

COMMENTS FROM THE ELECTRONIC MANUFACTURERS COALITION FOR
RESPONSIBLE RECYCLING on the
DRAFT MODEL ELECTRONIC WASTE RECYCLING LEGISLATION FOR THE GREAT
LAKES STATES
February 8, 2006

The following is the testimony submitted by the Electronics Manufacturers Coalition for Responsible Recycling. The members listed below include major manufacturers of televisions, computers, and laptops.

Canon USA	LG Electronics	Sanyo Fisher
Epson	Mitsubishi Digital Electronics America	Sharp Electronics
Hitachi America	Panasonic	Sony Electronics
IBM Corporation	Philips Consumer Electronics North America	Thomson Inc.
JVC America	Pioneer	Toshiba
	Samsung Electronics America	

The Electronics Manufacturers Coalition for Responsible Recycling (EMCRR) is submitting comments on the draft model bill developed by the representatives of the Great Lake states. While we appreciate the work performed by the group in developing this draft, we believe it has serious flaws that would ultimately doom the model should it be enacted. Specifically, the proposal fails to take into account how the covered products travel through interstate commerce and, by ignoring this distribution system, does not provide any mechanism for the costs to be passed on through to the purchaser. The result of this flaw is that consumers will pay a higher cost for the program without gaining any additional benefits.

It is the Coalition's belief that a fee-based system, similar to the successful California program that has recycled an estimated 50 million pounds of television and computers in its first year of operation and has done so for less than the predicted budget, is the best approach to solve this problem. However we would be comfortable with a first seller into the state approach, which can be implemented through any number of methods, each of which will enable the program cost to be tacked on to the price of the specific product sold in the implementing state.

Background

The EMCRR members are global manufacturers of electronic products for both the home and office. Our members have been active in designing environmentally preferable products and developing the recycling infrastructure, some for as many 20 years. Many of our members have supported recycling events for end of life products and have shared the knowledge learned from these activities with the industry, recyclers and government,

The EMCRR companies also participate in the industry-sponsored Consumer Education Initiative at www.eiae.org, a web-based recycling information system that helps consumers locate recycling programs for end-of-life electronic products.

Position

The Coalition members support development of legislation to provide consistent and adequate source of funds to local governments and recyclers for recycling end of life electronics in most cost-effective manner possible while maintaining level playing field in market. Any recycling program, however, must be designed to provide the lowest cost to the consumer, be easy to administer and understand, be flexible enough to address emerging technologies and be fair to all participants. The participants who share in the benefits of these products; manufacturers,

retailers, government, and consumers, should also share in the responsibility. Unfortunately, by not providing a mechanism to associate the fee to a specific in-state sale, the proposal places virtually the entire burden of the program on one stakeholder, and does so in a manner that creates an uneven playing field that allows new market entrants from China and Internet sellers to benefit at the expense of established manufacturers who operate in the US and employ US workers.

It is the experience the EMCRR member companies that solution that Great Lake States are seeking can be found under the Advanced fee System currently operating in California. While we could also support other variations of this approach, we believe that the California system has significant advantages:

1. It is a tested system that treats all manufacturers equally. The fee is based on product size and everyone who sells today has a fair share of the burden.
2. It funds the entire system up-front rather than depending on a sell now, pay back later scenario. The likelihood that a manufacturer will be around in 10 years to perform the recycling is uncertain. It should be noted that under the Maine program, less than 50% of current sellers have submitted plans to recycle their products.
3. The fee is associated with a specific product sold within the state, regardless of how the distribution system placed that product in the consumer's hands.
4. It allows those companies who want to recycle their own products to do so and receive compensation for their activities.
5. It prevents the mark-up of the fee so that no one in the distribution system reaps undeserved financial rewards at the expense of the consumer.

We understand that there have been criticisms of the California program and we concede that it is not perfect. However, the basics of the system are sound. Fees are being collected from all sellers including remote seller, products are being collected and processed, all retailers, collectors, transporters and recyclers are being compensated for their activities in the system, and the program is supported by consumers, environmental groups such as Californians Against Waste, recyclers, and local governments. In short it is a success and we believe it is one that can be and should be repeated in the Great Lake States. The members of the EMCRR are ready to work with this committee to modify this proposal along with other improvements to the California system.

We would also consider a number of variations where manufacturers would pay a per unit fee on products sold directly into the state. Such costs could be included on the invoice to the purchaser and passed on to the consumer. Retailers would be prohibited from selling products on which the fee has not been paid and could remedy such a situation through any of a number of alternatives. We believe that, with some changes to the current proposal, this type of system could remedy the flaw outlined in our comments and again commit the EMCRR members to work with the group to develop a workable model.

We thank you for your time and consideration of our comments.

Submitted by Frank Marella
Senior Manager, Corporate Environmental Affairs
Sharp Electronics Corporation
On the behalf of the Electronics Manufacturers' Coalition for Responsible Recycling