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The Ceced conference on energy-saving in home appliances

SAVE ENERGY AND HELP THE ENVIRONMENT A NEW POLITICAL FOCUS ON PROMOTING THE REPLACEMENT OF 188 MILLION OUTDATED APPLIANCES

Brussels, November 7, 2005 – European home appliances manufacturers, members of **Ceced**, issued a clear request to European policy-makers, at their Conference, held today in Brussels: if EU wants at all to meet its Kyoto commitments, the time has come for informing and educating consumers in using existing cutting-edge technology appliances. On the contrary, the traditional way of setting more stringent efficiency targets would bring only marginal improvements at a cost no longer sustainable by the industry alone.

European manufacturers invested **€10 billion** in the past 10 years to improve energy efficiency and performances of washing machines, refrigerators, dishwashers. Results are quite impressive, yet the market is still lagging behind in understanding the advantages of using updated appliances: most families buy a new one only when the old one breaks down. And they continue to waste their money in extra-cost of electricity, thus negatively impacting the volume of harmful pollutants discharged into the atmosphere by electricity generation plants.

“Demand should be the focus of future political actions to support the replacement of outdated, energy-consuming appliances with more efficient and better performing ones. We ask for targeted communications and financial supports aiming at consumers who don’t yet either know or understand the environmental and social benefits of new appliances”, said Mr. **Per G. Hedström**, senior vice-president Electrolux (a Ceced member company), opening the “*Energy-saving home appliances. A shortcut to Kyoto targets*” conference, organized today in Brussels by **Ceced**, the European association of manufacturers of home appliances.

Ms. **Stina Soewarta**, member of the cabinet of **Andris Piebalgs**, Energy Commissioner, highlighted the Commission’s work on energy-efficiency through Directives already enforced, the ongoing discussion on the Energy Services Directive, and the objectives outlined in the Green Paper “*Doing more with less*”. She presented the Commission’s vision on saving up to 20% of our energy consumption by 2020.

The message from the conference was centred on the need for a market transformation and a shift in political and policy focus. Demand should become the driving force for replacing **188 million** obsolete, energy-inefficient appliances, still in use in European households. This requires a different political focus: no longer stricter energy-efficiency requirements, but policies aiming at the demand side aiming to promote and financially support the replacement of outdated products with highly efficient products already available in the market. For washing machines, as an example, three

times more can be saved by focusing on “additional policies” such as the replacement than by imposing new technological targets on yet to be developed models.

A possible tool to foster the wider diffusion of updated appliances could be the development of *White Certificates* rewarding the one who exceeds his energy saving targets. Other options are also feasible, looking at what has been implemented in EU member countries (yet for a too short period or with too narrow reach and scope), and, as an example, at the tax credit scheme in USA.

Speaking at the roundtable, chaired by Mr. **Willy De Backer**, editor-in-chief at EurActiv^(*), Mr. **Luigi Meli**, Ceced director general, said: “Policies should aim at a permanent transformation of the market. Policy makers should set clear targets within the Kyoto framework, and establish a close synergy among European legislative initiatives. Our proposal, presented here today, would set the scenario for achieving the most ambitious European environmental objectives in a faster and steadier way, and for securing the survival and the competitiveness of one of the few industries in which Europe is still the world leader”.

The European leadership in home appliances has been built on the results achieved by Ceced member companies (*see list at the bottom*). They are quite impressive: today, an average washing machine, available to every European customer, consumes **44% less energy** and **62% less water** than a 1985 model, delivering better performances. Even more impressive are the millions of tons of CO₂ no longer discharged into the atmosphere by electricity generating plants, thanks to the energy savings achieved by new appliances already in use: about **17 million tons** in the past 10 years, i.e. the volume of CO₂ discharged by 9 new thermo-electric generation plants of 500 MW each. Such a reduction is roughly equivalent to taking **5.1 million cars** off the European roads.

European appliance manufacturers are accelerating the delivery of appliances with higher energy-efficiency and better performances, yet demand is not picking up at the same pace. Most consumers are unaware of the advantages of today’s appliances. As a consequence, the rate of return on investment by manufacturers dropped dramatically in the last few years.

Mr. **Gunnar Pautzke**, Director, Brand Portfolio Management BSH Bosch und Siemens Hausgeräte (a Ceced member company), and chairman of Ceced’s *Time to Go!* task force which studied the issue, outlined the scenario of a highly competitive market with declining prices and better performing products: “It sounds like good news for the consumer, but, as the analysis of the industrial costs shows (margins went **25%** down from 1999 to 2003), manufacturers are finding it more difficult to maintain the same pace of innovation of the ecological and performance values of appliances. Furthermore, as with washing machines, we are close to the edge of technical improvement”.

“Such a situation is no longer sustainable, if funded by the industry alone” added Mr. **Hedström** “While it’s rewarding that our achievements have been acknowledged by the European Commission, which mentioned our industry as the “world leader”, we would better see the updated appliances widely used by European consumers. We are world leader, yet for how long?”

Two studies have been commissioned by Ceced to **Öko-Institut**, Freiburg i.B. (Germany), to assess the environmental and economic impact of replacing obsolete appliances with new and higher energy-efficient ones. Ms. **Ina Rüdenuer**, who was in charge of the studies, confirmed that the replacement carries clear benefits for the environment and the society as a whole, yet, due to the rather long payback times, unfortunately it doesn’t look as economically appealing for the consumer.

Panelists of the roundtable, together with Mr. Meli, were Mr. **André Brisaer** (European Commission) and Ms. **Mariangiola Fabbri** (WWF).

(*) EurActiv is a media portal fully dedicated to EU affairs, based in Brussels.

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Ceced (European Committee of Manufacturers of Domestic Equipment) represents the household appliance industry in Europe. Its member companies employ over 200,000 people, are mainly based in Europe, and have a turnover of about €40 billion. If upstream and downstream business is taken together, the sector employs over 500,000 people. Direct Members are Arçelik, BSH Bosch und Siemens Hausgeräte, Candy Group, De'Longhi, Electrolux Holdings, Fagor, Gorenje, Liebherr, Indesit Company, Miele, Philips, SEB, and Whirlpool Europe. Ceced member associations cover the following countries: Austria, Belgium, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Italy, Lithuania, Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, Turkey, and UK. Ceced is based in Brussels.

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