



CEECAP – Implementing EU Appliance Policy in Central and Eastern Europe

Summary of state national compliance and of the government activities

Prepared as Deliverable n. 4 of the CEECAP project.

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May 2006

Content:

- **National appliance labeling and efficiency legislation, comparison with the EU**

The harmonization of the Bulgarian legislative framework with the European one in the field of appliances has been conducted through the introduction of the European acts of the acquis communautaire, which form part of the Global Approach and the New Approach. The European Directives, incorporated in the New Approach, are introduced in the country by virtue of ordinances, which define the significant specific requirements for these products on the grounds of the Law on Technical Requirements with Respect to Products. Directives related to the Global Approach, which deal with the requirements for labeling of appliances, are introduced in Bulgarian legislation on the grounds of the Law on Consumer Protection.

Ordinance concerning the requirements for labeling of appliances with respect to their consumption of energy and other resources

The Ordinance has been worked out by the Ministry of Economy (currently Ministry of Economy and Energy) and approved by virtue of Council of Ministers' Decree No 224 of 9 October 2003, in force as of 1 September 2004. The Ordinance transposes in full the requirements of the Framework Directive and all Implementing Directives related to appliance labeling.

The Ordinance defines the obligations of manufacturers, importers and traders to present information about the energy efficiency performance of the appliances manufactured/ marketed by them by means of an energy label and information sheet in

Bulgarian language. The control on the implementation of the Ordinance has been assigned to the Commission for Consumer Protection.

The Law on Technical Requirements with respect to products lays down the provisions for determination of the most substantial requirements concerning the products sold on the local market and the procedures for performing the assessment compliance and market supervision. Directives 96/57/EEC, 92/42/EEC and 2000/55/EEC are transposed by virtue of the following ordinances (by-laws):

- Ordinance concerning the substantial requirements for and assessment of the compliance of household refrigerators, approved in implementation of the provisions of the above Law. It defines the requirements for maximum permitted energy consumption of household refrigerators, freezers and combinations thereof. Approved by virtue of Decree No. 193 of the Council of Ministers of 23 August 2002, promulgated in SG Vol. 84/3 September 2002, in force as of 4 March 2004.
- Ordinance concerning the substantial requirements for and assessment of the compliance of hot water boilers fired by liquid fuels or gas. Approved by virtue of Decree No. 138 of the Council of Ministers of 21 June 2004, promulgated in SG Vol. 56/29 June 2004, in force as of 29 June 2005.
- Ordinance concerning the substantial requirements for and assessment of ballasts for fluorescent light sources with respect to the energy efficiency requirements. Promulgated in SG Vol. 77/3 June 2004, in force as of 29 June 2005.

Most of the EU norms for performance testing of appliances are adopted in respective Bulgarian State Standards (BDS). The draft appliance standards are developed and proposed for approval by two main technical committees (TC) – TC 6 Home appliances - covering washing machines, tumble dryers, electric ovens and dishwashers and TC 43 Refrigerating equipment - covering refrigerators and air conditioners.

The Technical committees are responsible for the development and presentation for approval of the draft Bulgarian standards as well as for the translation and adoption of international norms. Members of the technical committees are local manufacturers, testing facilities, government institutions, technical universities, Academy of science and research institutes.

Bulgarian standards for performance measurement of appliances

Appliance	EU test standard	Respective Bulgarian standard	Respective TC
Refrigerators	EN 153:1995 Methods of measuring the energy consumption of electric mains operated household refrigerators, frozen food storage cabinets, food	BDS EN 153	TC 43

	freezers and their combinations, together with associated characteristics		
Tumble dryers	EN 61121 Tumble dryers for household use - Methods for measuring the performance	BDS EN 61121:2003	TC 6
Clothes washing machines	EN 60456 Clothes washing machines for household use - Methods for measuring the performance	BDS EN 60456 (2005): 2005	TC 6
Electric ovens	EN 50304 Electric ovens for household use - Methods for measuring the energy consumption	BDS EN 50304:2003	TC 6
Electric dishwashers	EN 50242 Electric dishwashers for household use - Test methods for measuring the performance	BDS EN 50242:2003	TC 6
Air conditioners	EN 14511 Air conditioners, liquid chilling packages and heat pumps with electrically driven compressors for space heating and cooling	Not adopted In the 2006 work program	TC43

- **Evolution of the energy classes in the sales of main appliances**

The evaluation of the Bulgarian market of white household appliances is based on an ad-hock survey conducted by Alpha Research Ltd. – market and research agency - implemented during the period February - March 2006.

