

The Current Situation of the Household Appliance Market in China and Energy-saving Market Conversion

当前中国家电市场情况 和节能市场转换



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The Current Household Appliance Market in China

当前中国家电市场



- **In 2008, with the macro-economic control and regulation made by China and the global economical turbulence caused by American financial crisis, the household appliance manufacturing industry in China entered into a downturn period from high speed development rapidly. The peak manufacturing scale was frustrated by slump market demands suddenly.**
- **2008年，随着中国进行宏观经济调控以及美国金融危机引发的全球经济动荡，中国家电制造业从高速发展急速进入了调整期，巅峰的制造规模突然遭遇市场需求的谷底。**

The Current Household Appliance Market in China

当前中国家电市场



Year-on-year Monthly Growth Rate of Household Appliance Output Value During Jan-Nov 2008

2008年1-11月家电产值月度同比增长率

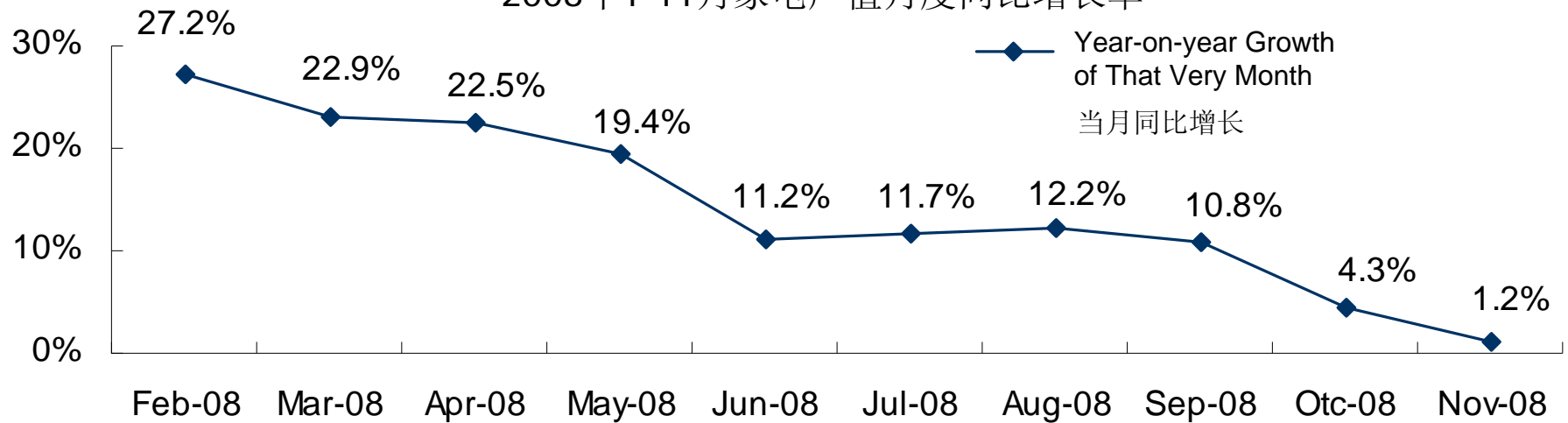


Figure 2 Output Value Growth Rate of Household Appliance Industry in That Very Month of 2008

