

Is there cause for a WEEE celebration?

With the recent introduction of the WEEE Regulations into UK law, the waste management industry is being challenged like never before to reconsider its business model and its role. *Derek Morgan*, head of strategy at CKS Group, says it's not product manufacturers that are having to make the change, but waste processors.

LONG-TERM SUSTAINABILITY is becoming an issue of short-term survival for waste management. It is in this context that many are not celebrating the recent passing of the UK's WEEE regulations into law. These regulations are late, they are overly complex and there is a fundamental failure to incentivise better practice and more responsible product design.

Most significantly however, the regulations threaten the sustainability of the recycling industry itself by shredding existing business plans and introducing intermediaries and brokers into existing customer relationships.

It is good however, that these regulations are finally here. The delays have hurt the recycling industry and dampened enthusiasm.

It is good that the approval process for treatment facilities is imminent, but it should not be assumed that it is business as usual. The financial model needs to be rewritten and fast.

It is also good that the original ten waste categories have been expanded on through the 10 + 3 model now in place in the UK.

This recognises the specific hazards within the typical WEEE stream and demands separation at an earlier stage in processing, indeed forcing it all the way back to the consumer.

‘These regulations are late and overly complex’

In one swoop this integrates more neatly with hazardous waste regulations, health and safety considerations, and the duty of care regime. It also potentially partitions these costs away from less hazardous WEEE and makes relevant treatment by specialists more likely.

This cost separation is critical if savings in other areas are to be pushed through the system and returned back to the consumer.

During February 2007, compliance schemes are seeking the approval of the authorities to officially sign-up members from the producer community with a view to managing their collective WEEE responsibilities.

In March, the producers will need to register via their chosen compliance scheme and by 1 April (for hazardous WEEE), and 1 July 2007 (for all other WEEE) full producer responsibility will start.

In order to gain approval, the compliance schemes are required to demonstrate their operational viability. The information that they



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have been using to do this is based less on UK practices and more on experience gained in Europe.

The implementation of WEEE in Europe shows that initially there was little or no structural competition among compliance schemes and that recycling and recovery prices, unsurprisingly, started out high.

Indeed, they started at levels similar to those currently found in the UK. But, in most member states, competition was quickly encouraged and prices fell dramatically to levels that would come as a shock here.

Traditionally in the UK, our waste management industry has enjoyed the benefits of high pricing but also the downside of high costs, due to a combination of high labour rates and property values.

Our ability to cost out is significantly lower than our European neighbours. Nevertheless, in the UK, the doors to competition are wide open from day one, among compliance schemes and also from the established European recyclers who are able to take and process waste arising from our shores.

Net result: Compliance schemes are publicly offering WEEE processing rates as low as £6 per tonne to their members in some categories. Pause, and consider. These rates include significant administrative, container, collection, logistics and other charges. There are only so many ways you can slice £6.

So, what happened to the £100 per tonne processing charges anticipated by the DTI when they assembled their regulations and associated guidance? What happened to the £175 per tonne gate fees that were typical in the last few months?

Annex II treatment standards were fudged to allow easy access to practically any of the metal

shredding companies. Producer responsibility has been severely limited - only WEEE delivered in as opposed to all EEE put on the market.

Cherry picking has been institutionalised and encouraged - unilaterally and without qualification - resulting in sham reuse rather than the expected execution of the legal decision taken by the consigning party.

Further, the doors to pre-treatment export have been thrown wide open so that schemes can take advantage of diminished standards (and costs) elsewhere within Europe.

But most important of all, what happened is that many in our waste industry have not transformed themselves into recyclers except in name. They have made themselves uncompetitive.

Consider that we could have achieved the same effect by different means. We could have simply made it illegal for those in recycling to charge any gate or processing fees at all.

The immediate effect would have been to drive out sham recycling before we had even started. Only those operators that processed waste into a saleable resource would have survived. Recycling targets would have been unnecessary as high competition would have driven increased efforts to reduce recyclate contamination and increase resale value.

Indeed, those producers who directly helped recyclers improve their practices and recycling effectiveness could have benefited even further via profit share agreements to the benefit of all.

Zero cost recycling in respect of WEEE isn't unrealistic. We know that the waste stream represents a valuable resource stream and this consequence is not only here now, it is in fact a desirable outcome - especially for homeowners and businesses that have seen 'green' as little

more than the new colour for increased taxation.

This may sound like the madness of King George, but the European experience shows us where prices are headed.

While the government may not have learnt all the lessons of European implementation, the producers most certainly have. They have learnt how to negotiate a better deal for themselves and their knowledge is being wielded against potential recyclers.

However looking ahead, the core is good news. Treating the WEEE stream as waste is a declining business; the way forward is proper recycling.

Reworking the business plan and approach to waste management is an urgent priority for all of us. Investment interest exists and the need for new facilities and infrastructure has been made clear in Defra's Waste Strategy consultation.

Stepping up to this challenge requires a sea change in thinking. Competitive interests need to be put to one side and recyclers need a collaborative econot to market and deliver local solutions to local problems.

With the emergence of the schemes, the customer relationship is forced one step away from the recyclers in respect of minimum legal compliance. But, there is plenty of business opportunity in developing and selling niche gold-standard practices for premium prices directly to local customers.

The WEEE for which producers will actually be held responsible is a fraction of the real problem, recyclers have the opportunity to develop and champion solutions based on areas of consumer pain beyond the remit of these regulations.

It's good to have the WEEE Regulations at last. Minimum standards are set.

The real work can now begin.