DRAFT POSITION PAPER

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CECED comments on the possible revision of the Ecodesign Framework Directive

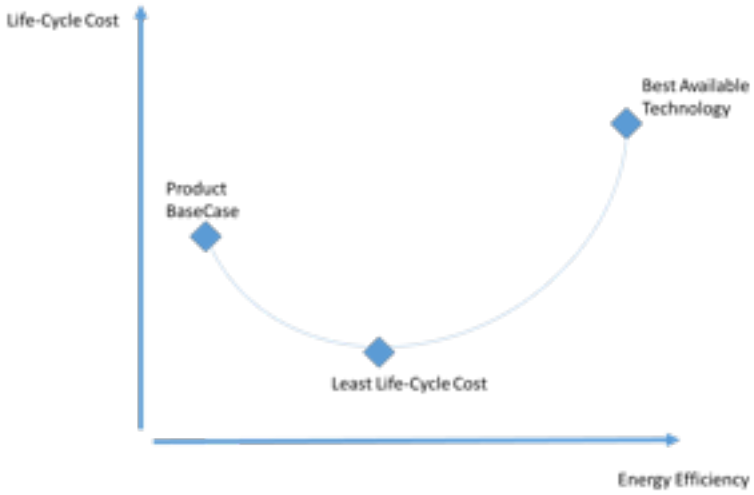
CECED[1] wishes to provide some input in view of a possible revision of the Ecodesign Framework Directive. We appreciate the work completed by the consultants that carried out the study on the revision of the Ecodesign Directive as some of the recommendations presented can be fully supported. Nevertheless, our key conclusion is that there is no sufficient ground to pursue at this stage an amendment of the Directive. Please find below our detailed comments.

- The current way to set ecodesign requirements at the LLCC point should be maintained.
- Investments made by consumers in more efficient and expensive appliances should have the shortest possible payback time.
- Ecodesign requirements should be measurable, verifiable, enforceable, relevant and competitiveness-proof.
- Refrain from proposing ecodesign regulations for components in products already covered by other ecodesign measures.
- Ecodesign requirements have to be calculated as the consumption to carry out a specific task or provide a particular service.
- Maintain the current legislative framework whilst focusing on further initiatives to stimulate the replacement of the installed park of less inefficient appliances.

I. Ambition: Beyond Least Life Cycle Cost (LLCC)

It has been one of the founding principles of the Ecodesign Directive that the implementing measures should have "no significant negative impact on consumers, in particular as regards the affordability" of the product (Article 15.5(c)). The LLCC-approach – as shown in the figure below – allows setting ecodesign requirements at the most convenient point for the consumers, maintaining room for innovative competition.

[1] CECED represents the household appliance manufacturing industry in Europe. Its member companies are mainly based in Europe. Direct Members are Arçelik, Ariston Thermo Group, BSH Bosch und Siemens Hausgeräte GmbH, Candy Group, Daikin Europe, De'Longhi, AB Electrolux, Gorenje, Indesit Company, LG Electronics Europe, Liebherr Hausgeräte, Miele & Cie. GmbH & Co., Philips, Samsung, Groupe SEB, Vestel, Vorwerk and Whirlpool Europe. CECED's member Associations cover the following countries: Austria, the Baltics, Belgium, Bulgaria, Czech Republic, Denmark, France, Germany, Greece, Hungary, Italy, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, Turkey and the United Kingdom.