图2 当年家电行业当月产值增长率

The Current Household Appliance Market in China

当前中国家电市场

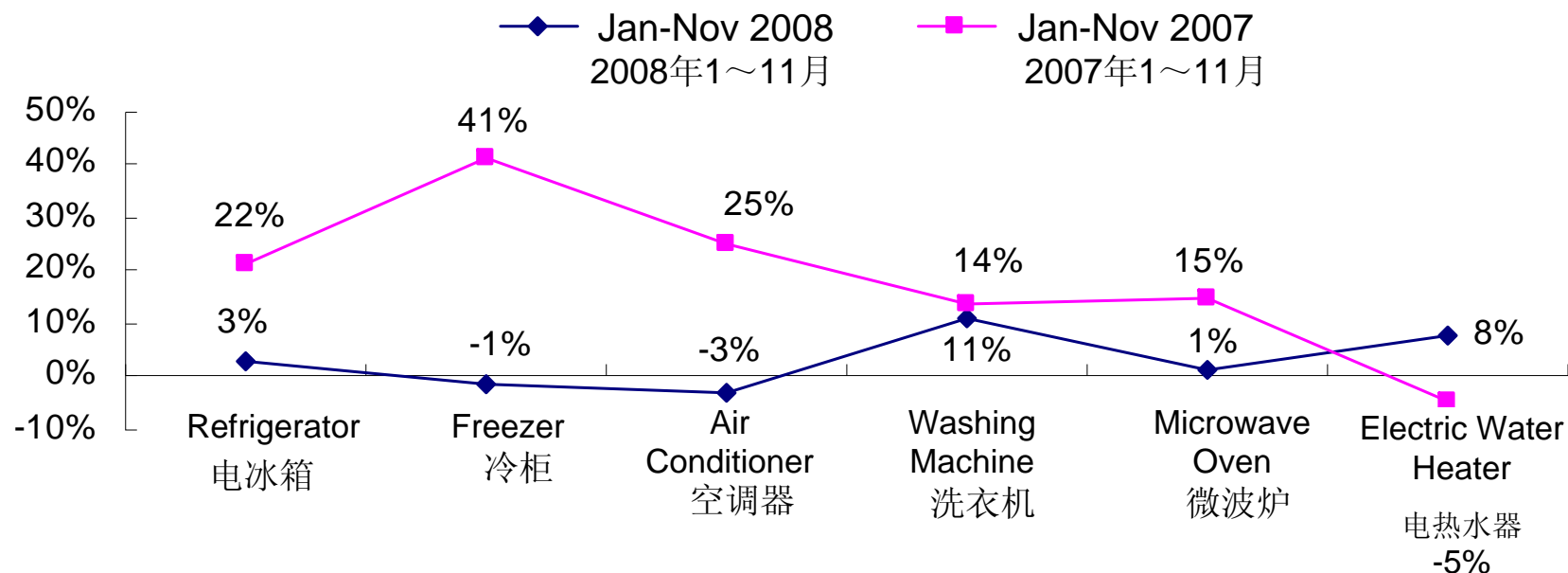
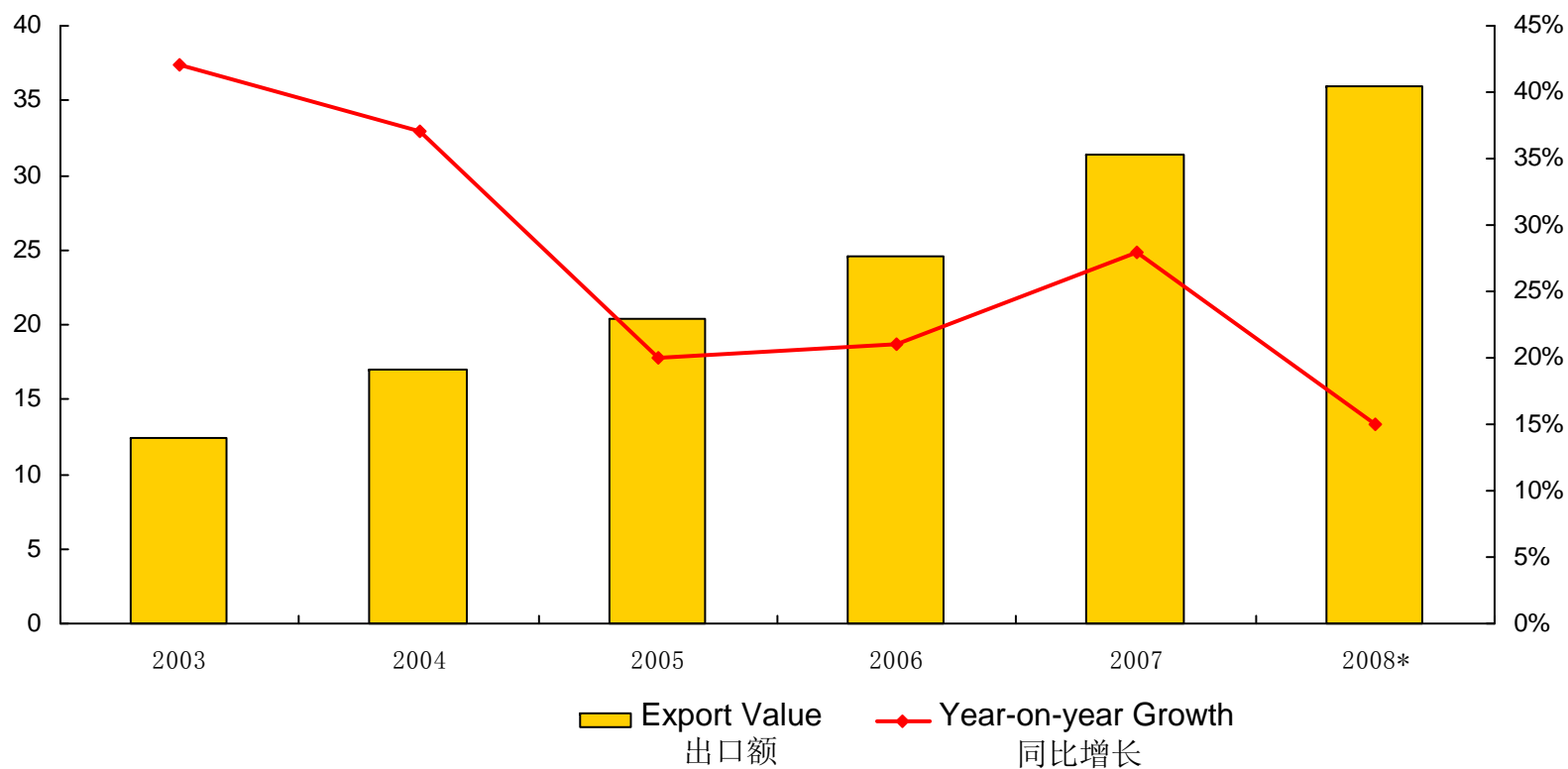


