Are international product energyefficiency policies becoming endangered species?

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### Background

- At eceee 2015, we presented a paper about implications of TTIP on product efficiency policy (MEPS).
- TTIP (Transatlantic Trade & Investment Partnership) is a proposed EU-U.S. free trade agreement that would create world's largest marketplace with 50% of global GDP.
- Negotiations were to be finalized by the end of 2015.
- But in 2016, the world changed.
- Brexit in the EU, and Trump revolution in the USA.
- After 15 rounds of negotiations, TTIP process halted.
- New paper was needed to examine what is going on.



#### **Success Stories**

- International energy efficiency policies are a success: Primary energy supply curve in OECD-countries has been flat since 2000.
- IEA's One-Watt initiative is a success: Around 2010, stand-by and off-mode consumption of home appliances fell sharply to 1 watt and below.
- Power supply efficiency levels (I VI) are a success: first mandatory efficiency requirements in 2004 and now the markings are harmonized worldwide, annual savings in USA alone \$2.5B and 24 Mt of CO<sub>2</sub>.
- Energy Star program is an international success story.



#### **History of trade**

 Roman Empire – an economic free trade area.



- Well-built roads, seaworthy ships, safety of travel provided by Legions (Pax Romana). Raw materials poured from provinces to Rome for manufacturing.
- Trade stopped, when Barbarians ran over western Europe in 5<sup>th</sup> century.
- However, Byzantine Empire, successor of Rome, continued trading even to China via Silk Road. Chinese even extended the Great Wall to protect traders from nomadic attacks from the north.



#### **Hanseatic League**

 The Baltic Sea became safe for sailing after Vikings gave up piracy in 11<sup>th</sup> century.
Hansa-kontors flourished from 14<sup>th</sup> to 17<sup>th</sup> century.



- Increased national interests and rising tensions ended trading during Thirty Years War.
- Standardization of sea trade regulations derives from practices of this League.
- The League is considered as forerunner of the EU.



#### Situation in the USA

- Trump Administration favors bilateral trade agreements over wider trade pacts like TPP or TTIP.
- New Executive Order: Two regulations must be eliminated for every new regulation issued. This can affect MEPS and their updates. So far no changes.
- The Department of Energy is operating under "continuing resolution" meaning constant funding.
- This means less international activity by the U.S.
- Energy Star is an exception, as it is voluntary program strongly supported by manufacturers.



# **The Brexit**

- United Kingdom is the 5<sup>th</sup> largest economy in the world.
- Its impact on EU's efficiency legislation has been very significant.
- Under 'hard Brexit' scenario the UK would not be bound to align its product policy with the EU's at all.
- New trading rules are needed between EU and UK.
- The EU policy process will need adjustments too!
- "Cui Bono?" Whose benefit? Due to Brexit and Trump Administration's intentions, at the international level the role of China will grow.



## **Solutions**

- Int'l policy harmonization could include efficiency metrics, energy performance test procedures, and ideally sets of energy efficiency thresholds (ladders).
- Standardization to set efficiency levels, governments can select from these. This is the case already with electric motors and external power supplies.
- Self-regulation by industry may take leading role. NGOs!
- Now we turn to you, how in this situation could we as a community push forward the efficiency policies?

