ORGALIME

ORGALIME POSITION

GREEN PAPER on Energy Efficiency or Doing More With Less
COM (2005) 265 final

Brussels, 24 March 2006

ORGALIME as the European Engineering Association represents 3 industrial branches (metal-working, mechanical engineering and electrical engineering) that manufacture over 27% of total EU manufacturing output (initial estimates set the industry's output at 1235 billion euro in 2004) and has 34 member trade federations in 23 European countries**.** The industry not only represents more than one quarter of the output but also a third of the exports of the EU's manufacturing industries.

In the context of the ongoing stakeholder consultation on the above-mentioned Green Paper, Orgalime is pleased to provide its comments. These are made from the following perspective according to Orgalime's role in the industrial value chain and key characteristics of our industry:

- Orgalime industries as the manufacturers of engineering equipment, including environment technologies, are energy users for the production phase of these products. Issues, such as energy prices, the functioning of the electricity and gas markets or the quality of electricity networks and infrastructure investments are therefore interesting us given both their direct impact on production costs, but also on product costs.

- Orgalime industries produce final goods for private and/or professional consumers, which themselves often depend on energy to perform their designed function. We therefore are the industry directly concerned by the recently adopted Eco Design of Energy Using Products Directive (EuP), which, from a life cycle perspective, aims to incorporate environment aspects, including energy, in the design of such products. Potential future EU energy efficiency measures on the energy using products that we produce would therefore be established according to the framework created by this legislation.

- While the capital goods industry is a cyclical industry, the consumer goods industry is often more stable in terms of volume of output, however prices and margins are facing downward pressure. Besides, investment decisions of clients in the capital goods sector depend on initial product price and on the running costs of equipment, which include energy costs.

I. INTRODUCTION

Our industry has been active in improving the energy efficiency performance of products. Orgalime therefore welcomes the Green Paper's acknowledgement that "industry has been the prime vehicle in developing Europe to the energy efficiency status of today and in creating the perspectives for tomorrow". At the same time the Green Paper puts strong emphasis on the demand side, which we support.

The Green Paper launches a debate concerning energy efficiency issues at EU level, which we welcome. However, as such it does not define the major priorities for European energy policies. Such a clear definition of priorities would nevertheless be a necessary first step before identifying possible alternatives, solutions and instruments to realise them in a sustainable manner. It is equally evident that not all issues can be addressed and solved at the same time. We believe that policymakers should clearly set policy objectives and priorities, e.g.: energy, waste management, substance management, safety or other. Not all issues can be addressed and solved at the same time. Therefore, our industry supports a holistic, life cycle approach to focus action on areas, where the most benefit in terms of environmental, social and economic perspectives can be derived. Besides, any incentive to promote energy efficiency should in general be neutral as regards technologies.

When discussing future ways forward, it is in our view of utmost importance to avoid extra bureaucracy and administration. Orgalime takes the view that in general, if markets function properly, energy efficiency and savings should come as a matter of course. Before jumping to conclusions and taking new initiatives, it would therefore be appropriate to identify potential bottlenecks, the reasons why energy savings do in certain areas not pay off in themselves, and then to address such bottlenecks in a targeted way. The wide differences in the state of the art in energy consumption and savings from one member state to another may, in that context, justify European wide initiatives.

The follow up to this Green Paper must, in our view, therefore fully tie in with the Commission's commitment to Better Regulation and to promoting the Lisbon agenda.

