

EXPLANATORY MEMORANDUM TO
THE WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT REGULATIONS
2006

2006 No. 3289

1. This explanatory memorandum has been prepared by The Department of Trade and Industry (DTI) and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. **Description**

- 2.1 These Regulations transpose the main provisions of Directive 2002/96/EC on waste electrical and electronic equipment; and the provisions of Directive 2003/108/EC amending Directive 2002/96/EC on waste electrical and electronic equipment (as amended “the Directive”).

- 2.2 The main purpose of the Directive is the protection of the environment and human health. It provides that producers of electrical and electronic equipment (“EEE”) must be registered and that they will be financially responsible for managing the waste that arises from products they place on the Community market. Such a policy is intended to promote greater efficiencies in the management of waste from this industry. The Directive provides that Member States must establish systems for the collection, treatment, recovery and environmentally sound disposal of most types of waste electrical and electronic equipment (“WEEE”); and that the costs of such systems must be largely borne by the producers of such equipment. Distributors also have obligations to establish systems for the return of WEEE from private households free of charge.

- 2.3 These Regulations provide for WEEE that arises in the United Kingdom to be collected at designated collection facilities and then transported to an approved authorised treatment facility (“AATF”) or approved exporter for treatment, recovery or recycling. They also provide for the registration of all producers who put EEE on the market in the United Kingdom and for the establishment and financing by producers of systems to collect, treat, recover and dispose of WEEE that arises in the United Kingdom. Producers will discharge their financing obligations under these Regulations through membership of a producer compliance scheme. Distributors are required to take back certain types of WEEE free of charge. These Regulations also provide for the approval of designated collection facilities, producer compliance schemes, authorised treatment facilities and exporters.

3. **Matters of special interest to the Joint Committee on Statutory Instruments**

- 3.1 The first matter that the Department considers may be of interest to the Committee concerns the Government’s approach to the implementation of Article 8 of the Directive. The Directive posed significant challenges in transposition and practical implementation. The Government’s implementation approach seeks to strike the right balance between delivering the objectives of

the Directive and creating a fair and enforceable waste management system in relation to WEEE in the United Kingdom.

- 3.2 Article 8 of the Directive provides that producers must finance the costs of the collection, treatment, recovery and environmentally sound disposal (“the waste management costs”) of WEEE from private households deposited at collection facilities set up by a Member State under Article 5.2 of the Directive. The financing obligations of producers under Article 8 are significantly different in relation to waste arising from EEE put on the market on or before 13 August 2005 (“historical WEEE from private households”) and waste arising from EEE put on the market after 13 August 2005 (“new WEEE from private households”).
- 3.3 Article 8.3 of the Directive deals with historical WEEE from private households. It provides that the responsibility for financing the waste management costs of historical WEEE must be provided by one or more systems to which all producers existing on the market when the respective costs occur contribute proportionately (e.g. in proportion to their respective share of the market by type of equipment). In other words, all producers who exist on the market when waste management costs arise in relation to historical WEEE will be collectively responsible for financing those costs.
- 3.4 Article 8.2 of the Directive deals with new WEEE from private households. It introduces the principle of individual producer responsibility (“IPR”) and provides that each producer shall be responsible for financing the management costs of waste from his own products put on the market after 13 August 2005.
- 3.5 The Government supports this concept in principle. For example its has implemented the End of Life Vehicles Directive on the basis of *own marque* responsibilities for the vehicle manufacturers. However, the Government takes the view that IPR is not technically feasible or economically viable at present for new WEEE from private households. It would require systems to be in place to allow for the identification of each producer’s own waste products. Such systems have not been introduced in any other Member State and the European Commission is well aware of the difficulties being experienced by Member States in implementing this aspect of the Directive.
- 3.6 In transposing Article 8 of the Directive, these Regulations do not distinguish between new WEEE from private households and historical WEEE from private households. All producers who exist on the market in the United Kingdom in a compliance period will be collectively responsible for financing the costs of any waste that arises from WEEE from private households deposited at designated collection facilities in the United Kingdom during that compliance period. The Government will continue to work with the European Commission, other Member States and stakeholders to identify how best to introduce IPR in the United Kingdom in the future.
- 3.7 The second matter that the Department considers may be of interest to the Committee is the use of section 2(2) of the European Communities Act 1972 (“the 1972 Act”) as the enabling power in respect of the charging provisions in regulations 45 and 51 (“the charging provisions”).
- 3.8 The Department considered whether section 56 of the Finance Act 1973 could be used as an enabling power in respect of the charging provisions in these

Regulations. That section empowers the making of regulations imposing fees and other charges in relation to the provision of services, facilities, authorisations, certificates and other documents supplied by Government Departments in pursuance of any Community obligation. The charging provisions in these Regulations are to be paid to the Environment Agency (“EA”) and the Scottish Environment Protection Agency (“SEPA”), neither of which statutory bodies are Government Departments for the purposes of section 56. Accordingly, the Department does not consider that that section provides vires for the charging provisions.

3.9 Accordingly, in the absence of any other specific power and for the reasons set out in paragraphs 3.10 to 3.12 below, the Department considers that section 2(2) of the 1972 Act provides vires for the charging provisions in these Regulations.

3.10 Articles 8 and 9 of the Directive require Member States to ensure that producers finance the costs of WEEE. Article 12 of the Directive requires Member States to register all producers who put EEE on their market and to collect data on an annual basis. These Regulations require that producers must discharge their financing and registration obligations under the Directive through membership of compliance schemes that are approved under the Regulations. The charging provisions in regulation 45 specify the charges that must be paid to the EA and SEPA in relation to the approval of producer compliance schemes for a three year period under regulation 41; and in accordance with the annual producer charge that must be paid by a scheme under regulation 43(e). The Department considers that regulation 45 is made for the purpose of implementing the obligations in Articles 12, 8 and 9 of the Directive and for the purpose of dealing with matters arising out of or related to those obligations.

3.11 Article 6 of the Directive requires that WEEE from private households that is deposited in the collection systems set up by a Member State under Article 5 should be treated at facilities permitted in accordance with Article 6. Article 7 of the Directive requires that certain recovery targets are met in relation to the WEEE from private household that is collected in the system set up by a Member State under Article 5. These Regulations require that separately collected WEEE must be taken to an AATF or approved exporter to ensure that such WEEE is treated, recovered and recycled to the standards required by Articles 6 and 7 of the Directive. AATFs and approved exporters will be permitted to issue evidence that WEEE covered by the Regulations has been treated and recovered to the standards required in the Directive. The charging provisions in regulation 51 specify the charges that must be paid to the EA and SEPA in relation to the approval of authorised treatment facilities and exporters. The Department considers that regulation 51 is made for the purpose of implementing the obligations in Articles 6 and 7 of the Directive and for the purpose of dealing with matters arising out of or related to those obligations.

3.12 The charges specified in regulation 45 are intended to cover the costs of administrating applications for approval of compliance schemes and registering producers; maintaining the register of producers; and monitoring compliance with conditions of approval. Similarly, the charges specified in regulation 51 are intended to cover the costs of administrating applications for approval of ATFs and exporters; and monitoring compliance with conditions

of approval. The Department considers that the charging provisions in these regulations do not amount to taxation (which would be prohibited by Schedule 2, paragraph 1(1)(a) of the 1972 Act) because the amount of each charge is related to the extent of the service provided to the scheme, authorised treatment facility or exporter who will benefit from being approved under these Regulations; and to the overall cost of providing the service.

