



October 2, 2002

**JBCE Position
on
EU Energy Efficiency Requirements for End-Use Equipment**

As an association of Japanese companies, which manufacture/export technology oriented equipment in/to the EU, the Japan Business Council in Europe (JBCE) welcomes the opportunity to submit comments on the European Commission's Background & Discussion Paper on a draft proposal for a framework directive on energy efficiency requirements for end-use equipment of April 1, 2002.

JBCE shares the European Commission's goal of improving the efficient consumption of energy by end use equipment (EUE) as a means of fulfilling sustainable development. We believe, however, that any energy efficiency requirements should be adopted on an adequately flexible, transparent and non-discriminatory basis, and should ensure the complete free movement of EUE within the internal market.

JBCE therefore wishes to make the following comments on the Background & Discussion Paper, intended to assist the European Commission in its preparation of a draft proposal on energy efficiency requirements on EUE. JBCE looks forward to continuing its active participation in a constructive dialogue with the European Commission and other stakeholders.

1. The framework directive should clarify its relation with the draft proposal for a directive on the impact on the environment of electrical and electronic equipment, prepared by the Directorate General for Enterprise (Draft EEE Directive). The framework directive and the Draft EEE Directive would fall under the concept of integrated product policy, which JBCE supports as a means of contributing to sustainable development. DG Enterprise argues that -- unlike the draft proposal for a directive on energy efficiency requirements for EUE, which would focus on the energy consumption of EUE during use -- its initiative would focus on all the environmental aspects of EUE during their entire life cycle, including energy consumption. Any proposed framework directive, however, should further clarify its relation with the Draft EEE Directive so as to avoid redundant and contradictory requirements.

2. The framework directive should strike an adequate balance between improving energy efficiency, and technical and economic considerations, while at the same time completely ensuring the safety of EUE. Sustainable development is only feasible if the right balance is struck among environmental, technical and economic considerations. While JBCE supports the Commission's goal of improving the efficient consumption of energy by EUE, it considers that any efficiency requirements should not hamper innovation and put technology oriented manufacturers at a competitive disadvantage. Further, the improvement of energy efficiency should never compromise the health and safety of EUE users.

Thus, energy efficiency requirements for specific categories of EUE should be based on the results of independent studies on the impact of energy efficiency requirements on economic, technical and safety considerations.

3. The framework directive should ensure the free movement of EUE within the internal market. EUE manufacturers should be allowed to operate under equal conditions throughout the EU, and not be confronted with additional divergent national restrictions to trade. Thus, if the European Commission decides to propose a framework directive on energy efficiency requirements, its legal basis and provisions -- among others a clear free movement clause -- must completely ensure the free movement of EUE within the internal market.

4. The framework directive should ensure a fair level playing field for manufacturers of EUE that is placed on the EU market. Sustainable development is best achieved through non-discriminatory action, based also on international cooperation and the recognition of other trading partners' efforts to achieve similar environmental goals.

As the European Commission's Background and Discussion Paper indicates, several trading partners of the EU have adopted, or are considering the adoption of, energy efficiency requirements on EUE both nationally and through international cooperation. These initiatives are motivated by the same sustainability goals as those reflected in the Commission paper. For example, since 1998, Japanese Top Runner legislation has ensured that Japanese manufacturers of EUE constantly improve the energy efficiency of their products. Similarly, the International Energy Star Program for information technology equipment has proven to be a successful example of an international harmonized system for energy efficiency requirements, offering a level playing field for all manufacturers of information technology equipment.

The framework directive should ensure that EU energy efficiency requirements do not render useless international cooperation and the EU trading partners' efforts in this area, and do not result in unreasonable obstacles to international trade. Thus, JBCE supports the European Commission's plan to consult with the EU's trading partners on their energy efficiency initiatives. The framework directive, however, should also clarify its relation with the current status and possible future development of the International Energy Star Program and ensure that it does not render the latter meaningless. Further, as suggested by the WTO Agreement on Technical Barriers to Trade, any energy efficiency requirements should be based on energy efficiency performance and not on design requirements.

The Background & Discussion Paper also suggests that daughter directives imposing specific energy efficiency requirements should be adopted only after “appropriate consultation with interested parties.” EU law, however, does not provide for effective legal mechanisms ensuring that all interested parties are consulted before binding legislation is adopted. Therefore, any proposed framework directive should establish a legal obligation for consultation with all interested parties, and taking into account their comments, before specific mandatory energy efficiency requirements are adopted.

5. The framework directive should ensure that no abuse or discrimination results from the use of the standardization process to adopt methods to measure energy efficiency.

The Background & Discussion Paper suggests that adopted CEN/CENELEC standards would be used to establish accurate methods to measure energy consumption/efficiency. JBCE supports the adoption of methods to measure energy consumption/efficiency through technical standards. JBCE, however, would like to draw the European Commission’s attention to the existing problems of the European standardization process potentially benefiting specific groups of manufacturers.

