



FitforREACH in Brief – “Green markets”

1 Aim of the work

Companies are more likely to substitute hazardous substances if they expect to gain or maintain market shares by doing so. Thus, the project partly focused on increasing the visibility of green products, as well as their market demand, attesting to the importance of these incentives for enabling substitution.

2 What was done and how?

A total of 278 companies participated in the “Study of Environmental Responsibility of Small and Medium Enterprises”, which intended to measure companies’ environmental behaviour. Green claims on products in the market were observed and analysed with regard to their type and compliance with the rules on unfair commercial practices. The results confirmed that recognition of green products and consumer demand for safer products were not sufficiently motivating. The social assessment, in the form of 30 in-depth interviews, was conducted to deepen this understanding.

The information gathered from these exercises informed the creation of guidelines for a company seeking to declare green claims. Recommendations were also formulated for the integration of chemicals-related criteria for the internal purchasing routines of chemicals and raw materials.

3 A few findings...

In general, Baltic companies are increasingly interested in communicating good environmental performance to the market. However, according to the “Study of Environmental Responsibility of Small and Medium Enterprises”, the market is not yet a driving force for substitution, see Figure 1. Legislation and a company’s attitude toward the environment, workers health, alongside internal corporate policies carry greater weight in deciding to substitute.

This was supported by the in-depth interviews from the social assessment where companies indicated regulations as more of a catalyst for substitution (70%) than market demand (43%).

The same study involving SMEs revealed just above half of companies believed environmental sustainability was currently profitable. More companies, however, expect that profitability to increase in the future.

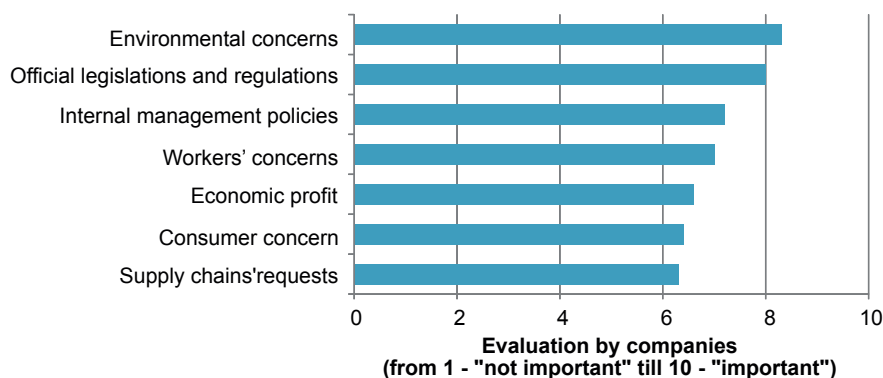


Figure 1. What are the main motivators for substituting hazardous substances in the production processes? “Study of Environmental Responsibility of Small and Medium Enterprises”, 2018.

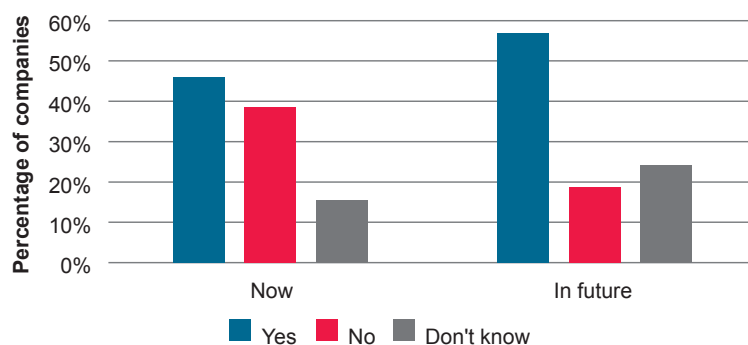


Figure 2. Do the companies find environmental sustainability profitable at the moment and in the future? “Study of Environmental Responsibility of Small and Medium Enterprises”, 2018.

