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Opinion

Title **Impact Assessment on: Commission Regulation implementing Directive 2005/32/EC with regard to household washing machines
(draft version of 16 February 2009)**

Lead DG **DG TREN**

1) Impact Assessment Board Opinion

(A) Context

Household washing machines are covered by Commission Directive 95/12/EC implementing Council Directive 92/75/EEC with regard to energy labelling of household washing machines. No ecodesign requirements have been set for this product group.

The Ecodesign Framework Directive 2005/32/EC lists products which have been identified by the Council and the European Parliament as priorities for the Commission for implementation. The list is based on the European Climate Change Programme which has identified products offering a high potential for cost-effective improvements of energy performance and reductions of CO₂ emissions (Article 16). In the EU Economic Recovery Plan the Commission committed itself to a quick delivery of measures concerning products which offer very high potential for energy savings, in the context of promoting a rapid take-up of "green products"; washing machines are listed as products having significant reduction potential.

Labelling of household washing machines is currently regulated under Council Directive 95/12/EC implementing Council Directive 92/75/EEC with regard to energy labelling of household washing machines.

The implementing measure will be subject to regulatory procedure with a right to scrutiny by the European Parliament.

(B) Positive aspects

The IA includes a clear overview of stakeholders' positions, consumer preferences regarding purchasing of washing machines and historic developments of energy and water efficiency, as well as relatively detailed information about employment impacts.

(C) Main recommendations for improvements

The recommendations below are listed in order of descending importance.

General recommendation: The impact assessment should provide a more solid justification for the need for an implementing measure in this area. Further work is needed on the analysis relating to the scope of the measure, the policy options, additional costs for business and their ability to pass on the costs, and to the use of the discount rates. The Board notes that these issues are to a large extent similar to those raised in its previous opinions on other measures concerning eco-design of products.

(1) The IA needs to justify further that requirements of the eco-design directive are met. Article 15 (c) first requires that 'the EuP shall present significant potential for improvement in terms of its environmental impact without entailing excessive costs, taking into account in particular the absence of other relevant Community legislation or failure of market forces to address the issue properly'. At the same time improvement potential is estimated in the IA report at up to 4% in regard to both water and energy use (p. 4); given the uncertainties around the baseline scenario this figure does not seem to represent a significant improvement. Additionally, article 15(c) requires "a wide disparity in the environmental performance of EuPs available on the market with equivalent functionality" while the IA (p.22) states that 90% of products are in one energy efficiency class A. The IA therefore needs a more robust proof that these two criteria are actually met.

(2) A revision of the labelling scheme should be analysed alongside other policy options. The revision of labelling is discarded at an early stage of the analysis on the grounds that i.a. it would not guarantee cost effective improvements and that full improvement potential would not be tapped (p.30). The IA needs to justify this conclusion given that the improvement of 4% expected from setting the minimum product requirements seems low in comparison to the 24% improvement achieved between 1997 and 2005 (p.12), when the labelling was in place. Moreover, article 15.3(b) of the directive lays down the obligation to analyse a broad spectrum of policy options: 'relevant Community legislation and self-regulation, such as voluntary agreements, which, following an assessment in accordance with Article 17, are expected to achieve the policy objectives more quickly or at lesser expense than mandatory requirements'. Additionally, the reasons for excluding noise emissions (p.40) from the minimum standards/revised labelling should be better explained in light of the consumer preferences (p.16), where it seems to be an important product characteristic.

(3) Some of the objectives need to be redrafted to follow more closely the problem analysis. While free movement of products and the competitiveness of the wet-appliance industry are listed as general objectives, neither of these issues is identified in the problem definition. The specific objective related to supporting past market trends should be reformulated to differ more clearly from the business as usual scenario. All objectives should be expressed in more SMART-like terms. Additionally, the report should make clearer how the policy options contribute to the objectives, including the general ones.

(4) A number of methodological choices needs to be substantiated. The IA should clarify whether water pricing, similarly to electricity, falls short of taking all externalities into account. A 4% discount rate should be applied, as recommended by the IA guidelines. The IA needs to explain assumptions regarding total sales under each policy option and the effect on employment (e.g. p.50). The IA should be more transparent on whether the production of new, more efficient washing machines would require investment in business R&D or is more labour- or capital intensive, as well as on assumptions regarding the ability to pass on the costs.

(D) Procedure and presentation

It seems that most of the necessary requirements have been fulfilled. The IA should be shortened to meet the 30 page limit. The executive summary should be presented as a separate document and could usefully follow the structure required by the new IA guidelines.

2) IAB scrutiny process

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