



CEECAP – Implementing EU Appliance Policy in Central and Eastern Europe

Slovakia – National Verification and Enforcement and Market Introduction plans

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- **Introduction**

The large variety of electric appliances on the market opens a wide selection of possible purchasing decisions made with or without taking the energy efficiency into consideration. The CEECAP project should make the decision and choice of electric appliances easier for final consumers by ensuring the higher presence of energy labels in shops and increased information level of the project target groups about them. Project partners in Slovakia, after holding in-depth discussions with government officials, producers, distributors and consumers, have identified the reserves in the labeling process, information availability, and communication activities. Improvement suggestions have been offered in each one of these areas. Energy labeling has been promoted as an instruction to distinguish between quality of retailer sales services, an option to improve marketing presentation and to enlarge the awareness of final customers. After all, the financial profits can also increase by higher sales of efficient electric appliances, higher consumer satisfaction and a more positive attitude to environmental issues.

SUMMARY TABLE

Target activities and groups	Support	Suggestions
Shop visits	Monitoring, provide feedback and consultations to both retailers and state bodies	Increase of state level control quality
Legislation	Support of quick implementation in practice	Mutual cooperation and communication of concerned organisations
State control	Support of labeling and product control	Including of next el. appliances into the labeling process
Promotional activities	Support in providing information	Implementation of new promotion forms
Manufacturers	Support of correct distribution of labels	Increase of knowledge and the importance of proper label distribution with appliances
Consumers	Support of labeling display by selling, support of awareness increase	Increase of awareness and motivation for educated decision making in labeling area

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

Energy efficiency of domestic electric appliances is, for a long time, one of the key points of the EU energy saving politics. The extended legislation in this area has brought about an essential decrease in energy consumption across the whole of Europe and substantial energy cost savings to European households.

The current legislation in the Slovak Republic is in compliance with the legislation of other EU states. Nevertheless, implementation of the directives requires an enormous effort by the countries which have entered the European Union. The changes in legislative acts and market organization are challenging and require access to information.

Within the CEECAP project, local partners have worked to create such a situation on the Slovak market. State monitoring and information access in the area of labeling was one of the main aims. Opportunities to explain the European legislation in the area of energy labeling and its impact, and the importance of labeling to the producers, distributors, as well as to the contacted consumers have been identified and used. State institutions have been offered support in the process of program

implementation. This report includes their opinions and views on problems, as well as the problems of appliance producers, and a draft of the solutions pertaining to product labeling in Slovakia.

The areas of: energy efficiency, competitive advantages, environmental protection, politics of protection, and awareness during the monitoring have been particularly addressed. At the meetings, the CEECAP information brochures on energy labeling have been distributed.

In relation to the EU framework directive 92/75/EHS on energy labeling, the Slovak Republic does accept, as do other members of the EU, the measurements necessary for the fulfillment of the directive, and it should use all necessary means to secure the fulfillment of the obligations of the directive by all suppliers and retailers. All necessary legislative steps for the label implementation have been employed in compliance with the directive 92/75/EHS, ensuring also to avoid the mis-usage of other labeling, symbols and signs.

The labeling implementation will be combined with educational and promotional campaigns.

In the Slovak Republic, valid regulations relevant to Government orders dealing with energy labeling of household appliances are detailed and described on the internet pages of the Ministry of Economy of SR (www.economy.gov.sk), as well as in the act n. 264/1999 related to the product technical requirements and the compliance evaluation.

Energy efficiency legislation

The Slovak legislation on energy labeling is based on the mandatory labeling in accordance with the EU Directive 92/75/EEC, and the legislation on energy efficiency standards for appliances are in accordance with the EU Directive 96/57/EC. Furthermore, the legislation has adopted some of the SAVE Directive (93/76/EEC) requirements, and is even more stringent regarding certain installations and appliances.

The directive 92/75/EHS forms the legal basis for household appliance labeling and sets the retailer obligations to label the appliances for sale with labels showing their energy efficiency class and other information.

The active requirements specify the concrete appliance labeling rules with regard to energy consumption and distribution of appliances among the energy classes in accordance with the European testing standards.

Enforcement of the law

Article 7 of Directive 92/75/EEC states that “Member States shall take all necessary measurements to ensure that all suppliers and dealers established in their territory fulfil their obligation under this Directive”.

As a part of the Ceecap project the question of the legal obligations of distributors (retailers) and suppliers (producers), as well as the consumer rights has been also analysed.