Green claims, such as statements, pictures or logos, reflect the environmental characteristics of a product. The market survey illustrated that the degree to which green claims were used on the Baltic markets differed across product groups. The figure below shows the distribution of green claims for dishwashing agents – a category where these are frequently used.

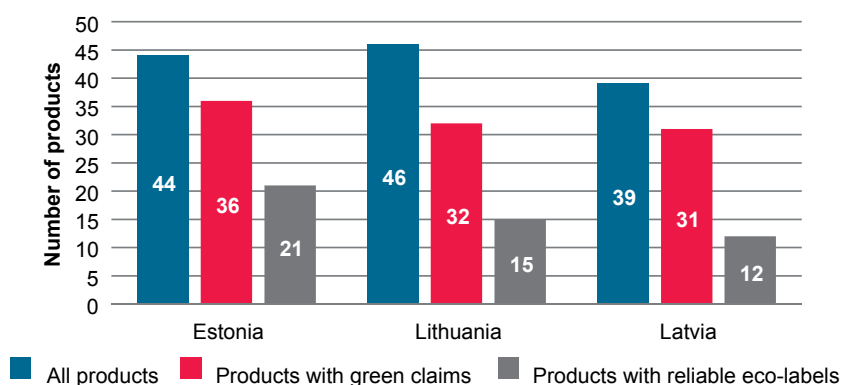


Figure 3. Dishwashing detergents by hand in selected shops. Market analysis, Baltic States, 2020.

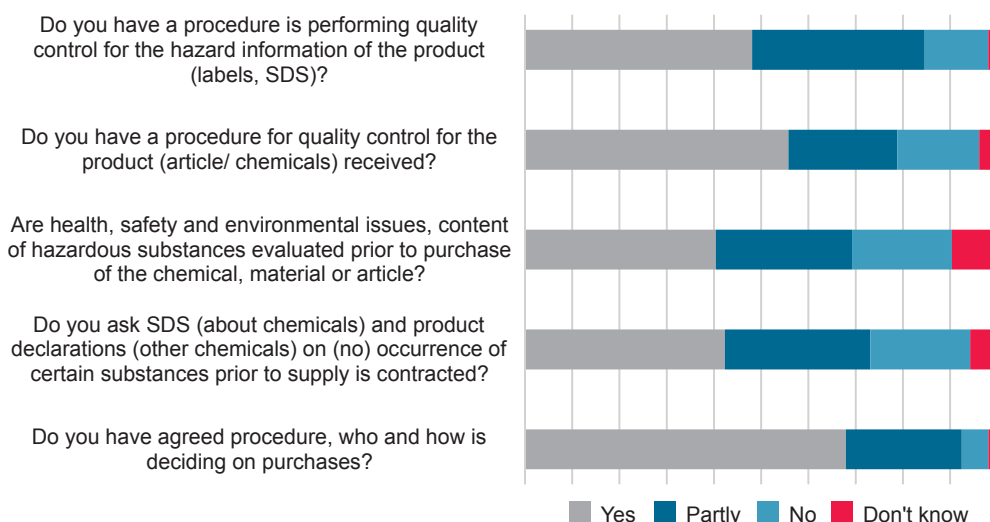
It was observed that a large share of green claims were very general and insufficiently substantiated, going against both EU and national legislation which ban unfair commercial practice. Only some products had reliable eco-labels which were third party verified based on environmental standards and derived from lifecycle data. These findings are in contrast to the SME survey results, where most of the companies stated to be aware of legal requirements on green claims but have seldom used the claims.

Similarly, during trainings it was noticed that most of the companies had some elements of chemicals-related purchasing routines or criteria in place, see Figure 4. However, if raw materials were scarce or other economic barriers were at play, the same companies resorted to supplies without proper hazard information.

