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## **Net Zero Industry Act's clean-tech list: are home appliances not clean enough?**

Brussels, 16 March 2023 - The proposed Net-Zero Industry Act, unveiled today by the European Commission fails to reflect the true market reality in Europe, by treating unequally strategic net-zero solutions whose deployment would be instrumental to ramp up European production capacities for renewable energy technologies. The home appliance industry is a critical enabler of net-zero solutions to millions of European homes. Europe's latest geopolitical tensions and experience with the energy crisis, make clear that energy efficient options contribute to reducing costs and reliance on fossil fuel sources, earning a central role in Brussel's decarbonisation plans.

**By 2030, more than 1,5 billion home appliances will be placed on the European market, offering immediate energy savings,** and overall bringing a significant reduction of energy consumption in the use-phase. Over the past 20 years, the energy consumption of home appliances has dropped by 50%. On average, a fridge today consumes 1/4 of previous energy levels. Great advances were also made in water consumption patterns. A dishwasher uses 1/10 of the water needed to wash tableware by hand. These are only two examples highlighting the potential for home appliances to truly reshape the way we view sustainability today and are "a clear sign of just how much the Net-Zero Industry Act is needed to scale-up innovative, energy-efficient household products," said Paolo Falcioni, APPLiA Director General. Yet, when it comes to new net zero technologies, Europe has a ready-made competitive edge and only few of Europe's clean solutions seem to have earned their place. *How about all other European industries?*

**It takes all net-zero technologies to meet the EU's climate neutrality target.** Europe's renewed focus on industrial policy has put heat pumps at the centre of the plans in a bid to further energy independence. According to the proposal, heat pumps are expected to become the largest source of decarbonised household heat in Europe. The appliance had also been given a prominent role in the REPowerEU plan, which was presented by the Commission in May last year. The latter aimed to reach a target of 60 million new units placed on the market by 2030. "An ambition that the proposed ban on F-gas is set to slash, together with that of a rapid decarbonisation," said Falcioni. That's because F-gas are currently used across the board in a number of heat pump technologies, risking massive delays while alternative infrastructure is found and installed.

While each and every product comes with a great potential to the ultimate decarbonisation target, the ad-hoc Act appears not to grasp any. Against this backdrop, a defined scope that takes technology neutrality as a starting point and identifies products critical for meeting the EU's climate neutrality

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target must be assessed, that builds on the EU's existing strengths and setting in place a stable and long-term regulatory framework.

**Finally, the EU's plan risks being a dangerous inroad into the land of protectionism.** To argue that a transition should be resilient against external shocks is not the same as being independent of others. On the contrary, Europe needs reliable partners more than ever to push for a cost-effective and competitive economy. The *security of supply* notion risks sending wrong signals to international counterparts and hampering Europe's role in global economies. As proposed, the policy objectives will likely set back, rather than accelerate, the EU green transition. Decarbonisation involves renewable energy production targets. International trade in the goods required to produce clean energy is what helps achieve them. Excess dependence on a specific exporter should be avoided but import substitution, on the contrary, only risks making the EU energy transition overall more expensive.

A cornerstone of the previously announced Green Deal Industrial Plan, the Net-Zero Industry Act intends to scale up European manufacturing capacity of net-zero technologies by 2030 and keep it *within* national borders, in response to the US IRA that subsidises the production and sale of US-produced technologies.

APPLiA - Home Appliance Europe represents home appliance manufacturers from across Europe. By promoting innovative, sustainable policies and solutions for EU homes, APPLiA has helped build the sector into an economic powerhouse, with an annual turnover of EUR 53 billion, investing over EUR 1.6 billion in R&D activities and creating nearly 1 million jobs.