I State and governmental offices

The competent institutions in Slovakia in the area of implementing the legislation are:

- *Slovak Trade Inspection* - the legislation has set the activities of cooperation and exchange of mutual information between the control organisations of the internal market, in compliance with the Manual of European Commission on directive implementation based on new attitude, as well as the cooperation with public administration organisations and cooperation based on consumer protection, and
- *Energy Inspection* being a part of the Ministry of Economy of Slovak Republic (according to §65 art.1 law N.656/2004 of the statute on energy and some law changes). The State energy inspection system controls the observance of obligations by natural person or legal entities.

Activities organized within the preparation of the CEECAP National Verification and Enforcement Plan in Slovakia included:

- The meeting at **the Ministry of Economy**, which took place as the very first one during the project activities (8/2007). After presentation of our intention to Director-General of Energy Section Mr. Marian Nancias and Mr. Magyar and after the explanation of the main goals of the whole project we have gained support from the Ministry of Economy in the form of supporting letter and the promise of further cooperation as well.

- Four meetings with the **Slovak energy and information agency** representatives took place on 9/07, 10/07, 11/07, and 12/07 with Mrs. Ing. Antal. The aim of SIEA is:
- to develop the expert opinions and materials with the purpose to improve a decision making of the Ministry, to support the licensing process of energy-related businesses, and include:

- reviews and verification of the completeness and correctness for a license to do business in energy sector, compliance with technical and material prerequisites to perform the energy related entrepreneur activity and corrections of the data submitted to the state regulatory authority,
- assessments of the energy efficiency of investments and projects in energy sector in terms of their compliance with the national energy policy.

- The visit of the **State Inspection of Energy** took place on 9/07, 9/07, 11/07 with Mr. Marián Fridrich. The Inspection is a body of the state administration under the Ministry of Economy of Slovak Republic and it is divided into State Inspection of Energy in Trenčín and its regional supervising organizations.

The general director manages the Inspection and is responsible for its activity, which is named and recalled with the head of service ministry office on the base of interview results according to the specific directive.

- The meeting at **Ministry of environment** took part with Mrs. Princová and Mr. Žiak. The energy labeling issue was evaluated from environment impact point of view with a focus on CO₂ emission situation in Slovak Republic

- A number of meetings also took place at the **Slovak Trade Inspection** during September and October 2007.

Within the above mentioned meetings, the problems of energy efficiency and energy labelling connected with legislative measurements were discussed.

The purpose of mentioned state institutions is to work on the standard and EU politics implementation in the area of electric appliances labelling.

The opinion of the respective representatives related to the negatives of the energy labelling process in Slovakia has been researched:

The barriers mentioned by the representatives of all named institutions and also listed in the Slovak Ceecap questionnaire are as follows:

- 1 Deficient central administration and control system of appliance labelling, non-existing specific institution or motivated existing institute with a task of controlling the labelling process, implementation of the legislative changes, central control system of energy labelling
- 2 Non-efficient monitoring of the situation of actual state in the area of electric appliances labelling,
- 3 There are minuses by the inspection – missing training of inspectors in the energy labelling area on the real market, slow removal of identified problems, non-existing document system for the communication between inspection and appliance producers
- 4 Low level of labelling in the shops (or labelling on not visible places), lack of information available to the retailers dealing with household appliances
- 5 The space to control improvement by the division of appliances to the specific energy class and control of correct submission by distributor,
- 6 Lack of training programmes informing and presenting the steps of energy labelling, legislative following and effective use of electric appliances
- 7 A slow adaptation to the process of legislative requirements especially by small producers and retailers
- 8 Low level of advertising and propagation activities or campaigns by both private and public organizations
- 9 Not enough information on the topic of energy labeling in general media
- 10 Relatively low awareness of energy efficiency importance and energy labelling among state organizations, private firms and the general public
- 11 Un-complete and missing labelling information within the internet and catalogue sales

II Producers and Distributors of electric household appliances

After the first contact and after signing of support letters from Ministry of Economy of Slovak Republic and Ministry of Environment of Slovak Republic, the distributors of household electric appliances in Slovakia have been contacted. Initially, the organization of seminars were considered, but, instead, individual meetings took place due to increased chances to discuss concrete problems on a personal basis. These have taken place mainly during October, November and December 2007.

