competitiveness and grow. The citation of harmonised standards in
 the Official Journal should be carried out in a timely and transparent fashion, with any delay duly justified
 in writing by the European Commission. Only a balanced drafting and a timely delivery and citation of
 harmonised standards will allow SMEs to fully reap the benefits of the Single Market.
- It is vital to ensure robust and consistent funding of all areas of the European standardisation system. In order to do this, it is necessary to reinforce the relevant financial envelope of the Single Market Programme and ensure strong funding for standardisation in the upcoming EU annual budgets and the future EU Multiannual Financial Framework negotiations.
- It is important to avoid an excessive proliferation of standards. The growing number of standards driven by **EU policies and legislation** (e.g., eco-design, digital technologies), strains the resources of SME associations like SBS, impacting their ability to support SME participation in standardisation. This increase in the number of standards to be followed often needs to **be covered with the same amount of resources**.



- Re-assert and enforce the original principles of the Regulation regarding the identification and use of ICT technical specifications for referencing in public procurement, via the Multi-Stakeholder Platform on ICT Standardisation (MSP). This will help achieve interoperability, and open up proprietary ecosystems, allowing SMEs to thrive at all stages of the relevant value chains.
- Take stock of the positive impact of the creation of the <u>High-Level Forum on European standardisation (HLF)</u>
 and renew its mandate beyond the end of 2025.

Fitness for purpose of Regulation 1025/2012

SBS supports the current text of Regulation 1025/2012 and believes the Regulation is still fit for purpose and that it is not necessary to amend its main provisions. The focus should rather be on the full and effective implementation of its principles, particularly on stakeholder participation in national and European standardisation, access of SMEs to standards and the development and citation of harmonised standards. This is necessary to ensure that high-quality, balanced standards in support of EU legislation and policies can be delivered in a timely manner, taking into account the needs and specificities of all stakeholders.

As the Annex III organisation charged with upholding the voice of European SMEs, SBS vows to continue its "activities to represent the interests of SMEs in the standardisation process" under the Regulation.

Keep building a more inclusive standardisation system that works for everyone

An inclusive standardisation system that allows SMEs easy access and effective participation in the development of standards at the national and European levels is a precondition to the healthy functioning of the Single Market and to the growth of European SMEs. Despite considerable advances towards inclusiveness in the European standardisation system, SME interests are still underrepresented. There is still room for improvement to ensure a more balanced and effective representation of their interests, and their participation in the development of national, European and international standards.

While further progress is certainly possible, however, we must be aware that since its inception **the Regulation** has brought strong and concrete improvements to the inclusiveness of the European standardisation system. This was achieved primarily by recognising the role and securing the funding of the so-called Annex III organisations, charged with representing the interests of different stakeholder categories (SMEs, consumers, environmental interests, trade unions).

It is also vital to stress the importance of improving inclusiveness and participation in standardisation at the national level, and what a full implementation of Regulation 1025 can do to achieve these goals. The position expressed by each country both in European and international standardisation hinges on the so-called "national delegation principle". Under this model, each National Standardisation Body (NSB) is responsible for developing

a consensus national position in a "national mirror committee" and mandated to vote accordingly in the corresponding European or international technical body. This model does not apply as strictly to ETSI, where individual companies and organisations can directly participate in technical work, with voting rights.

A crucial way to strengthen the role of SMEs at all levels of standardisation is therefore to **boost their** participation and importance in standardisation at the national level, leveraging the national delegation principle so that SMEs have a greater say in the consensus position developed in each country.

At the moment, as emerged in a Report published in September 2024 by the High-Level Forum on European standardisation (HLF) on inclusiveness in standardisation at national level, over 65%¹ of SMEs identify the difficulty of exerting influence and ensuring representation of their interests in technical work as a primary barrier to their effective participation in standardisation work. This is largely due to the imbalance in representation within the different technical bodies, where SME experts and societal stakeholders are often isolated and in a disadvantaged position compared to representatives of larger companies.

Articles 5 ("Stakeholder participation in European standardisation") and 6 ("Access of SMEs to standards") of the Regulation can be used to guide the NSBs towards fully implementing and enforcing measures that improve the access and participation of stakeholders. This approach should also consider existing best practices established in several countries².

The aforementioned report was also accompanied by a <u>set of recommendations</u>, endorsed by the HLF, aimed at improving inclusiveness and participation of all stakeholders in standardisation. These include **the free or heavily subsidised access for SMEs and societal stakeholders** to national technical committees and a **proactive monitoring by the NSBs of the balanced composition and participation** in these bodies.

It also has to be noted that the **limited time and financial resources of SMEs make it impossible for them to participate** in all relevant technical bodies and **in the development of all relevant European standards**. Therefore it is **essential that all new or revised European standards** are checked **for compliance with CEN-CENELEC Guide 17**, which offers guidance and checklists to write standards taking into account SME needs.