Import and export

The share of locally manufactured products is 3% vs. 97% of imported appliances.

The established brands are imported from the countries, where they are produced: EU and Central-East European countries. Most of the local retailer's brands come from Turkey and Asian countries (mainly China). The “retailers brands” are local brands (most of them owned by biggest importers/retailers chains but produced abroad) such Crown, Sang, Neo, Elite, Alaska, etc.

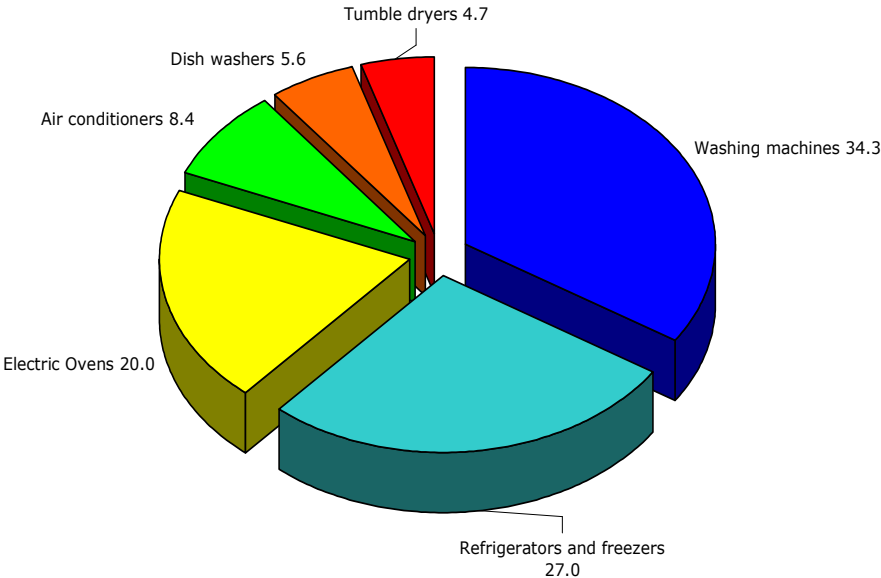
According to the data from the quantitative research conducted for the project, the majority of sold appliances are established brands.

Thus, the share of products imported from European countries could be estimated at about 70% - 75%. The other products come from Turkey and Asian countries.

General market overview. Product trends

The total volume of home appliances market for the year 2005 is estimated at approximately 650,000 sold product units. This number is a general estimation based on the information supplied by the retailers, as well as based on other sources like customers’ research and public information. Many of the retailers declare that the number of sales data is confidential corporate information and refuse to answer this question. The market shares of each product category show different weights.

Market share of main product categories (%):



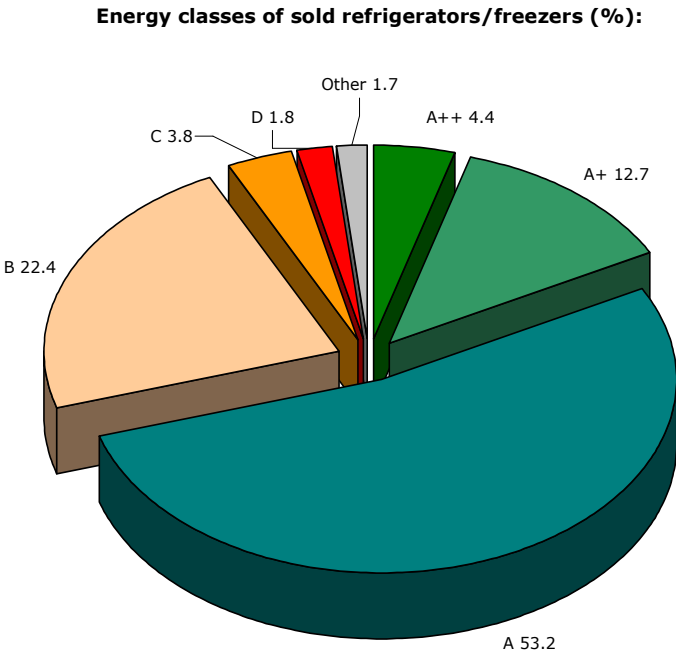
The data from the largest retail chains shows that in 2005 the products with most sales on the Bulgarian market are washing machines, cold appliances and electric ovens. Air conditioners, dish washers and tumble-dryers are still a relatively small part of the home appliances market.