Figure 7 Year-on-year Growth Rate of Accumulative Output of Large Household Appliances in Jan-Nov 2008

图7 大家电2008年1-11月累计产量同比增长率

The Current Household Appliance Market in China

当前中国家电市场



The export growth decreased obviously and that of some products was negative.

出口增幅明显下降，部分产品出口负增长

The Current Household Appliance Market in China

当前中国家电市场



The domestic market demand has decreased
国内市场需求下降

- **The stock market in China first entered into a downward track. It affects the real estate market which in turn affects household commodity consumption**
- **Natural disasters such as ice-snow disaster and earthquake affected consumer desire**
- **Export enterprises are slump and the income of employees decreases and thus affecting the confidence of consumers**
- 中国股市先进入下行通道，股市影响楼市，楼市影响家居用品消费
- 冰雪灾害、地震等自然灾害，影响消费欲望
- 出口企业不振，就业者收入减少，影响消费信心

The Current Household Appliance Market in China

当前中国家电市场



The overall cost has risen and efficiency has dropped
综合成本提升， 效益下滑

- **The export cost has risen due to RMB appreciation**
 - **The financing cost rose greatly due to tight monetary policy implemented in the first half of 2008**
 - **The prices of raw materials rose greatly in the first half of 2008**
 - **The cost of labor force has increased greatly**
-
- 受人民币升值影响， 出口成本上升
 - 上半年银根紧缩政策， 导致融资成本大幅上升
 - 上半年原材料价格大幅上涨
 - 劳动力成本大幅增加

The Current Household Appliance Market in China

当前中国家电市场



The proactive policies made by the government to pull domestic demand

政府积极的拉动内需政策

- **Stabilizing exchange rate**
 - **Improving export rebate rate**
The export rebate rate of household appliances was increased from 13% to 14% on December 1.
 - **Household appliances to the countryside scheme**
-
- 稳定汇率
 - 提高出口退税率
12月1日家电出口退税率由13%提高到14%。
 - 家电下乡政策

The Current Household Appliance Market in China

当前中国家电市场



Governments at all levels pay great attention to implementing “household appliances to the countryside” subsidy scheme
实行“家电下乡”补贴政策, 各级政府高度重视

- Grants a subsidy of 13% of the selling price to farmer buyers. 80% of subsidy comes from state finance and 20% from local finance;
- About 800 million rural population benefit from this policy. Since this part of the consumer group owns a few quantity of household appliances, they can effectively promote the domestic sales.
- Products including color TVs, mobile phones, refrigerators and washing machines are expanded from three provinces and cities in 2008 to 12 provinces and the entire country now;
- The scope of products has been further expanded to include air conditioners and water heaters (electric and gas)(from partial provinces and cities to the whole country) and will be further expanded to include induction cookers/microwave ovens.
- 给予农民购买者销售价格13%的补贴, 费用来自国家财政80%、地方财政20%;
- 8亿左右的农村人口受惠. 由于这部分消费群家电拥有量比率较低, 对国内销售有比较好的拉动作用。
- 产品从彩电、手机、冰箱、洗衣机, 从2008年3个省市扩展12个省, 到全国;
- 产品进一步扩展到空调器、热水器(电、气)(从部分省市到全国), 即将扩展到电磁炉和微波炉;

The Current Household Appliance Market in China-Industry Strategy

当前中国家电市场-行业策略



In order to tide over difficulties, at present, enterprises commonly adopt strategies to:

为渡过难关，目前企业普遍采取策略：

- **control risks and cost**
- **actively participate in household appliances to the countryside scheme**
- **develop new products**
- **Some enterprises reduce salary of employees and lower consumption and try to lay off lesser employees.**
- 控制风险、控制成本
- 积极参与家电下乡
- 开发新产品
- 一些企业减薪降耗，尽量少裁员。

Since the current situation is mainly caused by macro economy, so the association has already put forward some opinions and suggestions to the government institutions to promote the development of the industry.

