

## Recyclers Coalition Lobbies for Control of E-Waste Exports

By Roxana Tiron

(Bloomberg) -- A coalition of electronic waste recyclers is lobbying Congress to ban the export of unscrubbed electronic scrap. The goals: prevent faulty, salvaged components from ending up in weapons and protect the secrets that may be stored on discarded chips.

“Not only are these chips being harvested but all the data-bearing elements of the devices that go overseas unprocessed are being checked for confidential information and that information is being sold into the black market trade,” Robert Houghton, chief executive of Columbus, Ohio-based Sage Sustainable Electronics LLC, said in an interview on Capitol Hill.

The Coalition For American Electronics Recycling is trying to build support for changing the export control system, which governs sensitive equipment, software and technology.

To work properly, electronic medical devices and weapons systems need the right microchips manufactured under properly sanitized conditions.

Mishandled or counterfeit chips can easily begin as e-waste -- the discarded electronic items exported by the U.S. as scrap, said Tom Sharpe, vice president of Sandy Hook, Connecticut-based electronics company SMT Corp.

“E-waste brings significant profit to the counterfeiters,” Sharpe said. “The graft and the money issue is what drives it.”

A 2012 Senate Armed Services Committee report found that the reliability of thermal weapons sights, missile systems, submarines and aircraft was diminished by some parts that originated in China.

The report said that counterfeit electronics had been installed in flight control computers in Boeing Co.’s F-15 fighter jets and microcircuits for the U.S. Missile Defense Agency.

**LOBBYING OPPONENTS:** Discarded electronics can be taken apart and sold for their steel, copper, aluminum and circuit boards. Electronics recyclers also repair, refurbish and resell functioning electronics equipment as used products into domestic and international markets. The Institute of Scrap Recycling Industries, a Washington-based association that says it represents more than 1,600 companies, argues against new regulation of that scrap.

The institute cites a 2013 study by the Massachusetts Institute of Technology Materials Systems Laboratory and the U.S. National Center for Electronics Recycling that found more than 90 percent of used electronics collected for recycling remained in the U.S. for processing.

“Used electronics products are being reused and recycled in America, not dumped into developing countries as proponents of export controls have argued for years,” according to the website.

Houghton and other members of the Coalition For American Electronics Recycling are trying to get lawmakers interested in controlling the export of e-waste as a national security issue.

They say that once the electronics are properly recycled and scrubbed they can be sold as used working equipment or they could be taken apart for the steel, copper and aluminum. Under their proposal, exports of used electronics would continue, said Steve Skurnac, president of Sims Recycling Solutions.

“In fact, the dollar value of the exports will be probably higher in that format because you have done the value-add in the U.S.,” he said in an interview. “You’ve eliminated at least one facet of the supply chain for counterfeiting entities overseas, because they won’t have access to them for free.”

The coalition is focusing on the House Foreign Affairs and the Senate Foreign Relations committees, which have jurisdiction over export-control laws, and the homeland security committees, which handle oversight of customs and borders.

PAST EFFORT: Democrat Gene Green of Texas introduced legislation in the last two Congresses, including H.R. 2791 in the 113th Congress, that focused on e-waste as an environmental issue. It was never marked up even though it had mostly Republican co-sponsors, including Homeland Security Chairman Mike McCaul of Texas and the former leaders of the Intelligence panel, Republican Mike Rogers of Michigan and Democrat Dutch Ruppersberger of Maryland.

Approaching exported e-waste as a national security question could change the dynamic this year, Houghton said, adding that the groundwork is being laid now with a goal of a bill introduction by May.

“We think this is the strongest effort yet,” he said.

(An earlier version corrected the fifth paragraph with SMT Corp.’s location)