Most important product categories differentiated in the EU label directives

a) Cold appliances: 27% of the total market, approximately 175,000 product units sold

The largest share of sales belongs to the two-door cold appliances with 4**** freezer compartment (30.9%) and 3*** freezer compartment (27.9%). Small one-door refrigerators and freezers (upright or chest) present a relatively small market share:

The data on refrigerator/freezer sales by energy label class shows a shift towards higher energy classes on the Bulgarian market. More than half of the sold cold appliances are “A” and higher energy classes, about 22% are of energy class “B”.

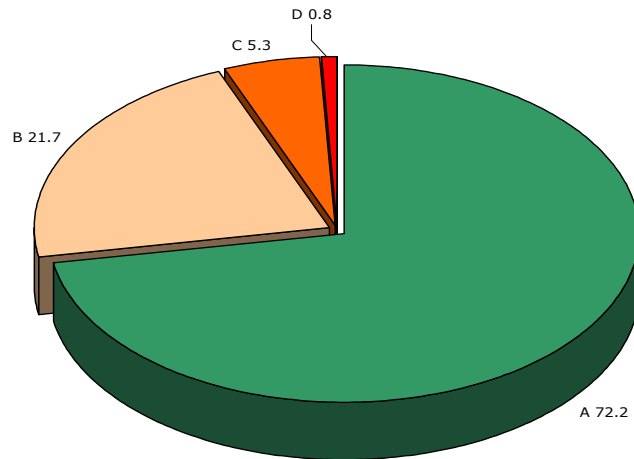


b) Washing machines: 34.3% of the total market of home appliances, approximately 240,000 product units sold.

As it was pointed above, the retailers identify a clear tendency towards increase in the demand for washing machines. Some of the interviewed retailers stressed on the slight increase in the sales of top load washing machines, although the data does not show it clearly. In 2005 the washing machines market is totally dominated by front load (90%) and normal washing machines (94%).

The sales according to the energy label class show that the market for washing machines is developing towards higher energy classes. The majority of washing machines sold in 2005 are of energy class “A”. The “B” energy class still has a considerable market share but the lowest energy classes are almost off the market. Most of the retailers declare that they do not offer “C” and lower energy classes of washing machines in their range of products.

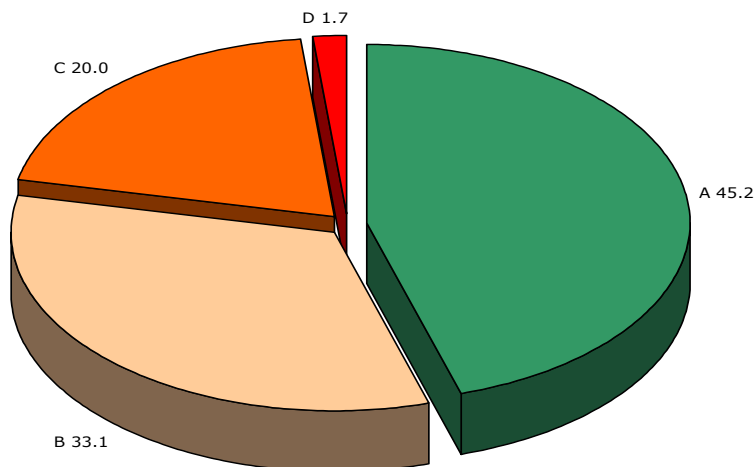
Energy classes of sold washing machines (%):



c) Electric ovens: 20% of the total market, approximately 130000 product units sold.

The electric ovens have the third largest market share. Middle capacity ovens (volume 35 to 65l) are most often sold. Small and large ovens have relatively identical shares.

Energy class of sold electric ovens (%):



Current penetration rates of appliances

According to the annual survey on the penetration of home appliances in Bulgarian households conducted by Alpha Research, almost all households possess electric cookers/ovens and refrigerators. The penetration rate of the other appliances is lower, especially of dishwashers and freezers.