Except personal contacts and discussions it was decided to create a special questionnaire for the project's purpose to research and evaluate the situation - opinions, remarks and suggestions for the area of electric appliances labelling. After meeting with Peter Valent from the association ENVIDOM (distribution of questionnaire to the members of the association took place as well) and his professional advise it was definitely decided for the creation of mentioned questionnaire. The large amount of relevant distributors and retailers which should obtain the questionnaires have been identified within this consultation. The questionnaire was used to cope and research for opinions among all the relevant appliance distributors.

By analyzing of discussions' and questionnaire's results on the level of producers, distributors, dealers and consumers, the following conclusion has been reached:

Retailers that took part in special training focused on labelling (NAY shops, Gorenje Slovakia), had a higher level of understanding of the intention and purpose of energy labelling and are more helpful in dealing with consumers. Their current problems are also of technical matter – for example formal documents that are not translated into Slovak language, incorrect placement of labels, some of the producers don't mention noise levels, etc.

The situation is different in the case of retailers who didn't take part in the training. Level of knowledge about this issue is much lower and in some cases even critical. This is the case of mainly small companies. The poorest knowledge of all participants is the issue of an impact of high energy usage on the environment.

During the discussions, retailers mentioned that customers often don't understand impact on household energy bills and their economic effect as well. They can't quantify economical savings from labelling. Many of them learn about labelling for the first time at the time of purchasing new electric appliance.

There was another interesting outcome from the questionnaire - from the distributors and retailers point of view, the legislation in this area regulates duties and rights of distributors, dealers and producers. But, on the other hand, there is low awareness building and promotion of energy labeling among the general public initiated by the government organizations.

>From the implementation of new legislative measures respondents are expecting the following:

Better orientation of consumers and gradually changing of consumers' behavior followed by positive environmental impact.

III Main features of the national appliance labeling system in Slovak Republic

Based on the results of analysis of interviews with producers, distributors, retailers and consumers, the following conclusions have been reached:

The retailers and distributors took part in some workshops on labelling, which helped them to better understand the topic of energy labelling, its plans, aims and consumer message. The current problems are mostly only technical, such as the lack of materials translated into Slovak, incorrectly placed labels, and the failure of some producers to mention the problem of high noise.

The aims and intentions of labelling were and are mostly understood by those interviewed, but the situation pertaining to energy labelling effect is somewhat different. According to interviews with distributors, some customers still do not understand the importance of energy labelling. This provides a good motivation for the preparation of future workshops.

The retailers have come to the conclusion, based on consumer requests, that consumers understand the labelling issue only partially, and they are not able to quantify the financial savings based on the energy labelling – the information on labels therefore offers an interesting source of information and advertising potential. The distributors and retailers believe that the legislation in this area takes care of their obligations and rights as distributors, retailers and producers.

The interviewed respondents have the following expectations from implementation of the energy labelling of products:

- better consumer orientation and consistent consumer behaviour
- a positive environmental influence

The CEECAP brochures on energy labelling have been evaluated in a very positive way.

- **Main issues and problems at stake**

The main issues related to appliance labeling are, to a large degree, very similar to the issues and problems found in other countries of the EU 15 region. In addition, due to the enlargement of the EU in the year 2004, the experiences from the transformation process are also interesting for the countries yet to join the EU. Our knowledge of this problematic, and also the survey on the labeling process in other member states, has confirmed the fact that the following problems are valid for all of them, and also for Slovak Republic.

Suggestions for actions to be taken:

- **Conclusions after discussions with distributors:**

- 1 An increase of energy labeling propagation
- 2 A TV campaign broadcasted during main TV time, focusing on a wide audience

- 3 Seminars on TV discussing the environmental impact of labeling
- 4 An education program for Universities and state offices

- **Conclusions after contact with state administration:**

1. Centrally agreed and harmonized verification and control plan of electric appliances market.
2. Implementation of central control system of electric appliances labelling
4. Creation of manuals and further documents for inspectors' work
5. Implementation of central compulsory specialized inspectors' education
6. Need for correct distribution of labels by the manufacturers and their proper placement in shops by retailers
7. Increasing of public interest by higher information quality and by media engagement

Output summary

The process of implementing and updating the legislation related to energy labels took place in several steps. Therefore, the newly labeled appliances always appeared problematic in terms of the presence of labels in the shops.

