

Despite Reprieve, RoHS and WEEE Are on the Way

The British government, responding to calls for an extension of the collection and recycling compliance deadline for the Waste Electrical and Electronic Equipment (WEEE) directive, announced in late March that it will move the deadline for United Kingdom (UK) producers from August 13 of this year to December 31, 2006. The Reduction of Hazardous Waste (RoHS) directive, a related EU law, will retain a July 1, 2006 compliance requirement.

The WEEE and RoHS directives were introduced by the European Union (EU) in February 2003, to apply to all products sold in EU

markets. The WEEE directive aims to lessen the impact of electronic components on the environment both during the lifetime of the components and once they have become waste. The types of electronic devices affected will include computers, televisions, cellphones, refrigerators, and the like. The UK government is widely seen as a leader in the area of regulations concerning products sold in EU markets, and its extension of the compliance deadline may spur other countries to take a similar approach.

“In common with many other EU member states, the government has

encountered major practical difficulties in meeting the directive’s legal deadline of 13 August 2005 for implementation of its obligations on producers and retailers,” said Chris Tollady of Britain’s Department of Trade and Industry. “The government has received many representations from business and others saying more time should be taken on the practical implementation in order to get it right.”

Global implications

The directives may apply only in Europe, but manufacturers around the world are paying close attention to the new regulations—including those in the United States. Europe represents a sizable portion of the market for American producers of electronic products, and WEEE requires that producers of these products bear the costs of “recovering” the used products. This includes accepting the items back from customers, disassembling the items, and disposing of the pieces in an environmentally friendly manner.

Compliance with the new directives, by some estimates, will lead to cost increases of anywhere from 1 to 4 percent per item, depending on the size and complexity of the product. There have been calls to consider legislation requiring the producer to include WEEE-related recycling costs on price tags and other point-of-purchase locations, but no definitive decision has been made in that area.

Manufacturers are assessing their operations as the compliance deadlines near, working to create a transition plan. For most organizations, a key part of making the change from noncompliant to compliant products is minimizing production overlap, given the prohibitive cost of manufacturing what essentially are two versions of the same product. ■

Strategic Sourcing Presents Opportunity for Businesses

Boston Logistics Group has recently released a study that quantifies the savings companies have gotten from 12 different sourcing techniques. The study uncovered the following findings.

- With focused effort, global sourcing saves companies 12 percent of acquisition costs; it saves companies 7 percent when managed opportunistically. Knowledge of the Chinese supply market is necessary for doing business anywhere else in the world.

- Centralized purchasing saves companies 6 percent to 11 percent of acquisition costs. Additionally, it provides a basis for material standardization, which saves companies another 7 percent.

- Partnering saves companies 8 percent to 10 percent of acquisition costs and provides nonfinancial benefits, such as better product and informational quality and availability,

shorter lead times, and improved engineering support.

- A phased approach to strategic sourcing can provide all the benefits, while limiting the investment in resources.

- Companies that focus intensely on sourcing get twice the savings of those that approach sourcing more moderately and four times the savings of those that hardly focus on sourcing at all.

The strategic sourcing tools the survey considered include auction, e-procurement systems, global sourcing, and group purchasing organizations. The survey’s key questions centered on how much emphasis responders will place over the next two to three years and how much benefit they have received or expect to receive from each of the strategic sourcing tools. For more information about the survey, visit www.bostonlogistics.com. ■