4. Legislative Background

4.1 These Regulations implement the main provisions of the Directive by introducing a waste management system for WEEE in the United Kingdom that is intended to: (a) minimise the disposal of WEEE as unsorted municipal waste by establishing a network of designated collection facilities in the United Kingdom; (b) ensure that all WEEE from private households that is collected at such designated collection facilities is sent for treatment, recovery or recycling to authorised treatment facilities or exporters that are approved under these Regulations; (c) achieve the recovery targets set out in the Directive; and (d) provide that producers of EEE are registered and that they are responsible for financing the costs of managing the waste that arises from EEE in each compliance period. Obligations are also imposed on distributors (i.e. retailers) in relation to the right of consumers to return certain WEEE from private households to distributors free of charge.

4.2 These Regulations do not implement the provisions of the Directive that cover the physical treatment of separately collected WEEE. The main provisions in Article 6 of the Directive require the permitting of WEEE treatment operations and set standards for the treatment of WEEE. These provisions are being implemented respectively by separate legislation in preparation by Defra and the National Assembly for Wales, the Scottish Executive, and the Northern Ireland Government; and by technical guidance from Defra and the National Assembly for Wales, the Scottish Executive and the Northern Ireland Government in relation to the treatment of WEEE.

Regulations 45 and 51, which specify the charges to be paid to the EA and SEPA under regulations 41, 43, 47 and 48 do not extend to Northern Ireland. Provision for charges to be paid to the Department of the Environment in Northern Ireland is made in the Waste Electrical and Electronic Equipment (Charges) Regulations (Northern Ireland) 2006.

4.3 A Transposition Note has been prepared for this instrument and is attached to this memorandum at Annex 1.

The DTI has previously submitted Explanatory Memoranda on the Directive.

4.4 The Directive was originally the subject of Explanatory Memorandum 10802/00 (Part I) submitted on 2 October 2000. The House of Commons European Scrutiny Committee considered the proposal to be politically important, and for debate, which was held on 28 March 2001 (Report 1, Item 21540, Session 00-01). The House of Lords Select Committee on the European Communities referred the proposal to Sub-Committee D where it was cleared (Progress of Scrutiny, 11 May 2001, Session 00/01).

4.5 A further Explanatory Memorandum was submitted on 7 December 2000 as an Official Text Not Yet Received document. The House of Commons European

Scrutiny Committee decided that it should be debated in European Standing Committee “C” on 28 March 2001 (1st Report, Session 2000-2001). The Committee cleared the proposal from Parliamentary Scrutiny following the debate. The House of Lords Select Committee on the EU referred the proposal to Sub-Committee D where it was cleared (Progress of Scrutiny, 11 May 2001, Session 00-01).

- 4.6 A further Explanatory Memorandum 8983/03 was submitted on 1 September 2003 related to a “Proposal for a Directive of the European Parliament and of the Council amending Directive 2002/96/EC on waste electrical and electronic equipment”. The House of Commons European Scrutiny Committee considered it politically important and cleared it (Report 32, Item 24759, Session 02-03) and the Lords Select Committee on the EU cleared it in Sub-Committee D on 8 October 2003 (Progress of Scrutiny, 27/10/03, Session 02/03).
- 4.7 A further Explanatory Memorandum was submitted on 15 April 2004 on a “Proposal for a European Council Decision granting Cyprus, Malta and Poland certain temporary derogations from Directive 2002/96/EC on waste electrical and electronic equipment”. The House of Commons European Scrutiny Committee considered it not legally or politically important and cleared it (Report 17, Session 03/04) and the House of Lords Select Committee on the EU did not report on it (Progress of Scrutiny 7/5/04, Session 03/04).

5. Territorial Extent and Application

- 5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

- 6.1 As the instrument is subject to negative resolution procedure and does not significantly amend primary legislation, no statement is required.

7. Policy background

- 7.1 The purpose of the Directive is to address the environmental impacts of WEEE, and to encourage its separate collection (i.e. *separate* from the municipal waste stream), and its subsequent treatment, reuse, recovery, recycling and environmentally sound disposal. The Directive seeks to improve the environmental performance of all operators involved in the life-cycle EEE, especially those dealing with WEEE. Accordingly it sets certain requirements relating to the separate collection of WEEE, standards for its treatment at permitted facilities, and requires its recycling and recovery to target levels. It makes producers responsible for financing the majority of these activities. Distributors (largely retailers of EEE) have responsibilities in terms of the provision of facilities to enable the free take-back of WEEE by consumers.
- 7.2 An extensive range of EEE falls within the scope of the Directive. It is applied to EEE which is dependent on electric currents or electromagnetic fields to function and which operates within a voltage range of up to 1,000 volts AC or up to 1,500 volts DC; and which falls into ten product categories: large household appliances, small household appliances, consumer information technologic and telecommunications equipment, lighting equipment, tools, toys, leisure and sports equipment, medical devices, monitoring and control

equipment and automatic dispensers. The Directive addresses waste from EEE sold to both household and non-household users.

- 7.3 The DTI has been in contact with the main affected sectors of business and other stakeholders both throughout the negotiation of the Directive and since its was agreed and published in January 2003. Four public consultations have been conducted by DTI in relation to the transposition and implementation of the Directive, in March 2003, in November 2003, in July 2004 and in July 2006. These consultations initially invited views on general policy options and, then, draft Regulations and draft non-statutory guidance. The last two consultations also included partial Regulatory Impact Assessments. The Department for Environment, Food and Rural Affairs and the National Assembly for Wales and the Northern Ireland Government conducted separate consultations on draft permitting Regulations in May 2005; and the UK's Environment Agencies jointly consulted on draft technical guidance for the treatment of WEEE in July 2004.
- 7.4 Responses to the public consultations have reflected a lack of consensus on preferred approaches to a range of specific issues. There were consistent concerns from some stakeholders, in particular producers, about the Directive's scope and the need for guidance on this. The DTI has maintained discussions with stakeholders outside these consultations. It is continuing to engage them in several streams of discussion on a number of specific aspects of the implementation. It has taken account of these discussions, in addition to the responses to the earlier consultations, in finalising the Regulations in recent months.
- 7.5 These Regulations obligate producers to join a compliance scheme to discharge their financial responsibilities in respect of the treatment, reuse, recovery, recycling and environmentally sound disposal of WEEE that they have placed on the market. A network of AATFs and approved exporters will process WEEE and provide evidence to the compliance schemes on the amounts of WEEE received for treatment. They will also obtain evidence of recovery and recycling of WEEE materials from reprocessors in order to be able to provide compliance schemes with evidence of both treatment and recovery. Finally, an end-of-year settlement period will ensure that producers are able to balance their obligations through an exchange system if they need to. Guidance on these Regulations will be published in January 2007.
- 7.6 The Directive required Member States to bring the appropriate domestic laws into force by 13 August 2005. As the Government has failed to meet this target, the European Commission has commenced infraction proceedings against the UK for the late transposition and Judgment is expected shortly.

8. Impact

- 8.1 A Regulatory Impact Assessment for this instrument is attached to this memorandum at Annex 2.
- 8.2 The impact on the public sector will be up to £1.7m per annum to cover the enforcement of producer and distributor obligations introduced under these Regulations. The establishment of the end of compliance period “settlement exchange” will also require some public funding and will be subject of a competitive tendering exercise.

9. Contact

Debra Huntington at the Department of Trade and Industry Tel: 01142 794318 or email: debra.huntington@dti.gsi.gov.uk can answer any queries regarding the instrument.