由于目前的问题主要是宏观经济引起，协会也向政府机构提出了一些促进行业发展的意见和建议。

Energy-saving Household Appliance Market Conversion -Role of Government

家电节能市场转换-政府作用



The government pays great attention to energy-saving household appliance market conversion:

家电节能转换受到政府高度重视:

- **The government promotes the household appliance market to transform to energy-saving mode through developing laws and regulations, standards for guiding energy-saving and energy-efficiency identification as well as government procurement conduct and subsidy policies;**
- **Household energy-efficiency standards came into effect in 1998 starting from the energy-efficiency standard of refrigerators. At present, energy-efficiency standards have already covered such household appliance products as refrigerators, air-conditioners, washing machines and electric rice cookers;**
- **Household appliance energy-efficiency identification was implemented in 2005 starting from refrigerators and now it has covered refrigerators, washing machines and air-conditioners.**
- **政府通过法规、引导节能标准的开发、开发能效标识、政府采购行为、政府补贴政策, 促进市场向节能转化**
- **家电能效标准从1998年电冰箱能效标准开始, 目前能效标准覆盖到电冰箱、空调器、洗衣机、电饭锅等家电产品;**
- **家电能效标识, 从2005年电冰箱开始, 现在覆盖到电冰箱、洗衣机、空调器等**

Energy-saving Household Appliance Market Conversion -Role of Government

家电节能市场转换-政府作用



- Household appliances to the countryside scheme: The government determines products to which subsidy is granted through product tender invitation. The government specifies strict requirements in the tendering documents on the energy-efficiency of products. The requirements are higher than the energy-efficiency standards of the same products for entering into the market:
 - As for refrigerators, the energy-efficiency standard for entering into market is Grade 5, however, it is required in the tender of the products to the countryside that the energy-efficiency grade is Grade 1;
 - As for freezers, the energy-efficiency standard for entering into market is Grade 5, however, it is required in the tender of the products to the countryside that the energy-efficiency grade is Grade 2;
 - As for washing machines/air-conditioners, the energy-efficiency standard for entering into market is Grade 5, however, it is required in the tender of the products to the countryside that the energy-efficiency grade is Grade 3.
-
- 家电下乡政策, 政府通过产品招标方式确定补贴产品, 招标文件对产品能效有高于入市产品标准的严格要求:
 - 电冰箱, 入市标准能效5级, 下乡产品标书要求能效1级;
 - 冷柜, 入市标准能效5级, 下乡产品标书要求能效2级;
 - 洗衣机&空调器入市标准能效5级, 下乡产品标书要求能效3级;

Energy-saving Household Appliance Market Conversion-International Project

家电节能市场转换-国际项目



- In 1998, Global Environment Fund(GEF) approved the project of widely eliminating market obstacles of energy-saving CFC-Free refrigerators in China. The project started in 1999 and ended in 2006.
- The project was managed by the State Environmental Protection Administration and carried out by its Foreign Economic Cooperation Office. The relevant organizations and China Household Electrical Appliances Association provided cooperation.
- 16 refrigerator manufacturers and 10 compressor companies participated in this project.
- 1998年全球环境基金(GEF)批准了中国节能无CFC冰箱市场障碍广泛消除项目，项目从1999年到2006年结束。
- 项目由国家环保总局管理，环保总局外经办实施，相关机构、中国家电协会配合。
- 16家电冰箱、10家压缩机企业参与。

Energy-saving Household Appliance Market Conversion International Project

家电节能市场转换-国际项目



Refrigerator manufacturers participating in the market conversion project promised unanimously the followings:

参与该市场转换项目的电冰箱制造商一致承诺如下:

- 1. Designing a new product with top energy-efficiency level;**
- 2. Improving the average energy-efficiency level of refrigerators at least by 10%;**
- 3. Spending at least 10% of advertisement budget on energy-saving propaganda.**

1. 设计一款新的顶级能效水平产品;
2. 将电冰箱平均能效水平至少提高10%;
3. 将至少10%的广告预算用于节能方面的宣传。

All the manufacturers have met or exceeded the above requirements.