II. ORGALIME REPLIES TO 25 QUESTIONS RAISED IN THE GREEN PAPER

1. How could the Community and the Commission in particular, better stimulate European investment in energy efficiency technologies? How could funds spent supporting research in this area be better targeted? (Section 1.1)

Orgalime believes that a better investment climate coupled with proper framework conditions for our industries and our clients in the internal market constitute the prerequisite for further European investments in energy efficiency technologies. Such framework conditions should particularly focus on:

- Ensuring fair competition in the marketplace
- Ensuring proper market surveillance
- A better R&D innovation policy
- Improved education policy (highly skilled personnel)
- A legislative framework that helps to achieve the above listed goals and is adequate, consistent and workable
- Less administration and red tape

Activities at both EU and national level would, in our view, become necessary to foster a better investment climate in energy efficient technologies. In particular, in the field of consumer goods, market forces drive new investment. Therefore, addressing the demand side and transforming awareness of consumers into consumption of energy efficient products provide the basis for exploring a potential of energy efficient technology investments. Also, in sectors, such as the domestic household appliances sector, where manufacturers control less than 1/5 of industrial costs and margins decreased by some 25% from 1999 to 2003, the rate of return of further energy efficiency investment is somewhat limited both in terms of economics and of the environment.

At EU level, in the area of R&D, the 7th Framework Programme and Intelligent Energy Europe provide solutions for implementation problems and help customers buy the most efficient technology. Priority setting in the framework programme, as well as giving the

existing programme a sufficient degree of priority, however, could be reconsidered in order to foster energy efficiency investments in the future.

2. The emission trading mechanism is a key tool in developing a market-based response to meeting the goals of Kyoto and climate change. Could this policy be better harnessed to promote energy efficiency? If so, how? (Section 1.1)

At EU level, emission trading is a new instrument. Before considering its transfer and extension to further areas, Orgalime believes that sufficient experience should be gained. It might for example be worth the Commission considering launching and funding a study on energy saving potentials and options from reducing transmission and distribution losses in electricity supply grids (refer to question 13) which seems not to be in the focus nowadays, but which, in our view present a considerable potential for energy efficiency measures.

3. In the context of the Lisbon strategy aiming to revitalise the European economy, what link should be made between economic competitiveness and a greater emphasis on energy efficiency? In this context, would it be useful to require each Member State to set annual energy efficiency plans, and subsequently to benchmark the plans at community level to ensure a continued spread of best practice? Could such an approach be used internationally? If so, how? (Section 1.1.3)

Competition in the market drives manufacturers to reduce the use of energy for both, the production of the equipment and the designed use phase of the equipment. In areas, where energy costs are a major part of the running costs, such as in the machinery sector/capital goods industry, energy costs will be fully taken into account when designing equipment since the criterion of energy consumption directly relates to the product price, thus shows an immediate sales impact. Only little room for additional achievements through legislative means can be expected in such areas. Besides, the draft directive concerning End Energy Efficiency and Energy Services (EDL) addresses such considerations.

In our view, competitiveness should consider the whole context and variety of relevant aspects rather than taking energy-efficiency as an individual part of competitiveness. This could lead to misleading results.

Exchange of information about energy-efficiency, for instance via benchmarking, seems an appropriate way forward. However, such an approach must not increase bureaucracy and administrative burdens for companies. We believe that energy efficiency improvements will require further well-balanced information to the market.

4. Fiscal policy is an important way to encourage changes in behaviour and the use of new products that use less energy. Should such measures play a greater role in European energy efficiency policy? If so, which sort of measures would be best suited to achieve this goal? How could they be implemented in a manner that does not result in an overall increase in the tax burden? How to really make the polluter pay? (Section 1.1.4)

Indeed, breaking down barriers is vital and proper incentives, including financial, can play a role in stimulating consumer demand. However, such financial incentives must not necessarily be tax based. Considering that our industry competes on global markets, higher production costs due to potential new and/or increased energy taxes cannot be passed on, which would inevitably lead to negative economic, but also ecological and, potentially, social impacts.

A properly working market would not require higher taxes. A taxed based incentive system may even be counterproductive: If the tax succeeds in driving a certain attitude in the right direction, the member states budgets may lose income, which may lead to the introduction of yet higher taxes in other fields to fill the gaps.

