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Top Executives Discontinue Voluntary Energy Efficiency Agreements for Large Appliances

- *Poor national enforcement of energy labelling and other product rules facilitates “free-riders” and undermines the voluntary approach.*
- *Positive incentives needed to promote consumer uptake of state-of-the-art products to realise huge energy-efficiency potential and help cut CO₂ emissions.*

Brussels, 21 March 2007: household appliance manufacturers’ European industry association, CECEDⁱ, today called for legislative measures to ensure future energy performance standards as an alternative to continued updating of the voluntary agreements that industry introduced a decade ago. The strategy change was announced after a meeting of the CECED steering committee in Brussels today.

Patchy government enforcement of the EU’s energy labelling scheme, the vehicle whereby energy efficiency information is shared with the public, has undermined industry’s ability to go to the next phase of voluntary measures. CECED’s voluntary agreements on energy efficiency have delivered major performance improvements estimated to have cut 17 million tons of CO₂ from Europe’s emissions tally, equivalent to the carbon output of nine 500 MW thermo-electric power plants.

“European manufacturers are as committed as ever to designing and marketing energy efficient appliances because it is the right thing to do and consumers expect that of us,” said CECED President, Magnus Yngen of Electrolux. *“But governments must guarantee fair competition by enforcing the law and ensuring that product declarations are genuine—or our investment in high performing products is compromised. The next round of improvements needs to be driven by legislation that applies to all and is enforced on all.”*

Covering on average 90% of the market for large appliances, CECED's five existing voluntary agreements (for washing machines, refrigerators and freezers, dishwashers and water storage heaters) have been widely recognised as a progressive and a pro-active. These have required an investment by European manufacturers of €10 billion over the past decade.

“Too many governments are not stopping careless or unscrupulous operators from marketing products that claim better energy efficiency than they actually deliver,” says Yngen. *“Free-riding must be strongly discouraged. Today we have a very worrisome situation where politicians set rules, expect companies to abide by them and then fail to invest the resources needed to stop the lawbreakers.”*

To show that market surveillance is not working, the top managers also announced that CECED will launch a one-off market testing programme, using independent laboratories to check products sampled from the market against the performance claims stated on their labels. The results will be made public later this year. The exercise will demonstrate that market surveillance is feasible and not prohibitively expensive for governments. Sampling will cover refrigeration appliances in the market, regardless of source.

To complement the success in improving product performance, the CECED leadership also called on governments across the EU to implement incentives to promote faster replacement of the 188 million large domestic appliances that are more than ten years old which are still in use today in households all across Europe. These are very energy inefficient, far inferior to today's state-of-the-art models. Replacing the old with energy efficient appliances presents an **enormous potential for savings – 22 million tons of CO₂ emissions could be avoided annually**, equal to the output of twelve thermo-electric power plants.

Consumers are reluctant to send a working machine to the recycler but to do so is often the right environmental option and will help households cut their energy bills. It takes some years, however, to claw back the investment in buying a new appliance. Consumers are put off by spending money in the short term. Government should provide smart financial incentives to help overcome the short term economic barrier that consumers face.

“It is a win-win-win scenario,” concludes Yngen. *“The environment will benefit from lower CO₂ emissions, consumers will cut their energy bills, and governments will take a step closer to meeting Kyoto goals.”*

CECED President, Magnus Yngen of Electrolux was joined in making the announcements, by steering committee colleagues Marco Milani of Indesit Company, Philip Doorduijn of Philips and Alain Grimm-Hecker of SEB.

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For further questions, please contact Luigi Meli or Pascal Leroy on +32 2 706 82 90.

ⁱ CECED 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, Merloni Termosanitari, Miele, Philips, Saeco, SEB and Whirlpool Europe. CECED’s member associations cover the following countries: Austria, Belgium, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden, Switzerland, Turkey and the United Kingdom.