The following were barriers to increasing a company’s corporate image or activities via environmental performance:

1. Being environmentally friendly is generally of high value for companies. However, the market demand for greener products is not yet an important driving force.
2. Many companies are unaware of legal requirements when making environmental claims, doing so without sufficient proof. The eagerness to apply for eco-labels varies across sectors and is high for household chemicals and textiles.
3. Despite companies acknowledging that the (EU) market for environmentally friendly (with low chemical hazards/risks) products is increasing, companies frequently do not invest in improving their products, such as to fulfil ecolabel criteria.
4. Most companies have some type of procurement system, but they are not usually systematic and the needs of chemicals management are not sufficiently addressed. Similarly, public authorities have green public procurement rules but usually lack chemicals-related criteria and/or competences to implement them.

Who, when and how decides about supplies? (n=52, LV) 2019-2020



Technical requirements for products? (n=32, LV, 2019)

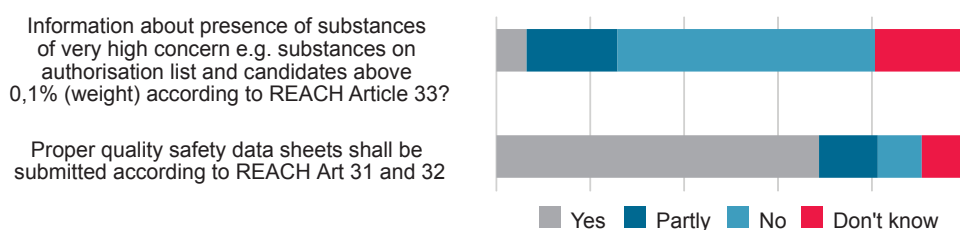


Figure 4. Exploring internal procurement system of companies, 2019-2020.

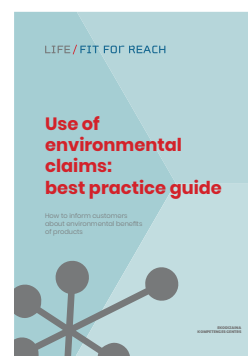
4 Achievements

Many companies and authorities were advised and motivated to include chemicals-related criteria into their procurement systems. They were also informed about green claims and how to apply them in product marketing.

Two guidelines for industry were prepared:

- Guidelines for companies on “How to Use Green Claims”.
- A “Beginners guide to green procurement for enterprises - a tool for the better management of hazardous substances”, as well as a shorter version with a checklist.

During industry trainings on chemicals management, the project team used the checklists for green procurement to raise discussions on improvement needs regarding requirements for incoming chemicals and materials regarding hazardous substances.



5 Conclusions and recommendations

The project has shown that chemicals-related criteria still plays a role, albeit minor, in purchasing decisions. Despite environmental friendliness being of high value in their policies, companies hesitate to invest in communicating about safer products and/or substitution. This is partly due to low expectations of gaining leverage in the market with such products. Therefore, **incentives to stimulate market demand for safe products should be increased.**

- Policy makers at EU and national levels need to communicate the goal of a toxic-free environment and promote “green purchasing” as an important tool to achieve it.
- The measures for increased transparency on the chemicals content of products for consumers envisaged in the Chemicals Strategy for Sustainability, as well as via ECHA’s SCIP database, should be strictly implemented.

- All stakeholders should continuously communicate the benefits of safer products for human health and the environment in general, as well as the opportunities for innovation and product development in substitution. They should encourage transparent communication on the “chemical quality” using eco-labels, well substantiated green claims or environmental product declarations.
- At the national level, authorities, consumer protection and environmental NGOs, the media, and companies should engage in communication with consumers regarding chemical product safety. The aim is to raise awareness and create “green markets”, and to provide information on how to distinguish safer and less safe products.
- Market surveillance inspectors should check green claims and contact companies suspected of greenwashing to prevent unfair competition and ensure consumer trust in product information. The regulation on green claims needs to be more precise and clearer since broad regulations create enforcement barriers for authorities.
- Public authorities should include and implement more stringent criteria into their green public procurement rules to create a significant market demand on products free from or with a low content of hazardous substances.