

## INDUSTRIAL COMMITTEES



# HOME APPLIANCES MANUFACTURERS COMMITTEE

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The home appliances market is experiencing severe impacts from systemic problems in the economy:

- › the semiconductor production crisis, which led to the forced shutdown of enterprises;
- › a difficult epidemiological situation due to the spread of COVID-19;

- › a significant increase in the cost of container transportation;
- › growing prices for raw materials and components with an insufficient growth in the real incomes of consumers.

The negative effects seen in 2021 may continue in 2022. Due to that, state support measures and reasonable transition



periods during the introduction of new regulatory requirements are vital for manufacturers of electronic and household appliances. The industry is distinguished by a high level of production localization. The preservation of jobs and the stability of budget revenues will depend on the effectiveness of state regulation and support measures.

### **STATE SERVICE FOR THE ISSUANCE OF PERMITS FOR THE CROSS-BORDER MOVEMENT OF OZONE-DEPLETING SUBSTANCES AND PRODUCTS CONTAINING THEM BY THE FEDERAL SERVICE FOR SUPERVISION OF NATURAL RESOURCE USAGE OF THE RUSSIAN FEDERATION (ROSPRIRODNADZOR)**

Products (equipment) that are included in List D, Section 1.1, Appendix No. 1 to Decision of the Board of the Eurasian Economic Commission of April 21, 2015 No. 30 dated April 21, 2015, and contain a substance included in List F may be imported only subject to a license issued by the Ministry of Industry and Trade of Russia.

To obtain a license, it is necessary to receive the permit for the cross-border movement of products containing ozone-depleting substances from Rosprirodnadzor (hereinafter referred to as the "Permit").

There are a number of systemic problems with the issuance of the Permits, which may lead to a serious crisis in the supply of climatic products in 2022:

- › the Permit cannot be obtained in a digital format, which results in a loss of time in the exchange of information between the applicant and Rosprirodnadzor through a courier service;
- › the extended period for obtaining the Permit in the Russian Federation and the high price of the Permit. The process takes up to twenty business days, and the Permit price is RUB 160,000. In other EAEU countries, the Permit issuance period does not exceed ten business days, and the service is rendered free of charge;
- › in the Russian Federation, a separate Permit for import shall be obtained for each country of origin, while in other EAEU countries, a single permit is issued for all countries of origin.

### **RECOMMENDATIONS**

- › Change the state service format to digital.
- › Reduce the Permit issuance period to ten business days.
- › Introduce amendments in Clause 78 of Article 333.33 of the Tax Code of the Russian Federation and reduce the price of the state service for the issuance of the Permits.

### **RUSSIAN FEDERATION: REQUIREMENTS FOR THE PROVISION OF INFORMATION ON THE ENERGY EFFICIENCY OF HOUSEHOLD APPLIANCES**

According to Clause 4 of Article 10 of Federal Law of November 23, 2009 No. 261 "On Energy Saving and Increasing Energy Efficiency, and on Introducing Amendments to Certain Legislative Acts of the Russian Federation", an energy efficiency class of a product shall be determined in accordance with the rules approved by an authorized federal executive body.

The Rules for Determining an Energy Efficiency Class of Goods by Manufacturers and Importers were approved by Order of the Ministry of Industry and Trade of Russia of April 29, 2010 No. 357. The Rules establish the maximum energy efficiency class A for washing machines, ovens, and other products, and the maximum class A++ for refrigerating appliances.

According to the explanations provided by the Rospotrebnadzor in 2021, classes that are not identified in the Rules approved by the Ministry of Industry and Trade of the Russian Federation shall not be used; although, sometimes, European labels with A+++ classes are affixed to products.

### **RECOMMENDATIONS**

- › Market participants should adhere to good practices and inform consumers of energy efficiency in accordance with the legislation of the Russian Federation, which does not provide for the use of A+++ energy efficiency classes.

### **EAEU: TR EAEU 048/2019 "ON THE REQUIREMENTS FOR ENERGY EFFICIENCY OF ENERGY-CONSUMING DEVICES"**

TR EAEU 048/2019 will come into force on September 1, 2022; therefore, it will be mandatory within the Republic of Belarus and may apply on a voluntary basis within other member states of the EAEU.

