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European electronics recyclers experience drastic market changes

European recyclers of electronics face steep declining metal and plastic prices for their raw material streams. Prices for metals like copper, aluminium and steel prices have dropped more than 50 % over the last 3 months. In addition the liquidity of the materials markets declined with the result that sales channels for certain materials allow for minimum supply or are even closed. The depreciation of stocks of waste of electronic and electrical equipment (WEEE) and of raw materials produced by the WEEE recyclers has a serious draw back on their cash position.

Since the materials values after processing have decreased dramatically the costs for recycling needs to be supported by higher fees for recycling. This means that producers of electrical and electronic equipment, who are ultimately responsible for the take back of WEEE in Europe, and other end-users will be confronted with increasing fees for processing.

In situations where there is a mechanism for mutual compensation in contracts between producers and recyclers the situation will be less severe than in case of straight forward contracts for a fixed fee for processing for a longer period of time. EERA calls for fair understanding and willingness of parties to reach agreements to overcome the present extreme situation. An uncompromising attitude between parties may well lead to situations where solvability and continuity of companies is at stake.

A positive effect that is seen in the market is that the illegal trade and export has come to a grinding hold due to cash flow problems in the grey economy. Also the trading by waste collectors, retailers and municipalities, who are not addressed in the WEEE Directive, is expected to slow down since this activity is not lucrative anymore. EERA aims for level-playing field markets and promotes the idea that all stakeholders will have the obligation to submit WEEE to the approved and authorised collection and treatment facilities. This will stabilise the WEEE recycling markets in future and improve accountability.

The present crisis will not only have an effect on producers and recyclers. A worrying problem that will present itself to authorities and logistic companies is that with the disappearing grey market parties more and more containers with illegal WEEE that are underway to countries outside the EU will have no owners and will be left in harbours throughout the world. It is unlikely that these parties will be able to recover the costs for sending these containers back since no financial guarantees were given in the first place as required in the official transfrontier waste shipment regulations.

It is not expected that the existing situation with low metal and plastic values will improve in the short term. It is foreseen that this market situation will last throughout the year 2009.

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EERA, the European Electronics Recyclers Association, is a non-profit organisation that represents the interest of the 21 major recycling companies who are treating waste electrical and electronic equipment WEEE in Europe. The EERA members recycle ± 1.300.000 tonnes of WEEE annually and have > 60 locations in 18 European countries. EERA aims for the harmonisation of national and international regulations for WEEE recycling in order to obtain a free market for demand and supply of services. EERA calls for environmentally sound operating practices for WEEE recycling activities and members are signatories to the rules of conduct to safeguard protection of human health and the environment.