International standards for the measurement of energy consumption/efficiency are key to ensure the international harmonization of similar initiatives by both countries and industries aimed at achieving sustainable development. Thus, JBCE would like to ask that in preparing standards for the measurement of energy consumption/efficiency for the new European regulatory framework, international standards, both existing and under discussion, be respected as much as possible. Thus, for example, IEC adopted standards for the measurement of energy consumption of audio-visual equipment and those under discussion for IT equipment should be properly recognized by any proposed EU framework directive on energy efficiency requirements for EUE.

Outline of Japan's Legislation on Energy Efficiency Requirements for End-Use Equipment - Top Runner System -

Background

The legal basis for the energy efficiency requirement for end-use equipment is the Law concerning the Rational Use of Energy (so-called Energy Conservation Law). The original Energy Conservation Law was enacted in 1979 to promote the rational use of energy by factories, buildings, and equipment. Here, "the rational Use of energy" means improving efficiency to the maximum level in the process of consuming energy for a specific objective for the purpose of achieving the same objective with less energy consumption. Having been amended several times, the Energy Conservation Law was substantially amended in June 1998 (enacted in April 1999) to further promote the rational use of energy to meet the requirement in the Kyoto Protocol. By the amendment, the new system called "Top Runner System" was introduced to strengthen the energy efficiency requirement for end-use equipment.

Top Runner System

(1) System

The basic concept of the Top Runner system is that the future target level of energy efficiency for certain equipment should be higher than that of the most energy-efficient equipment currently available in the market, namely Top Runner. Under the law, Japanese Government sets the target level of energy efficiency (specific figures) and the target year for each product category covered by the law in accordance with the fore-mentioned basic concept, and makes it public as a ministerial notification. Manufactures/importers are required to achieve the target level by the target year, and if they fail, Japanese Government will make necessary recommendations to them. If they do not comply with the recommendations, Japanese Government will make public the names of the manufactures/importers and further order them to comply (with appropriate penalties for the case of their failure).

(2) Product Coverage

Product categories covered by the law are prescribed in the cabinet order for the law. The current coverage includes the following product categories.

- Automobiles (passenger vehicles and trucks including diesel, excluding motorbikes)
- Air-conditioners
- Fluorescence lighting equipment
- TV sets
- Copiers
- Computers
- Magnetic disk drive units (HDD units etc.)
- VCRs
- Refrigerators and Freezers

All products fallen in the above categories whose annual production/import volume exceeds a certain threshold level are subject to the requirement.

The following product categories are now under discussion for future coverage.

- Equipment burning gas/oil
- Heating equipment using electricity
- Vending machines
- Transformers

<Example of Target: Computers>

Threshold: 200 units manufactured/imported per year

Target Year: Japanese Fiscal Year 2005 (April 1, 2005 – March 31, 2006)

Target Figures: For average energy efficiency of all computers shipped by each manufacture /importer during the one-year period

Type of computer	Category			Standard energy consumption efficiency (W/Mtops)
	Number of input/output signal transmission lines	Main storage capacity (GB)	Category name	
Server type computer	32 ~		A	21
	16 ~ < 32		B	3.6
	8 ~ < 16	16 ~	C	2.0
		4 ~ < 16	D	2.0
		< 4	E	1.4
	4 ~ < 8	16 ~	F	1.8
		4 ~ < 16	G	0.41
		< 4	H	0.41
	< 4	16 ~	I	1.8
		4 ~ < 16	J	0.41
		2 ~ < 4	K	0.29
		< 2	L	0.28
Client computer other than battery-driven type	2 ~ < 4	2 ~ < 4	M	0.19
		1 ~ < 2	N	0.19
		< 1	O	0.16
	< 2	2 ~ < 4	P	0.19
		1 ~ < 2	Q	0.12
		< 1	R	0.043
Battery-driven client computer			S	0.0065

(3) Procedure for Setting Target

Japanese Government consults about product coverage and target setting with the following advisory organizations:

- for automobiles; The Council for Transport Policy
- for other equipment; The Advisory Committee for Natural Resources and Energy

These advisory organizations actually prepare a draft target, which should be put under public consultation. After these processes, when the Government officially sets the target, it should be made public as a ministerial notification.

(4) Labeling

Manufactures/Importers should put an appropriate label on catalogues and other references, so that consumers can easily refer to it when they choose products. The label should include the items stipulated in a ministerial notification for each product category.

<Example of Items required to be shown in Label: Computers>

- *Product or Type name*
- *Category name (A to S)*
- *Energy consumption efficiency with explanation that the efficiency is measured and calculated in accordance with Energy Conservation Law*
- *Manufactures/Importers name*