Some stakeholders have asked to increase the ambition level of the minimum requirements to take into consideration the future price of technologies. The main claim has been that in some occasions, when the minimum efficiency requirements entered into force – at the estimated LLCC level – only a limited amount of products were phased out due to price dcrease of technologies. To this aim some stakeholders have proposed using learning curves to better estimate price developments and increase the ambition of the requirements. However, in the concept of learning curves there is no consideration of the economic crisis and of the emergence of internetshops with lower overhead cost. Both had an influence on the average selling price of products and we are not convinced that this was properly taken into consideration when requesting the use of learning curves.
Also Eurostat contains a clear statement on the difficulty of comparing prices over time (link): "Price levels cannot be compared over time to estimate inflation since differences in prices from one year to another may come from other reasons. For example, products may be different in various periods and still according to the specification in those periods. Additionally, differences across time in the distribution of outlets where prices have been collected may influence the differences in price levels. Finally, comparability over time of price levels in euros will be directly affected by changes in currency exchange rates in countries not members of the European Monetary Union."
Any estimate that tries to predict macro- and microeconomic development in the future is dangerous as it rarely holds true.

Arguing that the levels based on the estimated LLCC have limited effect in eliminating less efficient appliances does not take into consideration that manufacturers develop products in a rational manner. In order to be ready at the date of entry into force of the requirements, the production plan is defined as soon as a measure is adopted. Therefore, manufacturers, following the input of the legislation and acting as rational market players, will have already shifted the bulk of the production towards more efficient appliances when the requirements enter into force.

Thus, the current way to set the minimum thresholds at the LLCC point should be maintained. Modifying this approach might also have negative impacts on consumers as issues may arise concerning the smaller range of products on offer and the affordability of appliances in some Member States. Consumers might be obliged to purchase expensive equipment for which the return of investment cannot be guaranteed. It is also crucial that ecodesign thresholds allow for differentiation within the energy label. Only then will the label remain a reliable tool for consumer information and foster competition.

The fact that for some product groups, with limited correlation between price and efficiency, the LLCC might not be optimal does not justify a systematic modification of the LLCC methodology as it works well for appliances where this correlation exists.

II. Requirements beyond the use phase

The household appliance industry has always been a strong proponent of resource efficiency. We have continuously provided a significant contribution through designing and manufacturing innovative products that cut resource use. We have also improved end-of-life recycling techniques that enhance material recovery.

At present, there is an increasing pressure to set requirements on resource efficiency aspects including use of materials, end-of-life requirements and durability. While we support the need to improve material efficiency, we also believe it should be recognised that cost of materials is already a strong driver of resource efficiency and that it is a key aspect for manufacturers when designing products.

Our industry has historically provided consumers with the choice of a wide range of products designed for multiple needs, including convenience, performance, energy efficiency, design, robustness, after-sales service, and affordability. Product legislation should not hinder the possibility to innovate and compete at global level, while granting consumers the possibility to choose according to their needs.

Legal obligations targeting the resource efficiency of products can prove to be very difficult in terms of market surveillance due to lack of standards, related cost, time and effort for testing. Ecodesign requirements should be measurable, verifiable, enforceable, relevant and competitiveness-proof as requested by Article 15.7 of the Ecodesign Directive. The legislator shall avoid setting unnecessary and ambiguous requirements that prvide room for interpretation and that cannot be easly verified. In the absence of data, methodologies and widely recognised standards, any shift from resources in use (energy, water, etc.) towards material efficiency should not be pursued. Other regulations already address these aspects and we want to avoid inconsistent and cascading regulations. When considering end-of-life requirements such as marking of substances and materials, information or design for dismantability, it should be take into consideration that most equipmemt will reach the end of their life 15 years after the requirements are defined. Setting burdensome obbligations speculating on future reciclying tecniques must be avoided.

With the enhancements recently built into the MEErP on material efficiency aspects, it is clear that no future parameter on reuse, recycle, recovery or durability can be addressed in ecodesign without considering a standardisation strategy. Standards must be built on a solid foundation to ensure they reflect the technical reality. In addition

III. Energy efficiency/energy consumption

Today, ecodesign requirements and energy efficiency classes are calculated on the basis of energy efficiency, intended as the consumption to carry out a specific task or provide a particular service. This represents a balanced approach. Setting caps on the total consumption or introducing artificial malus in the calculation of energy efficiency to prevent that larger appliances qualify for the top classes should be avoided.