5. Would it be possible to develop state aid rules that are more favourable to the environment, in particular by encouraging eco-innovation and productivity improvements? What form could these rules take? (Section 1.1.5)

Notwithstanding that from a short term perspective public financing may drive certain changes through, in the longer term however innovation will be driven by real market demand fostering a competitive environment and thereby sustainable growth (e.g.: investment in efficient energy networks is for the moment in our opinion clearly lacking, owing to the lack of competition existing in this market). In general, state aids lead to a sporadic focus on specific topics and generally this also leads to a weakening of non-supported areas with possible unexpected und undesired side effects. Considering the importance and complexity of the whole issue, we take the view that necessary changes should be left to market mechanisms. Development of new technology for e.g. eco-innovation and productivity improvements must be based on market needs with strong links to industry in order to lead to use in real life.

6. Public authorities are often looked to for an example. Should legislation place specific obligations on public authorities, for example to apply in public buildings the measures that have been recommended at Community or national level? Could or should public authorities take account of energy efficiency in public procurement? Would this help build viable markets for certain products and new technologies? How could this be implemented in practice in a way that would promote the development of new technologies and provide incentives to industry to research new energy efficient products and processes? How could this be done in a manner that would save money for public authorities? As regards vehicles, please see question 20. (Section 1.1.6)

Energy efficiency should be one of other important parameters that public authorities have to consider for public procurement, but it should not be a goal in itself. To increase awareness by procurement officers, balanced and transparent information, for instance, are important tools. To avoid inconsistency and overlaps of legislation, all relevant initiatives should be reconsidered. Public procurement practices must not result in distortion of the market place.

7. Energy efficiency funds have in the past been used effectively. How can the experience be repeated and improved? Which measures can be adopted usefully at international level, EU level, national level, regional and local level? (Section 1.1.7. See also question 22)

Further to the general remarks provide by us under question 5, we acknowledge the fact that some countries (e. g. UK) and also some companies in the electrical/electronic industry (e. g. Osram) have had positive experiences with certain fund structures, i.e. the "Energy Efficiency Commitment". This and other schemes[1] could be a model for linking support with the degree of energy efficiency, which can be seen on the energy label of a product. One should however avoid that subsidies significantly change market prices. In the long run, market forces are the driver for sustainable growth.

Generally, if a member state is convinced that it has a good system, then it can exchange its experiences with other EU member states to foster a more coherent approach cross Europe with preferably as much freedom and flexibility for companies on the marketplace as possible. However, subsidiarity is equally important. It is not automatically necessary for the EU to take over and impose systems on member states.

In certain areas, a market for energy efficiency investments does exist (industry, public infrastructure), see our comments to question 14. Any funding should not endanger such existing markets. The fund should provide resources to market driven approaches, such as certificates. Market driven approaches are effective, since they drive investments in areas

[1] Cf. COM (2003) 739 final dated December 10, p. 22ff.

where savings on energy and energy cost are most efficient and provide the best economic return.

8. Energy efficiency in buildings is an area where important savings can be made. Which practical measures could be taken at EU, national, regional or local level to ensure that the existing Community Buildings Directive is a success in practice? Should the Community go further than the existing Directive, for example extending it to smaller premises? If so, how could the appropriate balance be achieved between the need to generate energy efficiency gains and the objective of limiting new administrative burdens to the minimum possible? (Section 1.2.1)

Within the framework of pilot projects, costs and benefits should be reviewed concerning ecological and economic aspects. The existing Buildings Directive has just come into force. It can be expected that this directive will give an innovation impulse to the construction industries. However, calculations on the eco efficiency of this directive are not yet available and its transposition/implementation seems somewhat complex at this moment in time.

9. Giving incentives to improve the energy efficiency of rented accommodation is a difficult task because the owner of the building does not normally pay the energy bill and thus has no economic interest in investing in energy efficiency improvements such as insulation or double-glazing. How could this challenge be best addressed? (Section 1.2.1)

Orgalime has no particular views on this issue.