FINAL REGULATORY IMPACT ASSESSMENT (RIA) FOR THE DEPARTMENT OF TRADE AND INDUSTRY'S STATUTORY INSTRUMENT – THE WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT REGULATIONS 2006 - TRANSPOSING DIRECTIVES 2002/96/EC AND 2003/108/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL, ON WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT, IN THE UK

PURPOSE AND INTENDED EFFECT OF MEASURE

(i) Objective

1. The Department of Trade and Industry's (DTI's) Statutory Instrument (SI), The Waste Electrical and Electronic Equipment Regulations 2006 (The 'WEEE Regulations'), transposes the European Waste Electrical and Electronic Equipment Directive (the 'WEEE Directive') into UK law.¹ The objective of the SI is to reduce the environmental impacts of Electrical and Electronic Equipment (EEE) in the UK, and particularly when EEE becomes waste (WEEE). Given the trans-boundary nature of these impacts, the SI is also intended to contribute to environmental protection at the European, and global, level more widely.

2. The main benefits of the SI will be in terms of:

- Reductions in the negative environmental impacts of EEE and WEEE both in volume terms and in terms of its potential hazardousness;
- Positive contributions to reductions in greenhouse gases, and to sustainable development and resource productivity, more generally, through the re-use, recycling and recovery of WEEE;
- Increased protection of human health and animal health from the potential negative impacts of WEEE.

3. The main costs of the SI will be in terms of:

- The marking of,² and provision of information on EEE³;
- Transport costs from increased levels in the separate collection of WEEE;
- The specific treatment of WEEE following separate collection, and increased recycling and recovery of materials from WEEE following treatment.

4. This final RIA outlines the potential costs, benefits and risks to the UK as a result of the DTI's SI. Given the nature of the WEEE Directive, and in particular the range and number of products potentially affected and the range and number of stakeholders potentially affected, and that estimates are based on limited data and on a number of assumptions, the benefits and costs presented in this final RIA can only be viewed as being indicative.

(ii) Background

5. WEEE is a priority waste stream of the European Community,⁴ because of the estimated

¹ The Department of Environment, Food and Rural Affairs (DEFRA) is introducing its own Statutory Instrument in relation to the licensing and permitting of facilities to treat WEEE in the UK in the future. See Defra website.

² In terms of putting certain information on EEE, for example, the crossed out wheeled-bin symbol.

³ Including costs to producers of registering as a Producer of EEE.

growing volume of WEEE, particularly in relation to other forms of municipal solid waste (MSW), and because of the potential hazardousness of WEEE following its disposal. This potential hazardousness can mean that WEEE can have a disproportionate negative impact on the environment, and on human health and animal health, in relation to the volume of waste discarded and disposed.

6. The WEEE Directive requires member States to promote and facilitate the separate collection of WEEE (from other forms of waste) within their territories, to ensure that separately collected WEEE is treated to a new set of standards, and to achieve re-use, recycling and recovery targets⁵ for components and materials from WEEE previously not achieved. The WEEE Directive also aims at improving the environmental performance of all economic operators involved in the EEE market, and in particular, ‘downstream’ operators dealing with WEEE directly.

7. The WEEE Directive applies to EEE falling under ten broad categories,⁶ numbered 1 to 10 in Annex 1 of the Directive. These are:

- Category 1 - Large household appliances;
- Category 2 - Small household appliances;
- Category 3 – Information Technology and Telecommunications (ITC) equipment;
- Category 4 - Consumer equipment;
- Category 5 - Lighting equipment;
- Category 6 - Electrical and electronic tools;⁷
- Category 7 - Toys, leisure and sports equipment;
- Category 8 - Medical devices;⁸
- Category 9 - Monitoring and control equipment;
- Category 10 - Automatic dispensers.

8. The WEEE Directive is an environmental Directive based on the principle of extended producer responsibility (EPR).⁹ EPR attempts to expand the ‘polluter pays principle’ (PPP), under the premise that as producers design and manufacture products they are best placed to facilitate effective re-use, recycling, recovery and disposal at ‘end of life’.¹⁰ Thus, and in general terms, the WEEE Directive makes producers of EEE¹¹ responsible for financing the

⁴ The Community programme of policy and action in relation to the environment and sustainable development (“Fifth Action Programme”) contains an entire chapter dedicated to waste management issues, in which WEEE is mentioned as a ‘target’ area.

⁵ There is not a specific target for the re-use of whole appliances, though this is encouraged, where appropriate, by the Directive.

⁶ There is a specific exemption for EEE used solely for the military purposes and/or the protection of the national interest of member States’. EEE contained within equipment outside of the scope of the WEEE Directive is also exempt (e.g. car radios).

⁷ Excluding large-scale stationary industrial tools.

⁸ Excluding implanted and infected products.

⁹ Extended Producer Responsibility (EPR) is defined by the OECD as “..an environmental policy approach in which a producer’s responsibility for a product is extended to the post-consumer stage of a product’s life cycle.” See *Extended Producer Responsibility: A Guidance Manual for Governments*, OECD (2001).

¹⁰ See, for example, Commission of the European Communities, *Proposal for a Directive of the European Parliament and of the Council on Waste Electrical and Electronic Equipment* (COM (2000) 347 final), and Commission of the European Communities, *Proposal for a Council Directive on End of Life Vehicles – Explanatory Memorandum* (COM (97) 358 final),

¹¹ Producers are defined by the Directive in terms of those who manufacture and sell EEE under their own brand, resell EEE under their own brand, and import EEE on a professional basis.

collection, treatment, and re-use, recycling, recovery and environmentally sound disposal of separately collected WEEE.

9. Given the fact that EEE for household use is not always sold directly to consumers by manufacturers, the WEEE Directive also places obligations on businesses selling EEE on a professional basis to consumers. In general terms, the WEEE Directive requires distributors of EEE (often largely seen as retailers of EEE) to provide the infrastructure through which household users of EEE can return their equipment easily, and free of charge, when they wish to discard it (so called 'free takeback').

10. The WEEE Directive also applies to so-called 'non-household' EEE and WEEE. 'Non-household' EEE and WEEE encompasses the business use of EEE and disposal of WEEE, but covers the use of EEE and disposal of WEEE from all non-household sources.

11. The WEEE Directive generally makes producers responsible for the collection of non-household WEEE. The responsibility for financing the treatment and recovery of non-household WEEE is either the responsibility of producers, or the responsibility of non-household users, depending on when the EEE was first put on the market, and under what circumstances it is being disposed.

12. A partial RIA for the draft SI transposing the WEEE Directive in the UK formed part of the public consultation undertaken by the DTI between July and October 2006. This consultation received 181 responses, of which 100 provided comments on the partial RIA. Of these 60 responded directly, with 19 agreeing and 41 disagreeing with the partial RIA. Reasons for disagreement varied, with some respondents saying that the cost estimates were too high, some saying they were too low, and some saying the estimates were either incomplete or inaccurate. This final RIA deals with all of these issues.

(iii) Rationale for Government Intervention

13. The rationale for Government intervention in relation to EEE and WEEE is market failure in terms of the negative externalities (i.e. unintended side-effects) that can arise as a result of existing practices in relation to the production of EEE and the disposal of WEEE. Externalities occur when the actions of one party impose costs on (or provide benefits to) a third party, but, the first party does not take these costs (or benefits) into particular account. Government intervention¹² can change incentive structures, and behaviour, in the presence of externalities, such that costs (or benefits) previously ignored are considered in future actions. This 'internalisation' of externalities can lead to improvements in the functioning of markets and improvements in the well-being of individuals, and in social welfare generally.

14. Current practices in relation to EEE and WEEE can produce negative externalities in terms of waste and pollution. When WEEE is disposed, this waste can have negative impacts on soil, air, and water quality which can lead to environmental damage, and which can also lead to negative impacts on human health and animal health.

