

Enabling the circular economy: Ensuring a free flow for products for repair and refurbishment

DIGITALEUROPE position on the Draft Amendment of the Correspondents' Guidelines No.1 (Shipments of Waste Electrical and Electronic Equipment and of used Electrical and Electronic Equipment suspected to be WEEE)

Brussels, 3 June 2016

The Draft Correspondents' Guidelines aim at clarifying under which circumstances EEE should be shipped as waste or not. These guidelines are an important element to prevent illegal shipments of E-Waste, a goal which the members of DIGITALEUROPE fully support. At the same time, the guidelines will have considerable impact on making the Circular Economy a reality.

The Correspondents' Guidelines should focus on closing loopholes used by unscrupulous actors while at the same time allowing OEM's to continue their legitimate and established processes. These processes are crucial to extend the effective lifetime of electronic equipment through repair and remanufacturing. Repair and remanufacturing are essential strategies of avoiding waste as well as saving natural resources and energy within a true circular economy.

In order to provide cost efficient repair and remanufacturing services, Members of DIGITALEUROPE have established central repair and remanufacturing facilities inside and outside of the EU. Next to waste collection strategies and Extended Producer Responsibility, this infrastructure is the circular economy backbone of the IT industry in Europe. They ensure reuse and increased lifetime of IT devices on the European market.

A DIGITALEUROPE survey from 2014 has shown that roughly 118,000 tons of IT equipment and spare-parts is globally shipped cross-border annually for repair and remanufacturing; roughly 28.000 tons in Europe. An estimated 70% or more of this volume is repair of non-professional products and 40% are 'out of warranty' repairs, resulting in millions of repairs/year that depend on cross-border movements in Europe alone..

DIGITALEUROPE recommends to follow the ad-interim *Technical guidelines on trans-boundary movements of electrical and electronic waste and used electrical and electronic equipment, in particular regarding the distinction between waste and non-waste under the Basel Convention*" agreed at COP12.

DIGITALEUROPE believes that mirroring the Basel approach in the Correspondents Guidelines would establish sufficient safeguards to prevent that e-waste is illegally shipped declared as products for re-use. The Basel Guidelines clarify that all products shipped for repair and remanufacturing should be shipped as 'non waste' without references to warranty and professional use as long as appropriate documentation (e.g. a repair

contract) and packaging are provided. Proper packaging is a good example of a safeguard as actors will not invest in proper packaging if the products are waste. Repair contracts and other documentation are sufficient tools to allow enforcement agencies to differentiate between waste and products sent for legitimate repair and remanufacturing

Consequently, DIGITALEUROPE recommends the following changes in the Correspondents' Guidelines to bring them in line with the EU's Circular Economy policy:

- Point 8 (d): delete: “and cannot be repaired at a reasonable cost”
Justification: ‘reasonable’ cost is a concept that cannot be established objectively and will vary depending on considerations made by customers or manufacturers.
- Point 11 (a): add: “for repair under warranty **or valid contract**”
Justification: there are warranties for consumers and for manufacturers from their OEMs. Some manufacturers nowadays do not use the OEM warranty anymore for cost reasons but continue to send products for repair under valid contract back to the ODM. Manufacturers also offer out-of-warranty repairs to customers, which should be equally easy to ship towards a repair facility.

Point 11 (b) and (c): delete: “for professional use”

Justification: in terms of circular economy, there seems to be little reason to exclude private use, millions of devices will be lost for repair and reuse. There is no higher risk of misuse for professional or consumer products.

- Point 14 Step 1 (a): change: “the presence of hazardous substances must be evaluated” into “the presence of hazardous substances **must have been evaluated centrally for the device in question**”
Justification: Repair networks that rely on first contact with customers in local shops do not have the specialised capacity to test for hazardous substances de-centrally. This can be done more effectively and more accurately centrally.
- Point 14 Step 2 (c): delete: “signed declaration by the company responsible for evidence of functionality”
Justification: this is unnecessary red tape. If there is doubt about the validity of the claims, the company could always be asked to provide additional information.
- Point 18 (a): delete footnote 9 “Some Member States may, according to national legislation, require the contract, a copy thereof or, in cases where there is no change of ownership of the equipment, an equivalent document, to accompany the transport.”
*Justification: adding a contract to shipping paperwork is excessive and unnecessarily adds cost and administration. As is stated in Appendix 4 and to facilitate harmonized paperwork requirements among Member States, this documentation can be made available on request *if needed*.*

- Point 31 delete: „Where it is asserted that non-hazardous WEEE is being shipped, those responsible for the shipment should ensure that it is accompanied by evidence of appropriate testing to demonstrate that the waste that is being shipped is non-hazardous.”

Justification; this is additional burden of proof that will increase cost of shipment and is currently not required by any regulation.