Help SMEs access and use standards to boost competitiveness and growth

SMEs represent 99.8% of all EU companies, providing over 65% of European jobs and more than 50% of all European added value. Despite the proven economic benefits of adopting standards, shown in several studies³ ⁴, **the uptake of standards by SMEs is still not optimal**. This partly explains why only 17% of European SMEs manage to export to other EU Member States, as highlighted in the 2024 Letta Report on the Single Market.



¹ HLF Workstream 3 Report, NSBs peer-review (including SMEs and civil society inclusiveness), p. 20

² HLF Workstream 3 Report, NSBs peer-review (including SMEs and civil society inclusiveness), p. 26

³ Study on the functions and effects of European standards and standardisation in the EU and EFTA Member States

⁴ Macroeconomic benefits of standardisation - Evidence from six Northern European countries

Standards are a vital tool for SMEs to comply with legislation, innovate, grow and access new markets. The access of SMEs to standards and the support they receive in their use and implementation, tackled in Article 6, is one of the areas where the implementation of the Regulation is lagging behind the most.

In particular, Article 6.1 of the Regulation states that NSBs "shall encourage and facilitate the access of SMEs to standards and standards development processes" and lists several initiatives to be undertaken by the NSBs. The analysis carried out in the aforementioned HLF report on inclusiveness in national standardisation clearly shows how the listed initiatives are not uniformly carried out by the different NSBs. For example, only 54% of NSBs provide free access to draft standards under development, one of the measures listed in Article 6.1 (d). This is an example of a practice that, if established as outlined in the Regulation, could greatly enhance access and participation by SMEs and therefore to more SME-friendly and widely used standards.

Another important aspect to be enacted more strongly is Article 6.2, which states that "NSBs shall exchange best practices aiming to enhance the participation of SMEs in standardisation activities and to increase and facilitate the use of standards by SMEs". Positive and well established national best practices, ranging from free access to national committees for SMEs and societal stakeholders, to strong discounts on curated packages of relevant standards to SME associations in different sectors, to the widespread in-person consultation of standards catalogues, can and should be replicated more widely in different countries.

A further element in addressing the insufficient uptake and implementation of standards is the **establishment of monitoring tools**, to allow stakeholders to track standardisation developments and identify suitable standards for their activities. SBS has built a <u>publicly accessible monitoring system</u> of standardisation developments on a wide range of SME priority topics. An **excellent existing best practice** in this sense is the DIN-Media <u>standardisation monitor</u> (available in German and English) which freely updates users on standardisation developments in a wide range of areas, based on the keywords defined by the user. SBS calls for the **European Commission to launch a similar EU-wide initiative, to provide all European SMEs with a tool to boost their use of standards and allow them to grow.**

Ensuring the timely development and citation of harmonised standards

Harmonised standards, which give a presumption of conformity with EU legal requirements, are extremely important for SMEs to maintain their competitiveness, scale-up and grow. SMEs rely heavily on these standards to demonstrate the conformity of their products with EU legislation since using alternative methods is often too costly.

It is important that harmonised standards are developed with the participation of SMEs and assessed in a consistent manner by the European Commission and its consultants (i.e HAS consultants) using clear and stable criteria. The citation of harmonised standards in the Official Journal should be carried out in a timely and transparent fashion after the delivery by the ESOs, with any delay duly justified in writing by the Commission. Only a timely delivery and citation of harmonised standards will allow SMEs to fully reap their benefits.



The European Commission and the ESOs have recently taken steps to address the issues surrounding the harmonised standards and the HAS consultants system by agreeing to new checklists to address and evaluate draft harmonised standards, providing consistent criteria and reducing inconsistencies. While SBS appreciates and supports these joint efforts, it is still too early to evaluate their true effectiveness and impact.

Undue delays in the citation and overall lack of clarity and legal uncertainty around harmonised standards **have** a grave impact on SMEs. If a delay in citation prevents SMEs from using a relevant harmonised standard, they may need to seek alternative, more expensive means of proving compliance, such as undergoing third-party certification or additional testing. This also leads to a competitive disadvantage for SMEs in relation to larger players, since these have more resources to navigate this situation and use alternative conformity assessment routes.

The European Court of Justice (ECJ) ruling C-588/21-P (Public.Resource.Org and Right to Know v Commission and Others), also known as the Malamud case, concluded that while harmonised standards are protected by copyright, there is an overriding public interest in their disclosure. The implementation of the ECJ ruling must be carefully managed to ensure the sustainability of the European standardisation system. It is crucial that any loss of income in different areas of the standardisation system, due to the free availability of harmonised standards, does not result in additional costs for SMEs, either in accessing non-harmonised standards or participating in technical standardisation work.

Ensure a robust and consistent funding of all areas of European standardisation

All the different aspects of the European standardisation system, from inclusiveness and participation of underrepresented stakeholders and their representatives to the HAS consultants system necessitate a consistent and adequate level of financing to function properly.

The <u>2022 Standardisation Strategy</u> reaffirmed Europe's ambition to lead in global standards and stressed the need for a strong and inclusive European standardisation system. However, this ambition must be matched with adequate resources to allow European SMEs and their experts to have the necessary impact.