15. In its Explanatory Memorandum (EM) to the WEEE Directive, the European Commission said "*..as more than 90 per cent of WEEE is landfilled, incinerated or recovered without any pre-treatment, a large proportion of various pollutants found in the municipal waste stream comes from WEEE.*"¹³ The requirements in the DTI's WEEE Regulations for the treatment of WEEE prior to recovery and disposal should contribute significantly to alleviating this

¹² For example, in terms of taxation or regulation.

¹³ Explanatory Memorandum to the WEEE and RoHS Directives, European Commission (see Footnote 13).

problem. Subsequent improvements in the environment, in human health, and in animal health should lead to improvements in the well-being of individuals, and improvements in social welfare generally in the UK, and given the trans-boundary nature of pollution, produce positive benefits across Europe, and overseas, more widely.

16. In addition, and in terms of sustainable consumption and production, Government intervention in the area of EEE and WEEE could lead to an improvement in the levels of information available to UK stakeholders and help correct any myopic (i.e. short-term) behaviour on the part of producers, distributors, and consumers. This could lead to benefits in terms of a more sustainable use of resources and energy for this generation and for future generations.

CONSULTATION

i) within Government

17. The WEEE Directive, and its transposition into UK law, has been the subject of wide discussion within Government. The DTI has chaired an interdepartmental advisory group on implementation involving the Devolved Administrations and all relevant Departments and Agencies. The DTI has also established a WEEE Advisory Group (WAG) involving a range of stakeholders.

ii) Public Consultation

18. The WEEE Directive, and its transposition into UK law, has been the subject of four public consultations. The first was in August 2001, the second in March 2003, the third in July 2004, and the fourth in July 2006. These consultations have elicited around 1,000 responses in total from stakeholders.

19. In addition, there was a separate consultation on environment agencies fees in May 2005 relating to the registration of producers of EEE in the UK. This received 50 responses. The environment agencies have also consulted on draft guidance in relation to the future treatment of WEEE in the UK. This received over 30 responses.

(iii) Risk Assessment

20. The main risks to the environment, and human health and animal health from WEEE are the potential damages caused by WEEE when it is discarded and disposed of subsequently. The SI will help to alleviate these risks.

21. A significant tonnage of WEEE is estimated as being separately collected and re-used or recycled in the UK currently, though there is no data available. In terms of WEEE arising from households this is largely in terms of large household appliances (such as fridges and washing machines), some consumer and IT equipment, and mobile phones, which are re-usable, or economic to recycle as they have significant metallic content. In terms of WEEE from non-household sources, or from professional use, separate collection and re-use or recycling currently takes place mainly in terms of large appliances, Information Technology and Communications (ITC) equipment,¹⁴ and automatic vending machines.

22. However, even in cases where WEEE is recycled currently, treatment prior to recycling does not take place generally. This means that the residues following recycling could contain hazardous substances when disposed of. The exception to this is refrigeration equipment containing Ozone Depleting Substances (ODS), as ODS are required to be removed, under the

¹⁴ Generally in larger volumes.

separate UK ODS Regulations, prior to further processing. Also, from 16 July 2005, WEEE which is separately collected, and which contains cathode ray tubes (CRTs), and mercury in gas discharge lamps, needs to be pre-treated prior to disposal under the Waste Acceptance Criteria (WAC) of the Landfill Directive.

23. There is also the issue of the vast number of EEE items estimated to be discarded in the UK but not separately collected currently. As these will be co-disposed of with other forms of waste they will neither be pre-treated prior to disposal nor recycled or recovered to any significant extent, if at all.

24. The European Commission's (EM) to the WEEE Directive¹⁵ estimated that in 1998, 6 million tonnes of WEEE was generated by the member States of the European Union. The EM also said that the volume of WEEE is expected to increase by 3-5 per cent per annum across member States in the future.

25. The EM explains that EEE contains a range of materials and substances of which "*..the most environmentally problematic..are heavy metals, such as mercury, lead, cadmium and chromium, halogenated substances, such as chlorofluorocarbons (CFCs), polychlorinated biphenyls (PCBs), polyvinyl chloride (PVC) and brominated flame retardants as well as asbestos and arsenic.*" It also says that "*..as more than 90 per cent of WEEE is landfilled, incinerated or recovered without any pre-treatment, a large proportion of various pollutants found in the municipal waste stream comes from WEEE.*" (EM, page 4), and subsequently "*..the environmental risks associated with the waste stream are not properly dealt with by current waste management practice.*" (EM, page 7).

26. Implementation of the WEEE Directive in the UK should reduce the risks of harm to the environment, and human health and animal health from WEEE. Such hazards are influenced by waste volumes arising, emission rates (from this waste), population exposures (to these emissions), and response effects (to the exposures). Though the pathways through which WEEE can produce harm are complex, and make precise risk assessment difficult, the risks of harm from WEEE do exist.

27. The Commission's EM to the WEEE Directive and a report for the Commission, *Heavy Metals in Waste*,¹⁶ in 2002, outline the risks from a range of materials and substances, some of which have been, or are used in the production of EEE. These include:

- Lead. For the adult population the major exposure pathway is via food and water. For children, lead in dust and soil is also a major exposure pathway. Lead can result in a wide range of biological effects depending upon the level and duration of exposure, but the main concern is often considered in terms of the negative impact on the central nervous system. In terms of animal health, lead does not bio-accumulate in most organisms, but may accumulate in bones and can result in deformities.
- Mercury. Mercury is a volatile element, which may be transported over long distances by air. In terms of human exposure the main exposure pathways are via the inhalation of vapours and via ingestion in food. Mercury is toxic and possibly carcinogenic. In terms of animal health, mercury can have adverse impacts on the central nervous system and kidneys of birds and mammals, and negative impacts on the reproductive systems of fish.

¹⁵ *Proposal for a Directive of the European Parliament and of the Council on waste electrical and electronic equipment*, Commission of the European Communities COM (2000) 347 final.

¹⁶ *Heavy Metals in Waste*, Final Report – European Commission DG Environment.E3, February 2002.

- Cadmium. Cadmium tends to bio-accumulate. The major route through which humans are exposed is via food (through agricultural crops where cadmium is in soil). The main risk to human health is kidney damage. In terms of animal health, cadmium can produce a wide variety of negative effects on birds and mammals, similar to those seen in humans.
- Chromium. Hexavalent chromium (Cr(VI)) can have a wide range of adverse effects on humans ranging from irritation to cancer. In terms of animal health, Cr(VI) is toxic to micro-organisms and can accumulate in aquatic species.

28. The pre-treatment of WEEE prior to recovery or disposal, as a consequence of the DTI's SI, will reduce the risks of damage to the environment and human health and animal health from any hazardous substances in WEEE, such as those outlined above.

29. In addition, increased reuse, recycling and recovery of WEEE should contribute, albeit in a small way, to tackling concerns surrounding resource productivity, and risks to sustainable development, in the UK and in this context is consistent with the UK Government's sustainable consumption and production agenda.¹⁷

OPTIONS

30. The WEEE Directive requires most of the obligations on producers and distributors of EEE to begin from 13 August 2005. The UK, like a number of other member States, has found the complex and wide-ranging nature of the WEEE Directive challenging. In December 2005, the DTI announced that the UK would delay implementation of the obligations on producers and distributors of EEE under the Directive. The aim of this announcement was to ensure that the UK established a robust and workable system for WEEE, which could achieve the environmental benefits of the Directive in a cost-effective manner, over the short-term and into the medium-term.

31. The UK has considered a number of options by which to implement the WEEE Directive. One of the main issues is how to get WEEE from those who discard it (i.e. generally, consumers), to producers, who are obligated to deal with it, and in this context whether each individual producer should physically handle WEEE, or be able to discharge an obligation by financial means. The options and means through which WEEE can be implemented are generally variants on the extent to which individual producers physically handle WEEE or not.

