

Brussels, 22 February 2007

COMMENTS ON THE REVISION OF THE ENERGY LABELLING DIRECTIVE

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Orgalime welcomes the Commission's invitation for stakeholders to comment on the revision of the energy labelling directive and herewith provides the following comments:

EXECUTIVE SUMMARY

Orgalime believes that the energy label can, in certain areas, be a useful and valuable tool that can also contribute to the implementation of the EU's energy and climate change objectives, while at the same time generating positive effects on our industry's competitiveness. It should therefore be one instrument in a tool box for manufacturers of our industry.

Extension of the present scope of energy labelling

Orgalime does not consider an immediate mandatory extension of the present scope of energy labelling feasible. Should an extension of the present scope of energy labelling be considered, we believe that the appropriateness of the tool should be assessed in the context, and if judged appropriate, included in consultation of the affected industry sector in the respective EuP implementing measures.

The necessity to include further information parameters than energy under the labelling of a product group under discussion should be equally assessed under the EuP framework, and if considered appropriate, implementing measures under the two framework directives should maintain an overall coherence so as to avoid any conflicting requirements for manufacturers.

In any case, an amendment of directive 2005/32/EC on Eco Design of Energy Using Products (EuP) for the purpose of opening up the possibility of using the energy label would be superfluous, as the possibility of dealing with labelling requirements already exists in the EUP directive in its present form (see article 15.8/annex VII EuP directive).

Orgalime calls for consistency of any labelling requirements established under the EUP directive, the energy labelling directive or the Energy Performance of Buildings Directive to guarantee the proper functioning of the internal market.

The announced action plan sustainable industrial policy and sustainable consumption and production should complement the ongoing implementation of the EuP directive with measures that help foster the take up of existing and future EuP-compliant products in the market place. Orgalime, however, opposes an amendment of the EUP directive at this far too early stage; this would be detrimental to both, Orgalime industries and the environment.

Orgalime, the European Engineering Industries Association, speaks for 35 trade federations representing some 130,000 companies in the mechanical, electrical, electronic, metalworking & metal articles industries of 23 European countries. The industry employs some 10.6 million people in the EU and in 2006 accounted for some €1,779 billion of annual output. The industry not only represents more than one quarter of the output of manufactured products but also a third of the manufactured exports of the European Union.

QUESTION 1: How do you suggest the Commission could best ensure coherent product policy?

- A coherent product policy requires the right mix of policy instruments, voluntary and legislative. In so far as product legislation is concerned, it can only be effective if it is properly enforced. Therefore, implementation of existing product related legislation, market surveillance and enforcement are now in our view vital steps for implementing a coherent product policy applying on the products that Orgalime industries manufacturer.
- For Orgalime industries, Directive 2005/32/EC on Eco Design of Energy Using Products (EuP) establishes a framework for the setting of eco design requirements on energy using products, addressing all environmental aspects related to such products from a life cycle perspective, which we support. We consider all elements and criteria and its legal base of article 95 of the EC Treaty, as foreseen in the directive, as essential for coherent product legislation on energy using products, where such legislation is considered necessary. We therefore believe that the framework established in this directive, as it stands today, should be implemented consistently for energy using products. Possible new tools, however, should not upset any of the elements or criteria of the existing EuP directive.
- Orgalime particularly opposes an amendment of the EuP directive at this stage, be it for the purpose of an extension of the scope, the modification of labelling requirements or other reasons. A change to this framework directive at this (far too early) stage would undermine the ongoing implementation for some 20 and soon further 25 product groups in Orgalime industries. It risks disrupting the implementation process that already considers the setting of dynamic minimum requirements (e.g.: through the introduction of revision clauses or by establishing several tiers of requirements over different periods in time within a short time horizon or by setting benchmarks). The confusion resulting from a re-opening of the EuP directive would raise questions on the Commission's credibility within Orgalime industries. Considering that the EuP directive constitutes an instrument that is available and ready for use to contribute to the realisation of the EU's energy and climate change objectives, an amendment would not only cause confusion for all actors involved in the present implementation process, but cause problems both for the environment and the competitiveness of our industry.
- We believe that establishing a coherent product policy for other industrial sectors than Orgalime can, where considered necessary, be realised through a separate but equivalent instrument discussed beforehand with the industry concerned. It could, where considered appropriate, build upon the experience obtained through EuP and its implementation.
- The announced action plan sustainable industrial policy and sustainable consumption and production (AP SIP/SCP) should, for our sector in our view complement the EuP directive with measures that help foster the take up of products in the market place (e.g.: through incentives, initiatives to stimulate public purchase to green their procurement, consumer awareness and education initiatives or actions to address misleading advertising/false environmental claims).
- For the implementation of the EuP directive for a targeted product group, coherent product legislation should preferably be done through one implementation measure per product group to foster clarity and legal certainty.
- Implementation measures should also explicitly identify those environmental aspects for which no requirements would be necessary based on results of the preparatory study and assessment phase.
- The implementation process should particularly not dilute the EuP concept, including for its New Approach angle (the role of standardisation, rules for conformity assessment and presumption of conformity, use of CE marking).
- Any review process of directives other than EuP that were adopted before the EuP directive, and that especially regulate on one stage of the life cycle only, i.e.: directive 2002/95/EC on RoHS, should be used as an opportunity to foster to the maximum extent possible, consistency between these instruments. As far as concerns the relationship between REACH and RoHS, Orgalime believes that revision process should be transition path of merging RoHS into the newly established REACH regulation and, in this context, be used as the opportunity to