In recent years we have had a very concrete example of the long-lasting negative effects of a gap in financing in a specific area of the European standardisation system. In 2021 the previous contract for HAS consultants expired, with financing gaps at the end leading to a large backlog of assessments and citations of harmonised standards particularly in support of certain pieces of legislation (Machinery Directive, Low Voltage Directive, Electromagnetic Compatibility Directive). This backlog, exacerbated by the slowdown in assessments and citations due to the 2022 handover to the new HAS consultants contract, is still not fully reabsorbed.

Now, funding for the European Standardisation System, including financing the operations of the ESOs and the Annex III organisations, comes mostly from the Single Market Programme (SMP). SBS stresses the importance of reinforcing the scope and financial envelope of the SMP, which is currently undergoing interim evaluation, and reiterate its call on the European Commission and the co-legislators to allocate the necessary resources



in the upcoming EU annual budgets and EU Multiannual Financial Framework negotiations.

Avoid excessive stretching of resources and proliferation of standards

The number of standards developed each year is constantly increasing. This puts SMEs at a disadvantage since they have limited resources, and it can contribute to a perception of standardisation as too complex or time consuming, turning SMEs and potential experts away from getting involved in standardisation. When new standardisation topics emerge, whenever possible the first step should be towards adapting and/or amending existing standards, rather than automatically creating new ones, to avoid confusion and an excessive proliferation of standards.

SBS's core mission of financing and supporting the participation of SME technical experts in European and international standardisation is directly impacted by this trend. A rapidly increasing number of standards and topics developed at both European and international levels to support EU policies and legislation (e.g., on ecodesign, digital technologies...) need to be covered with the same amount of resources.

In 2023 SBS nominated 71 technical experts⁵, to 250 technical committees and working groups at European and international level, covering over 400 work items. An SBS study on priority sectors for SMEs in standardisation, published in December 2021, estimated that if SBS had to follow all relevant work items under standardisation requests and top priority sectors, this number would be between 700 to 800⁶, double the items currently followed on a yearly basis. This amount of coverage and participation is clearly not achievable with the current level of capacity and funding.

While it is important for standardisation to expand into new strategic areas such as digitalisation and sustainability, it is equally important to maintain active participation in more "traditional" standardisation fields, to ensure the competitiveness and growth of SMEs across all relevant economic sectors. According to the SBS 2023 Experts Activity report, around 60% of SBS experts and 68% of all the work items followed by SBS concern standardisation work related to the Commission twin transition and resilience priorities.

ICT specifications

Another area where the implementation of the Regulation has been lacking is the identification of ICT specification for referencing in public procurement. Reaching this goal is paramount to the establishment of a more interoperable digital single market. However, it appears that this task, assigned to the Multi-Stakeholder Platform on ICT Standardisation (MSP), never gained sufficient traction, and implementation of Articles 13 and 14 of the Regulation has been limited.



⁵ SBS Experts annual activity report 2023, p. 3

⁶ SBS Study on priority standardisation areas for SMEs, p. 33

ICT standardisation is a means to achieve interoperability of technologies, and open proprietary ecosystems, allowing SMEs to thrive at all stages of the relevant value chains. SMEs would benefit from such a widespread shift, since unlike larger companies they do not have the capacity of vertically integrating their products, services or processes. Driving pertinent ICT technical specifications through public procurement federates industrial ecosystems. By doing so, the public sector can enable its industrial base (largely embodied by SMEs) to better operate with one another in a clear and interoperable way.

SBS stresses the importance of enforcing the original principles of the Regulation regarding the use of ICT technical specifications in public procurement to its fullest extent. The MSP remains relevant to discuss and should be empowered to better align its work with public procurement authorities, for effective market implementation of the identified ICT technical specifications.

Renew the mandate of the High-Level Forum on European standardisation (HLF)

Since its establishment in 2022, the HLF has provided an excellent platform for all stakeholders, including SMEs, to voice and exchange their views, identify priorities and coordinate actions. It has also helped to build closer relationships between Member States, Standards Bodies and stakeholders, allowing them to play a more active role in standardisation policy.

SBS has taken full advantage of the opportunities created by the HLF, co-leading the HLF workstream 3 on inclusiveness in national standardisation and actively contributing to several additional workstreams. Building on the work of the aforementioned workstream 3, the HLF should also have an active role in supporting the exchange and tracking of best practices in inclusiveness and participation in all areas of standardisation.

It is important to note that the participation in the HLF also allowed a large number of stakeholders to participate more actively and at an earlier stage in the drafting of the European Commission Annual Union Work Programme for Standardisation (AUWP).

For all these reasons, SBS calls for the further strengthening of the scope of action of the HLF and the continuation of its work beyond the end of its current mandate at the end of 2025.

Small Business Standards (SBS) is the European association representing and supporting small and medium-sized companies (SMEs) in the standardisation process, both at European and international levels.

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