32. The WEEE Directive allows certain flexibility for member States to achieve the requirements of the Directive. The following paragraphs discuss the main options that have been considered for WEEE implementation in the UK. These options are not necessarily mutually exclusive, and can be combined in various ways to provide 'a package for implementation'.

Option (a) Mandatory In-store takeback of Household WEEE by each individual retailer of EEE. The UK is not proposing to implement mandatory in-store takeback of WEEE by retailers of electrical and electronic equipment EEE. Under the SI, each distributor (generally considered as a retailer) of household EEE in the UK is not required to provide for the in-store takeback of WEEE from households. Rather, each retailer of household EEE is required to provide an alternative infrastructure for the takeback of WEEE *or* to provide in-store takeback. Such a system should provide a cost-effective means of achieving the separate

¹⁷ See, for example, *Taking it on – developing UK sustainable development strategy together*, at www.sustainable-development.gov.uk

collection target for household WEEE required by the Directive, given estimates of the potential costs of mandatory in-store takeback provided by the British Retail Consortium (BRC).¹⁸ Imposing mandatory in-store takeback would likely add significantly to the costs of implementing the WEEE Directive in the UK. Given that it is not always obvious that consumers will shop to purchase new equipment whilst carrying old equipment to dispose of at the same time, it is not clear that any more WEEE would be separately collected under mandatory in-store takeback than by alternative means. There is also the issue of potential costs in financial and environmental terms of transporting many items of WEEE from many retail sites, to a place of consolidation for treatment and subsequent recovery.

Option (b) Physical collection of Household WEEE by each individual producer. At one point, the leading option for implementation of the WEEE Directive in the UK for a number of producers was the establishment of a 'national clearing house' (NCH). This NCH would allocate the responsibility for physical collection of WEEE at the time that WEEE arose, and on a producer-by-producer basis. It was uncertain how much it would cost to establish and operate an NCH in the UK, though set-up costs would likely have been in the millions of pounds. In Germany, an NCH has been established to allocate WEEE as it arises, for collection by producers, on an individual basis. Anecdotal evidence suggests that the logistical and practical challenges involved in such a system are proving formidable. Under the DTI's SI each individual producer of EEE in the UK is not required to physically collect household WEEE arising in the UK. Rather, a smaller number of producer compliance schemes will physically collect WEEE. Such a system should provide a relatively cost-effective means of achieving the treatment requirements and recovery targets of the Directive, given the potential economies of scale available in collecting, treating and recycling and recovering WEEE in larger volumes.

Option (c) Producer obligation by total weight of household WEEE or by type of household WEEE arising

The WEEE Directive allows member states to determine the financial obligations of producers with respect to WEEE arising as a whole, in tonnage terms. The SI, however, relates financial obligations on producers in respect of WEEE to the type of equipment they produce. Whilst this should have little impact on the overall costs of treating and recycling WEEE it should provide a more equitable and fairer distribution of costs between producers, given that producers will only be responsible for WEEE which is of a similar type to EEE they produce.

Option (d) Making producer compliance scheme membership compulsory for each producer.

The SI says that each producer must join a producer compliance scheme to discharge his WEEE obligations. In November 2005, the DTI had proposed that compliance scheme membership should be optional, as it is under the UK's Packaging Waste Regulations. The environment agencies believe that registration of producers will be more effective if producers are required to join a scheme, because there would be a lower total number of separate applications requiring processing.

Option (e) Requiring exceptional arrangements for Non-Household WEEE The SI enables producers of non-household EEE in the UK to incorporate the obligations of the WEEE Directive into their current business practices, in the spirit of the WEEE Directive itself. Such a system should enable the requirements of the WEEE Directive with respect to non-household WEEE to be met with as little disruption to current business practices as possible.

Option (f) Extending the scope of the WEEE Directive in the UK The legal basis for the WEEE Directive enables the UK to extend the scope of the WEEE Directive to a greater

¹⁸ These cost estimates have ranged at various times from between £200 million to £500 million per annum.

range of products and equipment than outlined in the Directive itself. The SI does not extend the scope of the WEEE Directive in this way. This should help to maintain a level-playing field for UK businesses operating in the European Single Market.

Option (g) Introducing a mandatory ‘visible fee’ for WEEE. A ‘visible fee’ for WEEE can be considered in terms of an explicit charge placed on new equipment to finance any costs from treating and recycling old equipment. The SI does not introduce a mandatory visible fee on household EEE to finance arisings of household WEEE. Rather, it enables producers who wish to show a ‘visible fee’ to be able to do so on a voluntary basis. The WEEE Directive itself refers to producers showing fees on a voluntary basis (Recital 20).

COSTS AND BENEFITS

33. The costs and benefits from the DTI’s SI transposing the WEEE Directive are estimated in this final RIA against ‘business as usual’, i.e. the Directive not being transposed into UK law and current waste management practices in relation to WEEE in the UK continuing in the future.

34. As has been noted, there is a certain level of separate collection, treatment and recycling of WEEE taking place in the UK currently. However, this usually takes place for specific equipment where there is value to be gained from either re-using components or whole appliances,¹⁹ or recycling metals from WEEE, or where there is a specific separate legal requirement to treat WEEE. However, where WEEE is treated and recycled in the UK currently, this will not be done to the full requirements of the WEEE Directive.

35. The costs and benefits of the SI will depend on the rate of separate collection of WEEE achieved in the UK, something that cannot be known in advance of the SI coming into force, and something that will vary from year to year. In addition, the composition and nature of separately collected WEEE will vary from year to year, both in terms of product types and in terms of the physical components and material constituents of these products.

36. On top of this, the costs of treatment and recovery are likely to vary over time as technology to treat WEEE develops, and as the costs of recycling, recovery and disposal change. To complicate this further, net costs will be influenced by the value of the metals and precious metals extracted from separately collected WEEE, and also potentially by the value of non-metals, such as plastics, and these will vary over time. There is a long-established and very active global market in secondary metals, and an expanding global market in secondary plastics and glass.

37. Further, there are a range of costs from the WEEE Directive falling on businesses in relation to the marking of EEE, the provision of information on EEE and WEEE, and the requirement to register as a producer of EEE. These costs will be influenced by the number of producers,²⁰ and the number and types of EEE they put on the UK market.

38. In addition, the WEEE Directive, and so the DTI SI, applies to non-household WEEE as well as household WEEE in the UK. Whilst there is relatively little solid data on household WEEE in the UK, there is even less on non-household WEEE arising in the UK. Thus, and for the reasons outlined above, and because a range of assumptions need to be made, the estimates in this RIA can only be seen as being indicative.

39. The assumptions used in the final RIA are as follows:

- Based on estimates from the Industry Council for Electronic Recycling (ICER) it is assumed that total household WEEE arisings in the UK will be in the region of 1.1 million tonnes in 2007.
- Based on ICER estimates we assume a certain percentage split²¹ of household WEEE arisings amongst the

¹⁹ There is an existing market for old EEE, particularly ITC equipment which is either re-used or recycled for the metals and precious metals. Also, the Voluntary and Community Sector (VCS) are actively involved in the re-use of whole appliances, principally in the area of large household appliances, where the refurbishment and re-sale of such appliances achieves a number of social and employment objectives.

²⁰ Which includes professional importers under the WEEE Directive.

²¹ The latest ICER Report provides estimates of household WEEE arisings across the 10 EEE categories of the WEEE Directive, with, for example, Category 1 EEE providing the largest amount in terms of weight. See

10 broad categories of EEE of the WEEE Directive (see Paragraph 7).