Penetration of main household appliances and trend of purchases

Year 2005

Type of appliances*	Possession	Years of usage				Planned purchases in 2006 (% of households)
		Purchases				
		2-5 years	5-10 years	above 10 years	Purchased last year	
Electric oven (cooker)	90,0%	11,4%	20,7%	53,9%	4,0%	3,0%
Refrigerator	94,8%	11,5%	26,2%	54,3%	2,8%	2,4%
Freezer	46,1%	10,8%	20,5%	12,8%	2,1%	1,5%
Washing machines	68,5%	14,8%	26,1%	22,8%	4,8%	3,2%
Dish washers	4,5%	1,3%	1,8%	0,9%	0,5%	2,7%
Air conditioners	9,1%	5,0%	2,1%	0,1%	1,9%	5,6%

- **Main features of the national appliance labelling system (organisational system of verification, enforcement, market introduction, etc.)**

Commission for Consumer Protection

The **Commission for Consumer Protection** (former Commission on Trade and Consumer Protection - until 10 June 2006) with the Ministry of Economy and Energy performs the following control functions according to the power of authority assigned to it by the Law on Consumer Protection (Promulgated in SG Vol. 99/9 December 2005, in force as of 10 June 2006):

The Market control department and its regional subsidiaries are directly engaged in the monitoring of the implementation of the provisions of the Ordinance for energy labeling of appliances, whereat by virtue of the law they have the right of free access to retailer shops, the right to request the appropriate documents related to their control, to take samples for laboratory testing, to involve experts of the respective fields in the cases when the check is particularly complicated and requires specific knowledge, as well as to sanction identified violations. The checks are performed according to a schedule coordinated with and approved by the Chairman of the Commission. They do not have a special delegated budget for the control they perform for compliance of shops and products with the requirements of the energy efficiency labeling.

The administrative penalty provisions of the Law on Consumer Protection and the Law on the Technical Requirements with Respect to Products envisage imposing of fines for non-compliance with the requirements concerning labeling of energy consuming goods and the safety marking for compliance and technical documentation of the goods on sale.

The penalty for non-compliance with the requirement for labeling is to the amount of BGN 300 to BGN 1500, whereat in the event of repeated violation the amount of the imposed fine is doubled.

There is some lack of clarity with respect to the procedure to be applied by the Commission for Consumer Protection for control on the implementation of the Ordinance on labeling of energy consuming appliances, neither on the rules in the event of detection of or doubts for non-compliance between the information stated on the label and that in the technical documentation of the appliances.

- **Main issues and problems**

There are few main problems observed in the country

- lack of political and decision makers awareness on energy efficiency products thus this issue has very low priority in the political agenda of the country which leads to lack of financial and human resources to deal the problems
- A general observation, including position from market stakeholders, is that there is no effective procedure for verification of the compliance with the ordinance of labeling moreover they assume that there is practice of false labels. This includes misrepresentation of information, false and misleading information, etc. This is confirmed also by the fact that most of the retailer's owned brands do not have declared energy class but are widely offered in the stores.
- The survey of household appliance prices on the Bulgarian market shows that the purchase of a new appliance is a significant burden for an average household and the main reason for purchase of low-price and quality products. This is confirmed also by the market stakeholders and is leading to the general conclusion that Bulgarian market is highly price driven. Price levels continue to be the most important consideration when customers make purchasing decisions.
- There is not enough information delivered to consumers of the benefits of energy efficient appliances
- With current electricity prices the savings from the purchase of high-energy efficient appliances are not comparable with the price difference and the pay back period will be about 7 years for the consumer. (the savings for the state or utility are not included in that calculation). In order to have successful implementation of energy efficiency labeling program in the country and sustainable market transformation a necessity appears for development of financial incentive scheme for end-use consumers to compensate the initial high cost investment burden.

- **Experience with cooperation so far**

Government institutions are generally supportive towards project activities in general and will contribute in the activities especially those related to verification and enforcement.

In general the development of effective verification system would be supported by all market players with one small exception that at a certain point some of the retailers may be affected if their locally produced brands do not comply with the requirements and this may reflect unfavorably on the support they are providing for some of the activities.

The support and readiness among the retailers to participate in the elaboration and implementation energy efficiency appliance program is one of the highest stated. But this support is conditional on: the presence of bonuses and provision of incentives for participation; creation of a strict regime of enforcement and compliance with criteria; absence of administrative obstacles and creation of additional burdens; establishment of a commission ensuring compliance with adopted standards. Despite the high degree of support declared, there is still a lot of skepticism about the activities eventual success. One is the general lack of transparency on the implementation and enforced of such a program and the other one is the continuing low purchasing capacity of the population, which prevents the sales of higher energy efficiency class appliances.

Consumer NGOs have stated their interest towards joint activities especially in those related to consumer awareness and information dissemination. They can provide access to all their information channels, use of web sites and will promote the project at regular meetings with consumers and media they are organizing.

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