10. How can the impact of legislation on the performance of energy-consuming products for household use be reinforced? What are the best ways to encourage the production and consumption of these products? Could, for instance, present rules on labelling be improved? How could the EU kick-start research into and the subsequent production of the next generation of energy efficient products? What other measures could be taken at international level, EU level, national level, regional and local level? (Section 1.2.2)

Regarding best ways to encourage production of energy efficient households products, Orgalime recalls that market forces drive innovation in our industry. Proper framework conditions and a better investment climate are the basis for any further steps in the direction of energy efficiency investments (see reply to question 1). A number of voluntary measures, including unilateral commitments (e.g.: CECED unilateral commitments on washing machines (1997), home dishwashers (1999), home electric storage water heaters (1999), refrigerators, freezers and their combinations (2002, updated 2004) or their secondary voluntary agreement on washing machines (2002)), have proved to work well and delivered the desired results. These agreements saved 17 Mio. tons CO2 in ten years. Also, while in 1995, no refrigerator or freezer carried an A energy label, in 2005 over 50% of these appliances are classified class A. The priority given to voluntary measures, which we support, has been acknowledged by the recently adopted Eco design of energy using products directive (EuP). Before setting potential product requirements on this or any other product group thorough analyses and impact assessments will have to be carried out. Gaining sufficient experience is essential.

The second part of this question related to the consumption of energy efficient households products is in our view of utmost relevance. Stimulating the demand side, raising awareness and transforming awareness into consumption of energy efficient products will be vital for realising energy savings. Besides awareness campaigns at all levels or exchange of best practices, labelling and standardisation of product information have in certain areas already proved as workable and successful instruments (e.g.: labelling of refrigerators or washing machines).

It is important to note that in the domestic household appliances sector competition in energy efficiency is fostered by the possibility of a fair and transparent comparison of respective energy efficiency aspects of different brands for the same performance. The prerequisite to energy labelling would be appropriate agreed references. Besides, the Commission envisages reviewing the existing Eco label regulation in the course of 2006, as well as the energy-labelling directive. Our industry suggests awaiting the results instead of disturbing the implementation and/or revision processes by inventing new initiatives.

Some industry sectors propose to practice a policy of "early replacement" for certain products. A crucial factor could be a very long life cycle of the products and their availability on the market. In its most stringent form, the replacement of heating installations based on the energy efficiency directive (German Energieeinspar-Verordnung) could be a model for the replacement of old household appliances (e. g. cooling units).

Finally, support programs, including funding, for the design of energy efficient products could be considered from a short-term perspective (e.g. 7th R&D Framework Programme).

11. A major challenge is to ensure that the vehicle industry produces ever more energy efficient vehicles. How can this best be done? What measures should be taken to continue to improve energy efficiency in vehicles and at which level? To what extent should such measures be voluntary in nature and to what extent mandatory? (Section 1.2.3)

Orgalime has no particular views on this issue.

12. Public information campaigns on energy efficiency have shown success in certain Member States. What more could and should be done in this area at international level, EU level, national level, regional and local level? (Section 1.2.4)

At EU level, best practices could be collected and experiences could be exchanged and evaluated with a focus on national needs. Such activities however must not result in a discrimination of one technology against another, but must aim at providing fact-based information to consumers to enjoy as wide as possible a choice of competing products at affordable prices. Information campaigns could include the aspects of energy saving by a policy of "Early Replacement" of e.g. older appliances with modern household appliances, the intelligent use of energy-saving products (Standby) and the correct and efficient use of electrical appliances in general. The usual product testing, as carried out in Europe by (as an example) consumer councils, enjoy great acceptance by the public because of their direct connection to the final products.

Regarding the aspect of being properly informed, energy users would in our view need a transparent measuring of the energy (metering) and a direct and up to date feedback of the relevant costs (billing). This, we regret, is not a reality today. Therefore, we believe that the solutions of smart meters mentioned in the Green Paper together with automatic metering and billing, should be considered more deeply. Furthermore, in the context of discussions on the directive on End energy efficiency and energy services, the question of metering and billing has already been discussed. Further contact to trade associations and specialists would, in our view, add value to the discussions.