- In 1998, ICER estimated non-household WEEE arising in the UK based on estimates of domestic retail sales and commercial sales of EEE. These ratios varied significantly across different categories of EEE, and related to units rather than weight.²² There is also the problem of non-household WEEE ‘migrating’ to the household sector,²³ and non-household EEE being sold as second-hand goods inside and outside of the UK.²⁴ It is thus difficult to make an estimate of non-household WEEE arisings, but this final RIA bases estimates on the ratios in the 1998 ICER Report.
- Based on estimates outlined in the European Commission’s EM to the WEEE Directive the volume of WEEE arising in the UK is estimated to increase by 4 per cent per annum.
- Following introduction of the WEEE Directive in the UK we assume a certain level of separate collection of household WEEE takes place. We use two separate collection scenarios to estimate separate collection levels. In these scenarios it is assumed that *all* large household appliances (Category 1 of the WEEE Directive), *all* CRT monitors and fluorescent tubes, and *all* mobile phones arising as waste are separately collected in the UK currently. We assume this because the evidence we have is that consumers generally do not dispose of large household appliances with other forms of waste. Also, the Waste Acceptance Criteria (WAC) of the Landfill Directive requires CRTs and fluorescent tubes to be pre-treated prior to disposal and this equipment is now classified as hazardous under the UK’s Hazardous Waste Regulations.²⁵ For non-household WEEE it is assumed that *all* large white goods (Category 1),²⁶ automatic vending machines (Category 10) and grey and brown goods (Category 3 and 4 equipment) are currently separately collected. Discussions with industry suggest that all automatic vending machines in the UK are separately collected at present when they arise as waste, and ITC equipment is separately collected on an ‘old for new’ basis. Following implementation of the WEEE Directive in the UK it is assumed that *all* non-household WEEE is separately collected.
- Estimates from voluntary and charity organisations and industry suggest that some 1-15 per cent of larger household WEEE²⁷ may currently be re-used as whole appliances. We use the middle of this range to represent an average rate of re-use at present. Survey and anecdotal evidence suggests that the re-use of larger business WEEE as whole appliances may be around 14 per cent on average at present.²⁸ Following implementation of the WEEE Directive in the UK we assume that re-use of whole items of larger household WEEE rises to 15 per cent on average, and that the average re-use of larger non-household items rises to 20 per cent. Some respondents to the partial RIA suggested that the partial RIA was incorrect because “*..assumptions based on 100 per cent re-use must be exaggerated.*” But the partial RIA did not assume 100 per cent re-use for any item of WEEE now, or following introduction of the WEEE Regulations. Rather, the partial RIA assumed a certain increase in the re-use of certain WEEE items over and above estimates of current re-use levels, because one of the aims of the WEEE Directive is to promote the re-use of WEEE as whole appliances. This assumed increase in re-use is outlined as above, rising from an estimated average of around 7 per cent to 15 per cent for larger household WEEE, and rising from an estimated average of 14 per cent to 20 per cent for larger non-household WEEE.

www.icer.org.uk for more details.

²² Estimates ranged from certain categories of EEE being solely supplied to households and certain categories of EEE being solely supplied to non-households.

²³ For example, by the donation, or sale, of equipment by businesses to their employees.

²⁴ It is believed that a proportion of EEE discarded by businesses is re-used in one form or another, whether this is by other businesses, charities or employees. Also, it is believed that a significant volume of business EEE is exported legitimately for re-use overseas and so will not arise as WEEE in the UK.

²⁵ And, indeed, the DTI is financing the treatment of all this equipment, via Local Authorities, under the ‘new burdens’ principle.

²⁶ As for household arisings of large appliances it is unlikely, given the size of the equipment, that non-households will dispose of this waste with other forms of waste.

²⁷ Such as white goods and TVs and PCs.

²⁸ The Commercial and Industrial Waste Survey of the Environment Agency suggests that some 14 per cent of discarded equipment was re-used in 2002/03.

- Estimates for the costs of treating and recovering certain EEE, where available, are assumed to remain constant in real terms. However, the sections below on treatment and recovery, discuss how the costs of treatment and recovery may fall in real terms over the medium-term, due to such factors as technological developments, innovation, and ‘learning-by-doing’.
- We assume that by 2011 no refrigeration equipment requires ODS treatment given that the life of this equipment is estimated at some 10 years and the ODS Regulations of 2000 banned the production of refrigeration equipment containing ODS.

40. An outline of a framework to estimate costs and benefits of household WEEE used in this RIA is summarised in Table 1 below. Some costs and benefits will be transfers between UK stakeholders, as a consequence of the obligations on parties following the introduction of the SI. Some costs and benefits will be additional resource costs and benefits to stakeholders and so to the UK. Annex A to this RIA discusses these issues further. An outline of a framework for estimating the costs and benefits of non-household WEEE is outlined in Table 2. Costs and benefits from non-household WEEE will be similar in nature to household WEEE, but impacts may be different amongst stakeholders, for example, refrigeration equipment covered by the ODS Regulations will already be dealt with by UK businesses.²⁹ Not all of the benefits of the WEEE Directive can be valued in monetary terms at this stage. Where monetary valuation is not undertaken this RIA indicates qualitative impacts.

Benefits (Regulations 15, 17, 24-26, 37)

41. The WEEE Directive will bring benefits in a number of areas. These will principally be in terms of direct environmental benefits and benefits to human health and animal health, but there should also be benefits in terms of contributions to sustainable development and resource productivity in the UK more generally. In addition, there may be ‘knock-on’ benefits in terms of raising awareness of other forms of waste amongst consumers and other stakeholders in the UK, and in raising awareness of environmental issues more widely amongst a range of UK stakeholders.

i) Reductions in Resource use to dispose of WEEE and Reductions in negative externalities from disposal of WEEE in the UK

42. The separate collection, treatment and re-use, recycling and recovery of WEEE required by the SI will reduce the costs of disposing of WEEE arising compared to the base case of no SI. The value of these cost savings will depend on the volume and type of WEEE that is separately collected following the introduction of the SI and the disposal route that would have been followed in the absence of the SI, and its associated cost.

43. The WEEE Directive requires the UK to achieve a minimum of 4 kilogrammes per head per annum of separately collected household WEEE. It also requires materials and substances from this separately collected WEEE to be re-used, recycled or recovered over and above levels of recycling of WEEE that have occurred in the UK in the past. The WEEE Directive implies 100 per cent separate collection of non-household WEEE.

44. The ‘Costs’ section below outlines two scenarios for how much WEEE may be separately collected and recycled subsequently in the UK following introduction of the SI. These scenarios mean that a certain tonnage of WEEE will not be disposed of in the UK in the future.

45. The vast majority of WEEE that is disposed of in the UK currently is likely to be

²⁹ In addition, Local Authorities may well be involved significantly less in the collection of non-household WEEE than household WEEE.

landfilled, rather than incinerated. Landfill costs (in terms of gate fees) vary across the UK, but *Materials Recycling Weekly* (MRW) are quoting an average cost of gate fee in the region of £25 per tonne, and it is this figure we use in this RIA. The Landfill Tax rose to £21 per tonne in April 2006, and is expected to rise to a medium-term target of £35 per tonne.

46. The resource cost to the UK of landfilling is the gate fee plus the element of the Landfill Tax that explicitly accounts for the negative externalities from landfill. In this RIA the benefit in terms of reducing negative externalities from landfilling WEEE is taken as the value of the Landfill Tax.

ii) Benefits from reductions in hazardous waste disposal

47. As outlined in the section ‘Risk Assessment’, EEE currently contains a level of potentially hazardous materials and substances. This means that the negative externalities that WEEE can have on the UK environment may be greater than that from disposing of ‘general’ municipal solid waste (MSW).

