

A GUIDE TO EUROPE'S INDUSTRIAL RENAISSANCE

# The future of home appliances in Europe: confronting challenges as the new Commission takes office

The competitiveness of the EU manufacturing industry is suffering due to a divided Single Market along with heavy regulations and high production costs. This challenging environment is made worse by strong global competition and ongoing labour shortages, which together create a landscape where many European manufacturers struggle to survive.

Jobs in the industry:

Home appliance [manufacturing facilities](#) in Europe:

European households owning an home appliance:



**1M**



**130**



**90%**

The mandate of the newly formed European Commission is very clear: outlining a strategy to regain Europe's competitive edge while pursuing its role as global leader in the climate objectives.

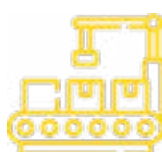
“Over 75% of large<sup>1</sup> home appliances sold in Europe are produced within the Region. The industry is a driving force to the EU economy, generating an annual turnover of more than €50 billion and pivotal to the decarbonisation of Europe, by placing on the EU market top-tier energy-efficient products that lower GHG emissions and reduce costs for consumers. Preserving this industrial excellence in Europe should be a top priority of the new mandate.”

- Paolo Falcioni, APPLiA Director General

As the new Commission takes office, the sector strongly supports the following recommendations as in line with the most recent '[Draghi Report](#)':



**Reduce regulatory complexity and strengthen the Single Market**



**Lower production costs**



**Protect EU jobs from unfair competition and close the skills gap**

<sup>1</sup> Large appliances include dishwashers, freezers, hobs, ovens, range hoods, refrigerators, tumble dryers, washer dryers, washing machines. Source: <https://statreport2023.applia-europe.eu/introduction/products>.

# Reduce regulatory complexity and strengthen the Single Market

**The increasing volume and complexity of regulations at both the EU and Member State levels pose significant challenges. The lack of harmonisation of EU policies and between EU and national legislation creates compliance difficulties and diverts resources from innovation and investment.**

Too often Member States act individually to make products more sustainable, undermining the entire efforts brought forward by the EU to become a global leader in sustainability. One reason for it is that EU legislation takes too long to develop. This leads to a fragmented legislative landscape, which disrupts the Single Market and increases costs for companies while generating confusion for consumers. On top of reaping common gains, this approach generates significant market distortions. A complex patchwork of national regulations increases compliance costs for businesses and discourages cross-border trade and investment. This fragmentation not only reduces the effectiveness of EU policies but also harms consumer interests and diminishes the overall EU's bargaining power on the global stage.

When countries take different routes on sustainability, it creates a confusing mix of national regulations for the same product, forcing companies to redesign the appliance for each market, resulting in higher costs for businesses and consumers. While these complications may seem minor, their implications affect the free movement of goods across borders.

In the '[Letta Report](#)' on the future of the Single Market, the former Italian Prime Minister sets the scene for an urgent upscaling of Europe's competitiveness. This entails establishing an integrated framework between the European and the national level. The markets must evolve towards a European dimension, surpassing national borders.

The new Commissioner-designate for the Single Market, Teresa Ribera Rodríguez, announced a **Single Market Barrier Prevention Act** aimed at preventing the emergence of new barriers. The legislation would establish a more predictable regulatory environment for businesses, allowing companies to operate more efficiently across borders, reducing compliance costs, and facilitating smoother trade. This is a much-needed measure to rescue the Single Market and unlock Europe's potential as a unified community, and it should be timely tabled to address all existing challenges.

## ➤ Coming soon!

Our '*Breaking Europe*' campaign dives deep into concrete examples of how diverging legislation affects both the industry and consumers

The issue of fragmentation is further aggravated by the **EU's own policies** that **undermine domestic industry**. One example is the Carbon Border Adjustment Mechanism (CBAM), a tool proposed by the European Union to address carbon emissions associated with imported goods aiming to level the playing field between EU companies that are subject to strict carbon regulations and foreign producers who may not face the same environmental standards. However, [the Mechanism only increases costs for European manufacturers failing to address the carbon footprint of finished products imported from elsewhere](#). This adds further pressure on the sector and creates an incentive for companies to relocate production outside of Europe.



# Lower production costs

**Lately EU companies have been experiencing competitiveness losses due to increased material costs, exacerbated by increased energy prices in Europe compared to other regions.**

Final products rely on a number of different and essential parts, from basic to more elaborate components. However, the global supply of these materials is often highly concentrated, exposing the EU to price fluctuations, supply chain disruptions, and potential geopolitical leverage.

Which states a clear need to guarantee the supply of critical raw materials within the EU and with strategic partnerships, incorporating both a domestic and international dimension.

The current geopolitical landscape, amid the most recent disruptions, further highlights the need for diversified supply chains, new and existing trade relationships, and investment in sustainable projects to ultimately increase critical raw material extraction and recycling in the Region and abroad.



**Electricity prices in Europe are 2-3 times higher than those in the US<sup>2</sup>**, preventing industries and households from capturing the full benefits of clean energy in their bills. Particularly, EU industries that use energy intensively - like the home appliance industry - face higher investment costs than their competitors to meet decarbonisation targets. This price gap puts European businesses at a disadvantage and threatens their ability to compete in global markets.

The "[Draghi Report](#)" emphasises the need to ensure energy prices are competitive and market-reactive. Europe's decarbonisation efforts present a significant opportunity for the Region to lead in new clean technologies and circularity solutions. However, the ability to capitalise on this opportunity hinges on aligning all policies with the EU's decarbonisation goals.

Competitiveness will continue to be a key objective in the coming years, with the European Council having called for a new European Competitiveness Deal. In her political guidelines, Commission President von der Leyen also set out a new Clean Industrial Deal to combine decarbonisation and competitiveness. Its focus will be on supporting and creating the right conditions for companies to thrive in Europe, including simplifying the regulatory environment, reducing energy costs, investing in clean technologies, and ensuring access to cheap, sustainable, and secure energy supplies and raw materials.

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<sup>2</sup> European Commission. (2024). State of the Energy Union report 2024. Retrieved from [https://energy.ec.europa.eu/document/download/bd3e3460-2406-47a1-aa2e-c0a0ba52a75a\\_en?filename=State%20of%20the%20Energy%20Union%20Report%202024.pdf](https://energy.ec.europa.eu/document/download/bd3e3460-2406-47a1-aa2e-c0a0ba52a75a_en?filename=State%20of%20the%20Energy%20Union%20Report%202024.pdf)

# Protect EU jobs from unfair competition

**Unfair competition, particularly from countries with lower production costs and less stringent regulations, poses a significant threat to EU jobs.** When foreign manufacturers are able to produce appliances at lower prices due to lax labour laws or environmental standards, it puts EU companies at a disadvantage. This can lead to job losses, factory closures, and a decline in the quality of products available to consumers.



The clean energy transition presents opportunities to keep industry and jobs in Europe. The home appliance industry alone supports over 1 million jobs in the Region. By implementing measures to level the playing field, such as enforcing fair trade practices and supporting local manufacturers, the EU can safeguard these critical jobs.

Curious to take a peek inside a factory? 🔍 Stay tuned to meet the people who make the appliances sitting in your home with our latest *'Meet the Makers'* campaign.



B/S/H/



gorenje

D'Longhi Group

dyson



Haier Europe

Robot

KitchenAid

LIEBHERR



Miele

Panasonic

PHILIPS



SAMSUNG



smeg

Versuni

VESTEL