Artificial bonus for smaller appliances could even be detrimental to the effort of reducing the overall energy consumption, in particular when used in the energy label. For example, a consumer could be driven to purchase two small table-top refrigerators, rather than one larger but more efficient one, with the final result being an increase in total consumption.

Other attempts to promote smaller appliances instead of larger ones, by increasing in the label the relevance of the annual consumption, could confuse the consumers.

IV. Mandatory product registration

The Commission has argued that mandatory registration would both provide up-to-date data for enhance market surveillance and better rulemaking. We wish to highlight that registration, depending on the system and level of details required, could be very burdensome for industry.

It should be clear that surveillance can only be improved by checking real products taken from the market. Having the products registered does not improve compliance of products.

CECED has a good record of collecting and providing to the legislator up-to-date information and product databases before and during the rulemaking process. For our sector, having mandatory registration would imply extra effort and costs without adding any benefits, especially without improving the compliance level of the products on the market. Therefore, if the Commission will consider amending the Ecodesign Directive and introducing the concept of pre-market registration, a careful assessment of the consequences should be made.

V. Interaction between ecodesign and energy labelling

While in most of the cases ecodesign and energy label regulations have been adopted in parallel, more synergy could be achieved. Further coordination would also reduce inconsistencies in the drafting phase and facilitate implementation. An alignment of the implementation dates, market surveillance procedures, as well as common conformity assessment and documentation requirements are identified as possible improvements.

One of the strengths of the current framework has been the involvement of stakeholdrs and the active contribution of Member States experts throughout the legislative process. The Regulatory Committee has played a key role in it. We would welcome any effort from the Commission side to enable Member States to continue contributing actively to the regulatory process.

VI. Market surveillance

Market surveillance is the only way to ensure compliance with legislation and to achieve policy goals, while avoiding distortions of the market and protecting consumers from fraudulent products. Alignment of the surveillance provisions under the Ecodesign and Energy Labelling Framework Directives would grant a consistent and enforceable legislative framework across Europe.

We invite the Commission to strengthen the EU's role in market surveillance, enhance the cooperation among national market surveillance authorities and to increasingly involve industry in market surveillance activities.

VII. Double or cascade legislation

Over the past few years, the European Commission has proposed more and more burdensome regulations, establishing double or cascade requirements on a single product category.

It has been proved that in several cases multiple requirements do not lead to any significant saving. As a result, extra costs are introduced with no return on the investment made. Moreover, it cannot be ignored that market surveillance authorities are not able to cope with increasing and more complex rules.
On this point, the Framework Ecodesign Directive, at Art 15.2(c)(i) states that to be

regulated a product shall present significant potential for improvement in terms of its environmental impact without entailing excessive costs, and in particular: in “the absence of other relevant Community legislation or failure of market forces to address the issue properly”.

Cascade regulations also oblige manufacturers to adapt the product development cycles to comply with overlapping legistaltion that set requirements disaligned in time and ambition, with disruptive impact on industry.

The Commission should therefore avoid following this path and refrain from proposing ecodesign regulations for components in products, such as most home appliances, already covered by other ecodesign measures.

VIII. Conclusion

The combination of the Ecodesign and Energy Label Directive has proven to be a very good legislative framework which has lead to a steep increase in the offer of more efficient products. Nevertheless, despite the availability of very efficient appliances, the transformation of the installed appliance park, is much slower than the transformation of the offer. On the other hand, the pace of efficiency increase by innovative product development has slowed down as technology is approaching physical limits for product groups that have been for a long time in the regulative scope of ecodesign and energy label. Further efficiency increase is possible but, without technological revolution, steps will be marginal.
Rather than adding additional burdens on manufacturers to achieve negligible saving from an environmental prospective, the legislator should provide the best possible environment fot the industry to grow and contribute to the competitivens of Europe. Therefore, CECED is in favor of maintaining the actual legislative framework whilst focusing on further initiatives to stimulate the replacement of the installed park of less inefficient appliances.