13. What can be done to improve the efficiency of electricity transmission and distribution? How to implement such initiatives in practice? What can be done to improve the efficiency of fuel use in electricity production? How to further promote distributed generation and co-generation? (Sections 2.1-2.3)

Quite significant progress has in our view been made in terms of optimising power generation, e.g.: clean-coal technology, de-centralized and renewable energy supply, combined heat and power generation (CHP) and others.

However, it seems that the necessary infrastructure for power transmission and distribution is not sufficiently considered as being an important part of these potential changes.

It should be noted that in the EU approximately 7 % of generated electricity is lost on its way from the power plants to the end users (this varies on country base between 4 and 10%.[2]). Considering the current primary energy mix in European power plants, we estimate that these energy losses are corresponding to about 60 million tons of CO_2 .

In addition to new demands for conventional transmission and distribution structure and equipment, new technologies should be considered and used (e.g.: FACTS, HV-DC link) besides the possibility of optimisation of the network structure (Highest voltage as near as possible to the consumer means considerable lower network losses). The European manufacturing industry is technological leader in the world for its low loss transformers and switchgear / substations, as proved by several studies and LCA's. In general, it seems that today many utilities use the investment price as the main criteria for selecting equipment, without fully considering the potential for energy efficiency.

In the field of future development, one should mention that, as a consequence of the renewable energy supply, such as wind energy, the dynamic storage and control capacities would need to be developed for the network in order to use this renewable energy in a most efficient way (the issue is that, for example, as wind energy supply is not demand driven, new storage technologies could help solving that problem).

Another important issue, in our view, is constituted by the non use of power correction factor by the industrial and professional user. Having a power factor of 1 means that no reactive power is transported via the network and cannot therefore cause net losses. However it is estimated that these users have today a power factor of 0,7 to 0,8 due essentially to motors, if there is not already a power factor correction in use. This means that the reactive power causes net losses (inversely proportional to the square of the power factor) and limits the net capacity as such. If, as is frequently the case, the reactive power is not charged by the power supply sufficiently there would be no motivation for the users for the necessary PFC investments and the costs of the losses due to reactive power transport is then borne by the public and not by the originators (i.e. there are insufficient market incentives). Further contact to trade associations and specialists would allow explaining the benefits more in detail[3]. The power factor correction in its modern dynamic version is needed with increasing importance in relation to power quality due to decentralize and electricity generation from renewable sources as well as increasing use of electronic power converters.

In general, we believe that measures to incite investment in the necessary infrastructure in power transmission and distribution in the interest of security of supply would provide an important prerequisite for stimulating growth of our industry in the internal market and therefore provide a potential for further energy efficiency investments.

Also, the functioning of the internal electricity market still requires substantial improvement. Member states have implemented the respective EU directive differently and/or insufficiently. Such shortcomings should be addressed, notably in terms of access of new energy providers to the grid, removing barriers to that and in terms of reactive energy users with progressive tariffs.

Finally, further initiatives could include collection of information on studies and research programmes for exchange and dissemination of knowledge, both at European and international levels.

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[2] „Reductions of SF6 emissions from electrical high and medium voltage equipment in Europe", Ecofys, 2005

[3] E.g.: ZVEI, "Protecting the Climate through Power Factor Correction", 2004, http://www.zvei.org/index.php?id=87&no_cache=1&tx_ZVEIpubFachverbaende_pi1[realId]=384

14. Encouraging electricity and gas providers to offer an energy service (i.e. agreeing to heat a house to an agreed temperature and to provide lighting services) rather than simply providing energy is a good way to promote energy efficiency. Under such arrangements the energy provider has an economic interest that the property is energy efficient and that necessary investments are made. Otherwise, electricity and gas companies have an economic interest that such investments are not made, because they sell more energy. How could such practices be promoted? Is a voluntary code or agreement necessary or adequate?

