

**SMMT RESPONSE TO THE COMPETITION & MARKETS AUTHORITY CONSULTATION
ON DRAFT GUIDANCE ON ENVIRONMENTAL CLAIMS ON GOODS & SERVICES**

1. The Society of Motor Manufacturers and Traders (SMMT) is one of the largest and most influential trade associations in the UK. It supports the interests of the UK automotive industry at home and abroad, promoting the industry to government, stakeholders and the media. The automotive industry is a vital part of the UK economy accounting for £78.9 billion turnover, £15.3 billion value added and invests more than £3 billion each year in automotive R&D. With some 180,000 people employed directly in manufacturing and 864,000 across the wider automotive industry, it accounts for 13% of total UK exports with over 150 countries importing UK produced vehicles, generating more than £100 billion of trade. More than 30 manufacturers build more than 70 models of vehicle in the UK supported by over 2,500 component providers and some of the world's most skilled engineers.
2. SMMT members are committed to ensuring that environmental claims made on their products – vehicles and their parts – are accurate and capable of substantiation and in this regard, members are already committed to apply the CAP and BCAP Codes.
3. In particular, given the government's approach to the end of sale of internal combustion engine vehicles by 2030, and plug-in/full hybrid vehicles by 2035, manufacturers are rolling out increasing numbers of models of alternatively fuelled vehicles, including battery electric and hydrogen fuel cell.
4. SMMT welcomes comprehensive guidance that can provide clear indicators for its members when making claims about their products both pre-and post-purchasing. SMMT also supports CMA's aims to help create a level playing field for businesses in the transition to a low carbon economy to ensure that consumers have trust in the sector and products offered.
5. Expounding a set of principles and their specific application are a useful guide to ensuring accurate description of environmental characteristics. However, different layering of sets of principles can be confusing as to the hierarchy of priorities. For example, how do the six principles to avoid 'greenwashing' set out in the draft Guidance document sit with the five principles for environmental advertising arising from the Advertising Codes and reiterated in the 27 May announcement of the CAP/ASA's Climate Change and Environment Project? Although these principles are similar they are not identical. It would be helpful to consolidate the principles into one set.
6. Additionally, it would be helpful to clarify the role of other sets of guidance published recently – for example, the **CAP Guidance published in July 2020** for the advertising of hybrid and electric vehicles in so far as that guidance covers environmental elements.
7. Referencing the fifth principle in the draft guidance – **consider the full life-cycle of the product**. It is helpful that the reference in paragraph 3.36 of the draft Guidance to a particular aspect of a product's operation – such as a vehicle 'whilst driving' - is acceptable and paragraphs 3.102 and 3.103 are helpful in reinforcing this. However, it would be additionally clearer if this were stated in the earlier part of this section – at paragraphs 3.13-3.15 - that this is acceptable. In the automotive sector, the environmental characteristics of a vehicle are most often relevant to the driving of the vehicle.
8. Paragraph 3.98 states that the full life cycle of the product or service, and the whole of a business's activities, may be relevant in assessing whether a claim is misleading. This ignores the previous references to a particular aspect of a product being relevant to the environmental claim and so it would be helpful if the balance between featuring a particular aspect of a product in making a claim

and considering the environmental impact of the whole life cycle, could be further clarified to make it clear that either may be permitted.

9. Development of technologies – consumer understanding. In applying the Guidance principles, SMMT members need to be confident that in making an environmental claim, a term, name or phrase that has become widely accepted by consumers, needs less explanation than a claim relating to a brand new technology or innovation. Perceptions of what is widely understood by consumers may differ – and so should be assessed objectively.
10. Sector specific requirements and their relationship to the draft Guidance. Section confirms the role of such sector/product-specific requirements and states that the draft Guidance complements sector/product specific requirements. However, it would be useful to clarify the priority of those various requirements so that it is clear that the sector specific requirements have highest priority and the other guidance sits underneath. Without such clarification, there can be a clash of priorities in endeavouring to meet the product specific requirements (eg vehicle emissions labelling requirements) etc.
11. For example, para. 3.18 of the draft Guidance references visual presentation of logos, claims, labels. It should be clarified that this is subject to the particular requirements of a label as approved within a sector-specific regulatory framework – such as the fuel efficiency and CO2 label affixed to a vehicle in a showroom as required by the labelling regulations in the UK.

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