DIGITALEUROPE would like to stress the importance of these changes by outlining the potential impacts of the current version of the Correspondent Guidelines. The provisions constitute a risk to the competitiveness and the ability of the IT industry to providing circular economy solutions for repair:

- Declaring as waste products and spare-parts which are shipped for repair or remanufacturing across borders will increase costs to the repair infrastructure significantly. Warehouses, logistics and the repair / remanufacturing facilities themselves would have obtain waste handling and treatment permits and incur other compliance related costs.
- Significant delays of several months to years can be expected for the repair process as some of the shipments will have to undergo the notification process.
- Products that could still be repaired or reused will be lost for circular economy business models. Millions of products will be discarded in the EU prematurely instead of their life being prolonged as repair prices and the time required will not match the customers’ expectations. This will be counterproductive to the objectives of Circular Economy and the ‘Waste Hierarchy’ who’s highest priority is the avoidance of waste.
- The price for repair that consumers incur would change. Considering that price is the major criteria for the decision to get a product repaired or to discard it and buy a new one, the EU would create a wrong incentive to not repair.
- Making shipment to qualified facilities will become more burdensome and will lead to an artificially shortened lifetime of products as the repair business model becomes unviable.
- Next to environmental considerations, there are also economic impacts. Repair and remanufacturing of products represents a multi-billion Euro business involving companies of all sizes around the globe. In 2012 the IT-Remanufacturing market in the EU alone represented revenues of about 6.9 billion \$ (Source: ‘Make New Again’ Page 102). OEM’s may have to switch back to de-central, inefficient repair operations, or will even stop to offer these repair / remanufacturing services to their customers, at least for equipment which is out of warranty. Repair / remanufacturing facilities (many located in Central European Countries) will be at risk.

Given that repaired products compete with new products, members of DIGITALEUROPE fully anticipate that the increased cost for repairing these products, which for most multinationals involves utilizing a regional network of specialized repair hubs, would render their repair / refurbishment / remanufacturing economically unviable. Customer and producer preference would be given to “replacement by new product”. Rather than being shipped and repaired, these products will be scrapped and recycled and a high volume of functioning

equipment (both near-new and older) will enter the waste stream prematurely and unnecessarily – contrary to the objectives of a circular economy.

--

For more information please contact:
 Sylvie Feindt, DIGITALEUROPE’s Sustainability Policy Director
 +32 2 609 53 19 or sylvie.feindt@digitaleurope.org

ABOUT DIGITALEUROPE

DIGITALEUROPE represents the digital technology industry in Europe. Our members include some of the world's largest IT, telecoms and consumer electronics companies and national associations from every part of Europe. DIGITALEUROPE wants European businesses and citizens to benefit fully from digital technologies and for Europe to grow, attract and sustain the world's best digital technology companies.

DIGITALEUROPE ensures industry participation in the development and implementation of EU policies. DIGITALEUROPE’s members include 62 corporate members and 37 national trade associations from across Europe. Our website provides further information on our recent news and activities: <http://www.digitaleurope.org>

DIGITALEUROPE MEMBERSHIP

Corporate Members

Alcatel-Lucent, AMD, Apple, BlackBerry, Bose, Brother, CA Technologies, Canon, Cassidian, Cisco, Dell, Epson, Ericsson, Fujitsu, Google, Hitachi, Hewlett Packard Enterprise, HP Inc., Huawei, IBM, Ingram Micro, Intel, iQor, JVC Kenwood Group, Konica Minolta, Kyocera, Lenovo, Lexmark, LG Electronics, Loewe, Microsoft, Mitsubishi Electric Europe, Motorola Mobility, Motorola Solutions, NEC, Nokia, Nvidia Ltd., Océ, Oki, Oracle, Panasonic Europe, Philips, Pioneer, Qualcomm, Ricoh Europe PLC, Samsung, SAP, SAS, Schneider Electric IT Corporation, Sharp Electronics, Siemens, Sony, Swatch Group, Technicolor, Texas Instruments, Toshiba, TP Vision, VMware, Western Digital, Xerox, Zebra Technologies, ZTE Corporation.

National Trade Associations

Austria: IOÖ

Belarus: INFOPARK

Belgium: AGORIA

Bulgaria: BAIT

Cyprus: CITEA

Denmark: DI Digital, IT-BRANCHEN

Estonia: ITL

Finland: FFTI

France: AFDEL, AFNUM, Force Numérique

Germany: BITKOM, ZVEI

Greece: SEPE

Hungary: IVSZ

Ireland: ICT IRELAND

Italy: ANITEC

Lithuania: INFOBALT

Netherlands: Nederland ICT, FIAR

Poland: KIGEIT, PIIT, ZIPSEE

Portugal: AGEFE

Romania: ANIS, APDETIC

Slovakia: ITAS

Slovenia: GZS

Spain: AMETIC

Sweden: Foreningen Teknikföretagen i Sverige, IT&Telekomföretagen

Switzerland: SWICO

Turkey: Digital Turkey Platform, ECID

Ukraine: IT UKRAINE

United Kingdom: techUK