streamline RoHS to the maximum extent possible, towards consistency with REACH, EuP and the Marketing of Goods Package. As far as substances not covered by the RoHS directive today are concerned, Orgalime takes the view that the RoHS directive should no longer be used as an instrument, i.e.: it should be “phased out” and any new restrictions of substances not included under RoHS today should be carried out under the REACH regulation.

- If other EC legislation applying on electrical and electronic equipment proposes to have restrictions of the use of specific substances, as it could arise under the implementation process to directive 2005/32/EC on Eco Design of Energy Using Products, the specific restriction legislation should be adopted under REACH, too. Therefore, when considering introducing new restrictions for substances in electrical and electronic equipment, the subsequent restriction legislation should be implemented under REACH taking into account the EuP directive and its implementation process.

QUESTION 2: Do you agree to the general principle of reinforcing the use of energy labelling in order to more vigorously contribute to the Union's objectives on climate mitigation, competitiveness and sustainable product policy?

- In the area of **consumer products**, labelling has the general purpose of providing information to the consumer on a few particular performances of the product, such as washing efficiency, water consumption or noise, so as to influence his buying decision. For domestic household appliances this has been a positive experience; from this experience it could be concluded that a certain contribution from energy labelling to climate mitigation could be expected. However, we note that, despite the availability of quality information, for the vast majority of (private) consumers, the product price still remains the main factor for choosing a certain product. For the domestic appliances sector, energy labelling has worked successfully and we support reinforcing the use of the energy labelling in that area. A sensible scheme for incentives may further increase its success.
- In the area of **professional equipment**, i.e.: in a business-to-business relationship, labelling plays a by far less important role and should therefore not be made mandatory. The suitability of its application for any type of B2B equipment could be assessed when discussing an implementation measure for a certain product group (see also comments on question 3).
- The scope of the EuP directive encompasses both, consumer and professional products. In its present form, the EuP directive provides in article 15.8 and annex VII that information requirements can form part of a EuP implementing measure on a certain product group. In the ongoing process, labelling requirements are therefore constantly assessed at the level of the individual product groups. Orgalime supports this process of identifying the suitability of labelling at the level of the implementing measures for the product group concerned. However, it would in our view be a mistake to mandatorily introduce the energy label at a horizontal level for all EuP, since the implementation process can result in the conclusion that the energy aspect would not constitute the (only) overriding impact of the product, or that product labelling would not be the best means for providing information. Energy labelling would, in such cases, neither contribute to mitigating climate change, nor help the competitiveness of our industry, nor implement a sustainable product policy in our sector.

QUESTION 3: For energy using products, would you favour the use of an energy label focusing on the energy consumption at use or of an 'eco-design label', (near to the Eco-label showing the 'best') giving the global environmental performance of the product throughout its life-cycle?

For the energy label, Orgalime supports that it should focus in priority on energy consumption at use. However we recommend not to exclude the possibility of including other environmental aspects throughout the life cycle of the non-energy using products.

Should an **extension of the present scope of energy labelling** be considered, we believe that the appropriateness of the tool should be assessed in the context, and if judged, appropriate, included in consultation of the affected industry sector in the respective EuP implementing measures.