Energy saving investments must be linked with energy costs. Experiences with ESCOS (Energy Service Companies) have been quite positive. If one couples energy supply with energy services, it is however important to avoid any discrimination in the market place, for example if energy suppliers would overly influence the design of a product in their own economic interest, e.g. by prescribing what kind of lighting must be used. In large and complex industrial installations, a deep knowledge of the design, the operation characteristics and interaction of the products concerned is needed. In these cases, manufacturers are already well established as contracting partners and have an unquestionable interest in realising energy savings for economic reasons. The final investment decisions must remain with the final customer on the basis of sound, robust and fact-based information. Furthermore, certain services, such as how to install certain appliances or auditing activities, require particularly skilled and trained personnel in order to exploit the maximum energy savings potential.

Maybe, one approach to explore could be the coupling of energy services with household appliances (e.g.: by leasing), provided a regular update of the appliance pool is achieved.

The existing market of contracting companies, who invest in energy efficiency in order to benefit from the cost savings, should be supported. Individual, customer-related solutions provided by industrial contractors for example can in our view contribute to significantly reducing energy consumption. In some cases bureaucracy, inconsistent laws and not market driven approaches hinder the further development of such markets. These companies are providing energy efficiency directly to the places where most energy savings and therefore the most cost savings can be achieved. It should be considered to support them with measures, which fit in with free market mechanism (see also comments to question 7).

15. In a number of Member States, white (energy efficiency) certificates have been or are being introduced. Should these be introduced at Community level? Is this necessary given the carbon trading mechanism? If they should be introduced, how could this be done with the least possible bureaucracy? How could they be linked with carbon trading mechanism? (Section 2.4)

Our industry still needs to be convinced about the benefits of “white certificates". Further detailed reports must be drawn up before a further valid assessment of this new instrument that exists in very few member states only can be made. In any case, white certificates should neither result in additional administration or bureaucracy, nor result in creating trade barriers in the internal market. They should rather support a free market in energy efficiency investments (see also comments to question 14 regarding industrial power service companies). Fair competition must be the guiding principle.

16. Encouraging industry to take advantage of new technologies and equipment that generate cost-effective energy efficiencies represents one of the major challenges in this area. In addition to the carbon trading mechanism, what more could and should be done? How effective have been the steps taken so far through voluntary commitments, non-binding measures adopted by industry, or information campaigns? (Section 3).

As mentioned under the general remarks, Orgalime believes that it is up to the Commission and member states to analyse the effectiveness of the various steps taken so far.

To assess the results it is however a prerequisite to clearly provide the objectives which are often not identified in advance.

We further would like to point out the voluntary agreement of energy efficient motors which has led to an energy saving potential of approx. 8 TWh in Europe. This agreement has been signed up to now by 36 European motor manufacturers and dealers and must be seen as a great success.

The Commission also has acknowledged the achievements of the various voluntary agreements in the area of domestic household appliances, listed in our reply to question 10.

Also, voluntary measures to reduce stand by consumption have led to significant improvements:

- for battery chargers, this will result in reduction of about 5W per household, saving some 10 bn kWh per year by 2010 across the EU.
- The reduction of future consumption of digital TV set top boxes: action is promoted by JRC and will result in at least 20bn kWh savings by the year 2010.

Other devices such as DVD players, hifi-systems, printers, computers and other electronic equipment will follow.

17. A new balance between modes of transport – a major theme of the strategy set out in the White Paper that the Commission adopted in 2001 on a European transport policy for 2010 – is still a top priority. What more could be done to increase the market share of rail, maritime and inland waterway transport? (Section 4.2)

Programmes to shift the common transport mode of goods from road to rail bear a cost reduction potential. The tendency to reduce rail transportation of mass volume of goods (as currently experienced e.g. in Germany) risks to seeing reverse effects. Such programmes might serve to defuse the issues raised in Question 12.