There are a number of problems related to TR EAEU TR 048/2019:

- › Technical misprints in TR EAEU TR 048/2019 in terms of the requirements for the provision of information on the energy efficiency of air conditioners, an extension of the regulation to IT equipment not intended for household usage, and the requirements for the conformity validation of spare parts. Despite repeated requests, the process of making technical corrections has not started yet, which creates significant risks of product supply restraints.
- › A lack of approved lists of products and a list of standards for TR EAEU TR 048/2019 makes the timely accreditation of testing laboratories impossible.

- Restrictive requirements for testing laboratories: irrespective of the conformity validation scheme, they are to be registered and operate within the EAEU. In the European Union, a laboratory can be located and operate in any country, including the Russian Federation. The localization of the manufacturer's laboratories in the EAEU entails the risks of the growth of costs embedded in the cost of products, and the launch of new products on the market will take much more time, which will entail a decrease in tax revenues.

## RECOMMENDATIONS

- Make technical corrections in TR EAEU TR 048/2019 to eliminate errors.
- Allow, when declaring the conformity of serially manufactured products according to Scheme 1e, to use test protocols of the manufacturer's laboratories, including those outside the EAEU.
- In the absence of approved lists of products and standards in Q1 2022, postpone the introduction of TR EAEU 048/2019 to September 1, 2023.

## RUSSIAN FEDERATION: WASTE TREATMENT

Since 2017, manufacturers and importers need to report on the disposal of products and packaging or pay an environmental fee. Amendments to the legislation, that provide for 10% annual growth of disposal ratios for electronics, up to 100% growth for packaging, and the introduction of fines for companies that do not perform disposal themselves, twice the environmental fee, are being developed.

The increase in environmental charges is a negative factor that exerts pressure on localized enterprises, which, given the difficult economic situation, may lead to a decrease in production, the number of jobs, and budget revenues.

## RECOMMENDATIONS

- The Committee expresses its extreme concern about the plans to increase disposal ratios and rates, in the absence of the legislative requirements aimed at building an All-Russian system for electronic waste collection through municipalities. Disposal ratios stipulated in the draft legislation cannot be reached without a collection system in place.
- To support the industry, instead of subsidies and other financial support measures, it is recommended to maintain disposal ratios at the level of 2021 in 2022 as an alternative to not requiring budget funds.

## RUSSIAN FEDERATION: PRODUCT LABELING AND DOCUMENTARY TRACEABILITY

On January 1, 2019, Order of the Government of the Russian Federation of April 28, 2018, No. 792-r "On Approval of the

List of Certain Goods that are Subject to Mandatory Labeling with Means of Identification" came into force which does not include household appliances. By 2025, it is planned to introduce mandatory labeling of all groups of goods. However, there is still some uncertainty about approaches to the identification of some types of goods. While welcoming the efforts for the legalization of goods circulation and enhancement of the market transparency, the Committee would like to underline that the household appliances market is one of the most legitimate and traceable markets in Russia: there is practically no smuggling or counterfeiting, and all manufactured and imported household appliances can be identified and traced (through serial numbers) to the fullest extent. The Committee positively assesses the experiment started by the Federal Tax Service and the Federal Customs Service for documentary traceability of imported goods in relation to household refrigerators and washing machines. The Committee believes that the documentary traceability system with the integration of product identification means used by manufacturers of household appliances is in full compliance with the principles of complete traceability. At the same time, the Committee expresses its concern about the draft amendments to the Tax Code of the Russian Federation proposed by the Ministry of Finance, which transform the principles of the experiment made by the Federal Tax Service and the Federal Customs Service into requirements for all market participants. To comply with these requirements, companies will require extended preparation and significant investments in electronic document flow and system administration, which is quite unrealistic.

## RECOMMENDATIONS

- The Committee requests to study the results of the experiment for documentary traceability and use the statutory possibilities to identify goods with the existing identification labeling of manufacturers in relation to unambiguously identifiable and traceable goods, such as household appliances, which will allow the equipment traceability system to be implemented most efficiently and without significant costs of manufacturers.
- The Committee warns against undue haste in transforming the documentary traceability experiment into requirements for all market participants and encourages a balanced approach to the phased implementation of traceability.



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