- Similarly to other countries, appliance labeling is more problematic in small shops (many of them with no central information distribution system and a lack of education possibilities), kitchen studios (concern about the design of mostly built-in appliances), and due to significant change of the personnel and shop assistants.
- The retailers very often show limited interest in using the labels in their own marketing promotion campaigns and consider them only as a legal requirement.
- The budget and staff capacities of the responsible government institutions are not sufficient, due to lower priorities allocated to labeling and appliance efficiency on the central level, and at the time of preparing annual budgets for these institutions.
- Limited understanding of customers, especially in small towns and villages; they do not fully understand the labeling scheme and basic calculations for their own saving.
- Still limited cooperation with retailers for more campaigns to convey the message to customers and use of this toll as a marketing opportunity for their business.
- Customers are still more driven by price; the energy class categories described in labeling are insufficient for them to understand the added value of energy efficiency.

Some of these problems are widely recognized throughout the EU, others are specific to the Central and Eastern European region, resulting from the late adoption of the legislation. They are being addressed by the CEECAP project activities, both nationally and as a part of the international collaboration of partners taking part on the CEECAP project.

- **Experience with cooperation so far**

The current experience shows that the labeling process is sufficient and efficient, which we consider as a positive aspect of the future development in the energy saving area. The energy label process for appliances follows all rules of the EU. The process has been monitored and it is in compliance with European Union legislation. The distributors and retailers take part on workshops and training on energy labeling and they have evaluated the energy label contribution positively. Consumers sometimes still do not realize the importance of the energy label, but most of the retailers and dealers are competent to inform them and provide them all necessary output necessary for environment and cost effect.

- **Recommendations**

The main aim of the suggestions mentioned in this document is to support the discussions taken with all relevant organisations, but especially with the Ministry of Economy (MH) SR – section of energy, Ministry of Environment (MZP) SR – section of air protection, SEI, Ministry of Finance (MF) SR, SEIA, non-government organisations, civic organisations dealing with the increase of energy efficiency (ECB, etc).

Later on we suggest to use the form of panel discussion during international congresses on energy organised in the Slovak Republic, as for example ENKO 2008 which takes place on the June 3-4 2008 in Bratislava. The congress is organised by the company JMM and Erasmus.

The publications in specialised magazines and media orientated on energy and economy play an important role.

The discussions and education and training program (a possible way would be the organisation of two days training model for education of specialists, dealers, and controllers at SOI and other related professionals including ministry representatives). This would be supported with appropriate literature and instructions made by the CEPAP energy labelling project.

To open the discussion on an appropriate form of information campaign for consumers focused especially on: information on main importance of energy labelling and product categorisation, information about financial influence on household savings and information about influence on environment and global warming.

To be able to follow the EU process of the update of the Labelling Framework Directive amendment, contribute to this process actively and have the capacity to adapt potential changes to the national labeling system.

To form an informative and educative web page about energy labelling with case studies mentioning, simple calculator explaining household savings potential, updated list of valid and prepared legislation of this area, list of activities, links on information campaigns in other EU countries, methodologies for selecting energy efficient appliances, etc.

To implement the policy of CO₂ air emissions reduction in legislative norm valid for producers – to open discussion for producers of electric appliances.

Because the awareness of labeling is still rather low compared to the satisfactory level desired by the legislation, we recommend the preparation of a public campaign which will address a wide spectrum of customers.

This campaign could consist of several parts:

- A TV campaign broadcasted during prime time, oriented to a wide audience
- Seminars on TV discussing the environmental impact of labeling
- An education program for Universities, related organizations and state offices
- The wide distribution of promotion material about labeling
- Pursuit of additional sources of funding for the financial aspects of campaign organization
- Highlighting of the positive influence on the environment, using various forms of media
- Proper explanation of the economic advantages of energy labeling through workshops, publications, discussions
- The provision of information at the primary and secondary schools within the scope of economic and environmental education
- A system of regular information exchange between national and international institutions
- Central motivation for organization of interest in labeling problems
- Finding new financial sources for labeling initiatives
- Solutions to the questions of supervision, control and inspection of labeling
- Development of a central protection and verification mechanism in terms of ensuring that correct information is published on the labels

-Other recommendations: Permanent and sufficient communication between the producers and distributors,

- Unification of more partners, producers, and distributors into associations, and organizing of workshops in the next stage, and to determine the interest of organizations in the next related cooperation.

The work conducted on the CEECAP project was partly funded by the European Commission. The authors take full responsibility for the content of this publication. It does not necessarily reflect the opinion of the European Communities. The European Commission is not responsible for any use that may be made of the information contained therein.