18. In order to improve energy efficiency it is necessary to complete certain infrastructure projects from the trans-European transport network. How should the investments needed for infrastructure projects be developed, using what sources of financing? (Section 4.2)

Considering the increase of electricity trade and considering the demand of renewables, such as wind energy, a change of infrastructure from a national system where the demand and the generation used to be in proximity, will in our view become a vital issue. A future system has to consider the effects of these changes to stability, dynamic of control and capacity. Besides, the use of new technologies, for example WAMS (Wide Area Monitoring System), and investments in the infrastructure, an ISO (Independent System Operator) at European level can in our view be of significant relevance to successfully manage the new challenges.

19. Among the measures that could be adopted in the transport sector, which have the greatest potential? Should priority be given to technological innovations (tyres, engines…), particularly through standards defined jointly with the industry, or to regulatory measures such as a limit on fuel consumption of cars? (Sections 4.3-4.5)

Orgalime has no particular views on this issue.

20. Should public authorities (state, administrations, regional and local authorities) be obliged in their public procurement to buy a percentage of energy efficient vehicles for their fleets? If so, how could this be organised in a manner that is technology neutral (i.e. it does not result in distorting the market towards one particular technology)? (Section 4.3)

Orgalime has no particular views on this issue.

21. Infrastructure charging, notably paying to use roads, has started to be introduced in Europe. A first proposal was made in 2003 to strengthen the charging of professional road transport. Local congestion charges have now been introduced in some cities. What should be the next steps in infrastructure charging? How far should "external costs" such as pollution, congestion and accidents be directly charged to those causing them in this manner? (Section 4.4)

Orgalime has no particular views on this issue.

22. In certain Member Sates, local or regional energy efficiency project financing schemes, managed by energy efficiency companies, have proven very successful. Should this be extended? If so, how? (Section 5.1)

Proposals for projects e.g. of household appliances, should be reviewed. The German Wuppertal Institute for Climate, Environment and Energy has submitted proposals[4], which should be analysed further. These proposals cover a range of programmes which grant premiums paid for energy efficient dryers and cooling / freezing appliances of the energy efficiency categories A++ and A+, as well as advisory programmes for efficient office lighting systems and, furthermore, even premiums granted for energy saved in the sense of a megawatts law.

Within the framework of a highly competitive international market, a co-operation between competing companies (especially, concerning benchmarking in the area of product design) seems somewhat unrealistic.

23. Should energy efficiency issues be more integrated in the Union's relationships with third countries, especially its neighbours? If so, how? How can energy efficiency become a key part of the integration of regional markets? Is it necessary to encourage the international financial institutions to pay more attention to demand management issues in their technical and financial assistance to third countries? If so, what could be the most effective mechanisms or investments? (Section 6)

Orgalime supports the approach of integrating energy efficiency issues in relationships with third countries. This should in our view particularly aim at facilitating cross border electricity distribution, albeit strengthening security of supply.

24. How could advances in energy efficiency technology and processes in Europe be put to effective use in developing countries? (Section 6.3)

The EU should actively engage in the promotion of export of such technologies and procedures.

It may be worth considering the introduction of support programmes at the level of the EU.

25. Should the Union negotiate tariff or non-tariff advantages within the WTO for energy efficient products and encourage other members of WTO to do the same? (Section 6)

In principle, Orgalime welcomes any Commission effort to lower or remove tariffs applied to products in our sector.
However, we clearly see difficulties in finding a satisfactory agreement at WTO level on this issue. So far, efforts to create a common playing field by establishing a definition and understanding of energy efficient products have failed. We have some doubts as to whether these negotiations would lead to a satisfactory outcome.

[4] See WSI et.al: An Energy Efficiency Fund for Germany, Wuppertal February 18, 2005.