The necessity to include further information parameters other than energy under the labelling of a product group under discussion should be equally assessed under the EuP framework, and if considered appropriate, implementing measures under the two framework directives should maintain an overall coherence so as to avoid any conflicting requirements for manufacturers.

In any case, an amendment of directive 2005/32/EC on Eco Design of Energy Using Products (EuP) for the purpose of opening up the possibility of using the energy label would be superfluous, as the possibility of dealing with labelling requirements already exists in the EUP directive in its present form (see article 15.8/annex VII EuP directive). At this level, it would also be possible to consider voluntary standards, such as brought forward by mobile phones manufacturers.

As far as “eco design label” is concerned, Orgalime does not consider it appropriate to establish such a label if it is only aimed at providing one value encompassing all relevant environmental aspects of that product group, rather than a set of distinct figures corresponding to different aspects or impacts.

QUESTION 4: Are you in favour of adding CO2 on the energy label? How could reliable information be assured in the light of different energy mixes in the 27 Member States?

As far as the use phase of an electrical and electronic equipment is concerned, Orgalime does not support this option: CO2 emissions are not directly emitted from electrical and electronic equipment and the CO2 relevance of the appliance depends on the energy source used by the equipment. Its relevance can also differ vastly due to the different energy mixes in member states. The CO2 relevance, however, would also depend on a consumer’s consumption pattern, on which manufacturers have limited influence, as well as on the consumer’s choice on his electricity provider (where this is possible today). Orgalime doubts that all these factors could be reliably incorporated into the energy label.

Lastly, an inclusion of the energy label adding CO2 in the EuP directive appears problematic to us, since the EuP directive does not distinguish between different energy sources that drive the equipment. An energy label including the CO2 aspect, however, would have to distinguish between different energy mixes to be meaningful.

For the rest of the life cycle of electrical and electronic equipment, the information on the CO2 emitted may be relevant for some products. In line with the need to maintain the legal possibility to introduce other parameters in the label (where relevant for a given product, after assessment in the EuP implementing measure under preparation), Orgalime takes the view that excluding this option from the legal framework would be inappropriate. Practical difficulties to collect the necessary data may make it not so easy in some cases, but it is not linked to different patterns of use or national energy mixes in electricity production: no fundamental issue or problem of principle is at stake. Any decision on this should then be studied separately from the CO2 emitted during use.

QUESTION 5: Are you in favour of adding annual running costs on the energy label? How could reliable information be assured in the light of different energy prices in the 27 Member States?

Orgalime does not support this option.

Energy prices depend on the energy mix that differs from member state to member state. We therefore doubt that annual running costs can reliably be added to the energy label. In areas where the payback time of the required higher investments in energy efficient appliances would be longer than the expected energy savings during the use phase, it could be counterproductive.

QUESTION 6: Would you like to add other products to the scope of the labelling Directive than those covered at present (household appliances only)? If yes, which products would you suggest (non-household or non energy-using products, 'energy-relevant' product, services such as holiday packages or other)?

As commented under question 3, Orgalime believes that the energy label should not be made mandatory beyond its existing scope at the horizontal level of the energy labelling directive. Should

an **extension of the present scope of energy labelling** be considered, we believe that the appropriateness of the tool should be assessed in the context, and if judged, appropriate, included in consultation of the affected industry sector in the respective EuP implementing measures.

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QUESTION 7: In view of dynamic labelling, which approach would you suggest for the transition from an existing labelling scheme to a new labelling classification in order to cause minimum distortions?

For the domestic household appliances, CECED has proposed an open ended, dynamic labelling scheme, which Orgalime supports. Its application to other sectors may be interesting; however, it requires further assessment, which we propose to carry out at the level of respective EuP implementing measures. See also comments to questions 3 and 6.