48. The WEEE Directive (via Article 6 and Annex II of the Directive) requires separately collected WEEE to be treated prior to further processing. Historically in the UK, WEEE has not generally been treated prior to dismantling, shredding and recycling, except where there has been an explicit regulatory requirement to do so, or where it has followed as a consequence of recycling WEEE for economic reasons.

49. The potential for hazardous substances to leach from landfill and contaminate soil and groundwater with consequent negative impacts on the environment and human health and animal health is one of the main causes of the European Commission’s concerns about the historic means of disposal of WEEE outlined in its EM to the WEEE Directive.

Table 1: An Outline Framework to Estimate the Costs and Benefits of Household WEEE in the UK

	Benefits	Costs
Producers of EEE	Value of Metals from Category 1-9 EEE when discarded and separately collected.	Costs of collection, treatment and recovery of Category 1-9 EEE when discarded and separately collected. Costs of disposal of Category 1-9 EEE residual waste after recovery. Costs of marking EEE, and costs of provision of information on EEE and WEEE.
Distributors of EEE	Avoidance of ODS costs for Category 1 EEE, and avoidance of CRT costs for Category 3 and 4 EEE when ‘collected on delivery’. Avoidance of disposal costs of non-metals in Category 1, 3 and 4 EEE when ‘collected on delivery’	Costs of take-back network or in-store takeback for WEEE. Loss of value of metals from Categories 1, 3 and 4 EEE when ‘collected on delivery’. Costs of provision of information on WEEE.
Local Authorities	Avoidance of collection and disposal costs of Category 1 EEE when discarded. Avoidance of ODS costs for Category 1 EEE, avoidance of CRT costs for Category 3 and 4	Loss of value of metals from Category 1 EEE when discarded. Loss of value of metals from CRTs and fluorescent tubes when discarded.

	<p>EEE, and avoidance of treatment costs for Category 5 EEE.</p> <p>Avoidance of collection and disposal costs of Category 2-9 EEE when discarded and separately collected.</p>	
External Environmental Impacts	<p>Reductions in negative externalities and in resource use from disposal of WEEE.</p> <p>Reductions in negative externalities from re-use and recycling of secondary materials reducing primary production of materials.</p> <p>Contributions to sustainable development and resource productivity.</p>	Increased transport emissions from increased separate collection of WEEE.

iii) *Reductions in Energy use and Carbon and CO2 emissions*

50. The reuse, recycling and recovery targets of the WEEE Directive mean that additional materials, over and above historic levels, will be reused, recycled or recovered as a consequence of the SI.

51. As the re-use, recycling and recovery of materials from WEEE will mean that the need for the production of new materials will be reduced, there will be a positive impact in terms of contributions to reductions of energy use and other resources, and reductions in emissions of greenhouse gases from the commercial and industrial sector in the UK and from similar sectors overseas. The use of materials from WEEE for energy recovery should also contribute to reductions in greenhouse gas emissions where these materials substitute for fossil fuels in energy production.³⁰

Table 2: An Outline Framework to Estimate the Costs and Benefits of Non-Household WEEE in the UK

	Benefits	Costs
Producers of EEE	Value of Metals from Category 1-9 EEE when discarded and separately collected.	<p>Costs of collection, treatment and recovery of Category 1-9 EEE when discarded and separately collected.</p> <p>Costs of disposal of Category 1-9 EEE residual waste after recovery.</p> <p>Costs of treatment and recycling of Category 10 EEE when discarded.</p> <p>Costs of marking EEE. Costs of provision of information on EEE.</p>
Non-Household End users of EEE	<p>Avoidance of ODS costs for Category 1 EEE, avoidance of CRT costs for Category 3 and 4 EEE, and avoidance of fluorescent tube treatment costs when 'historic' equipment is replaced (on like for like basis), and for all new equipment.</p> <p>Avoidance of disposal costs of</p>	Loss of value of metals from Category 1, 3 and 4 EEE when discarded 'under producer responsibility'.

³⁰ See, for example, *The Environmental Benefits of Recycling*, Waste and Resources Action Programme (WRAP), May 2006.

	non-metals in separately collected Category 1-9 EEE when 'historic' equipment is replaced (on like for like basis), and for all 'new' equipment.	
External Environmental Impacts	<p>Reductions in negative externalities and in resource use from disposal of WEEE.</p> <p>Reductions in negative externalities from re-use and recycling of secondary materials reducing primary production of materials.</p> <p>Contributions to sustainable development and resource productivity.</p>	

52. Reductions in greenhouse gas emissions will lead to a reduction in the damage cost of climate change. Current recommendations on applying monetary values to climate change impacts are derived from a Government Economic Service (GES) Working Paper which recommended a range of £35 to £140 per tonne of carbon as an illustrative damage cost of carbon emissions in 2000, with a £1 per tonne real increase in this cost for subsequent years.³¹ This range for damage includes negative effects on agriculture and ecosystems, increased mortality from drought or flooding, wetland and dry-land loss, and negative impacts from natural hazards.

53. In 2006, the Department of Environment, Food and Rural Affairs (DEFRA) published a report estimating the impact on greenhouse gas emissions from recycling and energy recovery from waste.³² These estimates are used to provide the basis of the indicative estimates of monetary values for the climate change benefits that may accrue as a result of the SI. These are outlined in Tables 3 and 4 for household WEEE and non-household WEEE respectively.

Table 3: Monetary Estimates of Climate Change Benefits of Additional Recovery of Household WEEE (£ million)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Low Estimate	2	4	4	4	5	5	6	6	7	7	8
High Estimate	5	16	16	17	18	19	26	27	29	30	32

Table 4: Monetary Estimates of Climate Change Benefits of Additional Recovery of Non-Household WEEE (£ million)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Low Estimate	3	5	5	6	6	7	7	8	8	9	9
High Estimate	9	18	19	20	21	22	23	24	25	26	27

54. Some respondents to the partial RIA said that the partial RIA was incorrect because it did not consider transport emissions when estimating climate change benefits of the WEEE Regulations. However, the estimates of climate change benefits from the DEFRA Report are based on a Life-Cycle Assessment (LCA) study, and so represent net savings in CO2 emissions from recycling and recovery of waste after taking transport emissions

³¹ *Estimating the Social Cost of Carbon Emissions*, Government Economic Service Working Paper 140, www.hm-treasury.gov.uk.

³² Emissions factors for the treatment of waste by material and treatment type were taken from Table 4.6 of ERM's report to Defra "The Impact of Energy from Waste and Recycling Policy on UK Greenhouse Gas Emissions" (January 2006), available on Defra website.

into account.

iv) Revenue from metals recycled in WEEE

55. The increased separate collection of WEEE in the UK is likely to lead to additional metals being available for recycling over and above current disposal methods. Given that virtually all Category 1 and 10 EEE is thought to be currently separately collected, and there are high levels of separate collection of CRTs, ITC equipment and mobile phones, it is difficult to estimate accurately the value of additional metals, but these will largely be the consequence of the increased separate collection of Category 2-9 of EEE. We do not expect these additional metals to be of sufficient volume to have a material impact on the world price of secondary metals.

56. Based on assumptions outlined in the 'Costs' section below regarding the achievement of the recovery targets of the WEEE Directive (Article 7 of the Directive) indicative figures for the value for metals from Categories 2-9 of EEE are estimated. The value of these metals is netted off the costs of achieving the recovery targets of the WEEE Directive to produce the net costs of recovering WEEE following implementation in the UK. These are presented in Table 13.