所有制造商都达到或超过了上述要求。

Energy-saving Household Appliance Market Conversion - International Project

家电节能市场转换-国际项目



Strategies taken for GEF refrigerator project:

GEF冰箱项目采取的策略

Technology push

技术推动

- **The lowest energy-efficiency standard of new refrigerators**
- **Technical assistance and training**
- 新的电冰箱最低能效标准
- 技术援助和培训

Market pull

市场拉动

- **Consumer education activities nationwide**
- **Manufacture incentive plans**
- **Retailers incentive plans**
- 全国性的消费者教育活动
- 制造商激励计划
- 零售商激励计划

Energy-saving Household Appliance Market Conversion-International Project

家电节能市场转换-国际项目



Project implementation results

项目实施结果

- The average energy efficiency level of the products of the refrigerator manufacturers participating in the project was increased by 28%.
 - During the 12-month implementation period of manufacturer incentive plans, the production and sales volume of the refrigerator products with the highest energy efficiency level had increased to 9.06 million sets in May 2005 from less than 360 thousand sets in 1999.
 - The high energy-efficiency ones among the refrigerator products made by the manufacturers participating in the project took up the leading position, even accounting for 80-90%.
-
- 参加项目的电冰箱制造商其产品平均能效水平提高了28%。
 - 在为期12个月的制造商激励计划实施期间，顶级能效水平的电冰箱产品的产销量从1999年的不足36万台增长到2005年5月906万台。
 - 参加项目的制造商生产的电冰箱产品中高能效型号占据了主导地位甚至达到80~90%。

Energy-saving Household Appliance Market Conversion-International Project

家电节能市场转换-国际项目



- The overall objective of the refrigerator market conversion project in China was that the sales volume of the energy-saving refrigerators reached 20 million sets, amount of discharge of CO₂ in the whole product service life was reduced by 100 million tons and energy saved reached 66 billion watt-hour. The implementation results of the project exceeded the above overall objective in one and even more aspects. The cost efficiency was less than USD 0.05 per ton CO₂.
- 中国电冰箱市场转换项目的总目标是节能冰箱销售量达2000万台、产品全生命周期CO₂排放量减少1亿吨以及能源节约量达660亿千瓦时，而项目实施结果将在一个乃至更多方面超越上述总目标。成本效率达到每吨CO₂不到 0.05美元。

Energy-saving Household Appliance Market Conversion-International Project

家电节能市场转换-国际项目



Subsequent effects of the project:

项目的后续影响:

- The ability of the industry in developing energy-saving refrigerators, key component-compressor has been improved and the energy-efficiency level of refrigerators has been increasingly improved;
 - The quantity, cost and price of energy-saving refrigerators have broken completely the bottleneck that hinders the expansion of energy-saving refrigerator market;
 - Consumers appreciate energy-saving refrigerators and are willing to select products that can save more energy. Refrigerators with Grade 1 energy-efficiency account for over 90% in the market. Consumers, suppliers and standards form a virtuous cycle on energy-saving of refrigerators.
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- 业界开发节能冰箱、关键部件压缩机的能力提高，冰箱能效水平不断提高；
 - 节能冰箱的数量、成本和价格使节能冰箱市场推广的瓶颈完全被打破；
 - 消费者认同节能冰箱，愿意选择更节能的产品。市场上能效1级冰箱占到90%以上。消费者、供应商、标准在冰箱节能上形成了良性循环。

Energy-saving Household Appliance Market Conversion

家电节能市场转换



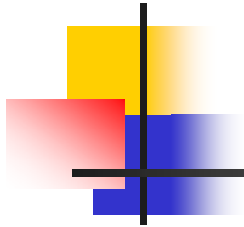
Brief summary of household appliance market conversion in China

中国家电市场转换小结

- The market conversion of energy-saving refrigerator products is most successful
- Certain success has been achieved in the market conversion of washing machines, air-conditioners and electric rice cookers. However, it still lags behind to a certain degree, so great effort needs to be made!
- Market conversion not only relies on standards, identification, but relies more on technical advance.
- 冰箱产品节能转换最成功
- 洗衣机、空调器、电饭锅等节能市场转换有一定成效，但还有一定的差距，需要加油！
- 市场转换不仅要有标准、标识，更要依靠技术进步，

Only by combining technical advance and market measures can we break the bottleneck that hinders market conversion

技术进步+市场措施 ， 才能打破市场转换的瓶颈



Thank you for your attention!
谢谢!