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ANNEX: COMMENTS ON POLICY OPTIONS PROPOSED IN THE COMMISSION CONSULTATION DOCUMENT

	Action to be taken	Policy options considered by the Commission	ORGALIME COMMENT
1	Extending labelling to additional <u>household</u> appliances displayed in shops/outlets, such as televisions, water heaters, boilers...	Can be done without amending the Energy Labelling Directive.	Orgalime agrees that this option, where identified as necessary after consultation of the industry sector affected, can be realised without amending the Energy Labelling Directive.
2	Extending labelling to <u>non-household energy-using</u> appliances, such as electric motors	Requires an amendment of the Energy Labelling Directive to address manufacturers, or the amendment of the Eco-design Directive to address retailers. Important to coordinate with Eco-label. New information delivery methods may be needed for 'business to business' products.	Orgalime does not support a mandatory extension of energy labelling to non-household energy using appliances, such as motors. Any extension does not require an amendment of the EuP directive, but can be realised within the existing EuP framework (see Orgalime proposal in comments to questions 3 and 6).
3	Extending labelling to <u>non-energy using</u> products, such as windows, tyres or services	Requires an amendment of the Energy Labelling Directive or the Eco-Design Directive. Only <u>energy related</u> products (e.g. for energy conservation) are considered within the context of the Labelling Directive.	This should not be realised via an amendment of the scope of the EuP directive but if assessed necessary, separately from it under full consultation of the affected industry sector. It could, where considered appropriate, build upon experiences with EuP and its implementation.
4	<u>Reinforce dynamic labelling</u> with periodic reviews and rescaling of the ratings, including a possible redesign of the label and upgrading of the existing Directives.	Upgrading of existing energy labels is possible under the current Energy Labelling Directive and review dates can be included in the implementing Directives based on potential for improvements and technological progress.	For domestic household appliances, we support CECED's proposal, but its applicability to other sectors requires a case by case assessment (see Orgalime proposal in comments to questions 3 and 6).
5a	Provision of additional <u>product information</u> on the energy label, such as CO2 emissions or annual running costs.	Use of resources other than energy (e.g. water) is possible under the current Energy Labelling Directive. Adding other information, such as running cost or CO2 emissions, would require an amendment of either the Energy Labelling or the Eco-design Directive.	Orgalime supports the introduction of such an option as an additional tool provided that its actual relevance has been assessed and confirmed appropriate a case by case basis in consultation with the industry sector affected (see comments to question 3). However, it does not require an amendment of the EuP directive (see comments to questions 6 and 7).
5b	<u>Replace the energy label</u> by an "eco-design" label combining several significant environmental parameters	Would require an amendment of the Energy Labelling Directive or of the 2005/32/EC Eco-design Directive.	If the "combination" of several parameters does not induce merging them into one single value, Orgalime may support the introduction of such an option as an additional possible tool for implementing legislation. However, it does not require an amendment of the EuP directive. (see comments to question 3).
6a	Reinforce provision of labels on <u>internet sales</u>	Reinforcing the provision of information through other means than the label or the fiche would require amending the Energy Labelling Directive or the Eco-design	Orgalime supports this option, but it does not require a EuP directive amendment.

		Directive.	
6b	Reinforce provision of labels in the context of other type of sales and advertising: www-pages, newspaper and TV adds...	Would require amending the Energy Labelling Directive or the Eco-design Directive.	Orgalime supports this option, but it does not require a EuP directive amendment.
6c	Provision of information on energy consumption (apart from labelling) in media and advertising: www-pages, newspaper, magazines and TV adds...	Would require amending the Energy Labelling or the Eco-design Directive.	Orgalime supports this option provided that it is realised within the Energy Labelling Directive, but not the EuP directive.
7	Tighter <u>tolerances</u> in the measurement standards	Difficult to include in sectoral legislation but could also be part of the Commission mandate to the European Standardisation organisations. Thus, no amendment of the existing legislation would be necessary.	Orgalime supports developing tolerance in the measurement standards via standardisation, ideally international standardisation. Such standards can be used in the EuP implementation process.
8	Better <u>enforcement</u> of the labelling requirements in respect of both manufacturers meeting the set standards and retailers displaying correct information	The proposed regulation on market surveillance could help to improve enforcement by introducing new provisions applying to all Community harmonising 'product' legislation, including the Energy Labelling and Eco-design Directives. Thus, no amendment of the existing legislation would be necessary.	Orgalime supports this option.
9	Legal protection of the label	Could be useful to specify under which conditions the label could be used by Member States or third parties outside of the EU legislation.	Orgalime supports this option.
10	Implementation through <u>Regulation</u> rather than <u>Directive</u>	Would help to avoid transposition cost and delays. Would ensure harmonised approach across the internal market (simplification of EU legislation).	Orgalime fully supports this option.