57. For household WEEE, the value of metals contained in Category 1 of EEE will be transferred from Local Authorities to Producers of EEE where Category 1 WEEE is currently dealt with by Local Authorities. Where Category 1 and/or Category 3 and 4 WEEE is dealt with currently by retailers through collection-on-delivery (CoD) services the value of metals contained in these will also be transferred to producers of EEE when the SI comes into force. The value of metals from Category 2-9 household EEE will be largely additional benefits to producers of EEE following increasing levels of separate collection of WEEE in the UK. For non-household WEEE, there will be benefits to producers of EEE from metals in WEEE not separately collected at present, and where non-household WEEE is separately collected at present there will be transfers of metals from end-users to producers of EEE.

v) Positive contributions to sustainable development and resource productivity

58. The reuse, recycling and recovery of materials from WEEE will contribute positively to the UK Government's policies on sustainable development and resource productivity. Greater levels of limited physical resources will be available for use because they will not be disposed of in landfill, and there will be less need to mine or produce primary/virgin materials. In addition, there should be reduced uses of energy use from recycling and re-using materials compared to the production of primary/virgin materials.

vi) Positive 'spillovers' to other forms of waste and environmental issues

59. Given that virtually every person in the UK comes into regular contact with, and usually owns at least one item of EEE, the SI transposing the WEEE Directive may well contribute to raising awareness in the UK in relation to other forms of household and business waste, such as, for example, packaging waste and spent batteries. In as much as increased awareness contributes positively to tackling waste issues and environmental issues more widely in the UK, the SI may bring additional positive 'spillover' benefits.

Costs

60. There are essentially three main additional activities the WEEE Directive requires to be undertaken on WEEE that has not been undertaken, or consistently undertaken, in the UK historically. These are separately collecting WEEE from other forms of waste; treating (i.e. de-polluting) WEEE prior to further processing; and re-using, recycling and recovering WEEE materials that it has not been 'economic' to recycle or re-use in the past.

61. In addition to these activities the WEEE Directive requires producers and distributors of EEE to undertake a number of activities in relation to EEE. These are principally in terms of marking EEE to facilitate its separate collection, and in providing information to the

‘downstream’ industry to facilitate its treatment and recycling and recovery, and providing certain information to consumers of EEE.

Separate Collection of WEEE (Regulations 31-35, 39, 54-56)

62. The WEEE Directive does not require the separate collection of *all* WEEE arising within a member State. However, it requires member States to take steps to minimise the disposal of WEEE as unsorted municipal solid waste (MSW).

63. The WEEE Directive sets an explicit minimum target for the separate collection of household WEEE arising in a member State of 4 kilogrammes per head of population per annum, and an implicit target of 100 per cent separate collection of non-household WEEE arising in a member State. In terms of household WEEE the explicit target means the UK needs to separately collect, as a minimum, around 240,000 tonnes of WEEE.³³

64. The 2005 report from ICER suggests that in the UK in 2003 around 1 million tonnes of household WEEE representing over 90 million units may have been discarded in the UK.

65. Based on estimates in the European Commission’s EM (for the WEEE Directive), that WEEE is growing at around 4 per cent per annum, and based on estimates given in the ICER Report for WEEE arising in different categories of the WEEE Directive, we can estimate potential total household WEEE arisings in the UK. These estimates are given in Table 5.

Table 5: An estimate of future household WEEE arisings in the UK (millions)

Millions	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Tonnes	1.1	1.13	1.18	1.23	1.28	1.33	1.38	1.43	1.49	1.56	1.61
Units	98.6	102.6	106.7	110.9	115.4	120.0	124.8	129.8	134.9	140.3	146.0

66. The figures in Table 5 do not mean that all household WEEE that arises in the UK will be separately collected. To estimate the amount of household WEEE that may be separately collected in the UK following transposition of the WEEE Directive a number of assumptions need to be made.

67. First, we assume that *all* household Category 1 EEE is separately collected in the UK. This is not an unrealistic assumption given that large household appliances are generally not disposed of with other forms of waste, and are separately collected via various means, including collection-on-delivery (CoD) by retailers when delivering new appliances, takeback to civic amenity (CA) sites by final holders, collection by Local Authorities via ‘bulky waste’ collection schemes, and collection and takeback by charities and voluntary organisations following donation by the final holder.³⁴

68. In addition, and following the introduction of the UK’s Landfill Regulations and Hazardous Waste Regulations we assume that *all* household CRT monitors and fluorescent tubes are separately collected at present. This leaves the other Categories of EEE in the WEEE Directive which may arise as household WEEE and which may be separately collected following the introduction of the SI.

69. The 2005 ICER Report focuses on household WEEE arisings. In 1998 ICER undertook a

³³ Given a UK population of some 60 million.

³⁴ Even in the case where large domestic appliances are fly-tipped (for whatever reason) this equipment is often retrieved by a Local Authority or by a waste management company acting on its behalf. We do not expect fly-tipping of WEEE to increase in the future given the free takeback available to final holders under the SI, and given various measures the Government is pursuing to clampdown on the problem of fly-tipping generally.

report on all EEE and WEEE in the UK. This report provided estimates of sales in EEE split between household and non-household sources. Using EEE sales as a proxy for WEEE and based on these splits of sales an estimate for non-household WEEE arisings can be made. These estimates are outlined in Table 6 below.

70. There is a certain level of separate collection of total WEEE currently taking place in the UK. WEEE containing a relatively large metallic content is more likely to be separately collected at present than WEEE dominated by non-metallic materials. In terms of household WEEE, it is unlikely that separate collection of WEEE outside of Category 1 equipment, CRT monitors, fluorescent tubes, and mobile phones takes place to any significant extent.³⁵ In terms of non-household WEEE it is unlikely that separate collection of WEEE outside of Category 1, 3, 4, and 10 equipment takes place to any significant extent, though Categories 1,3,4, and 10 are thought to consist of the majority of equipment by tonnage.

71. To estimate the possible separate collection of household WEEE following transposition of the WEEE Directive in the UK we use two scenarios:

Table 6: An estimate of future non-household WEEE arisings in the UK (millions)

Millions	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Tonnes	0.98	1.02	1.06	1.11	1.15	1.20	1.24	1.29	1.35	1.40	1.46
Units	79.6	82.8	86.1	89.6	93.2	96.9	100.8	104.8	109	113.3	117.9

- Scenario 1. By 2009, separate collection of household WEEE (outside of Category 1 equipment) in the UK increases to the same rates as that experienced in the Netherlands following the introduction of the NVMP system.³⁶ One estimate for the additional collection costs for WEEE in the UK can be obtained by assuming that the level of separate collection achieved in the Netherlands following the introduction of the NVMP system and the ICT system will also be achieved in the UK once the WEEE Directive is implemented. We then assume separate collection increases in the future.

Table 7: Scenario 1 – Separate collection of household WEEE arisings

Category (in volume)	2007	2008-12	2013-17
1 (large household)	100%	100%	100%
2 and 5-9	2%	10%	20%
3 (ITC)	25%	55%	70%
4 (consumer equipment)	39%	58%	70%

- Scenario 2. One of the main aims of the WEEE Directive is to encourage the separate collection of WEEE so that it is not disposed of with Municipal Solid Waste (MSW). An alternative scenario is thus that after the first years of implementation, greater levels of all equipment are separately collected from MSW as behavioural changes become embedded, rising to virtually all WEEE (by tonnage) being separately collected in the UK. Scenario 2 can thus be viewed as a top of the range estimate for separate collection compared to a lower-end estimate in Scenario 1.

Table 8: Scenario 2 – Separate collection of household WEEE arisings

Category (in volume)	2007	2008-12	2013-17
1 (large household)	100%	100%	100%

³⁵ Though there is a level of separate collection of ITC equipment undertaken for reasons of re-use and capturing of precious metals, the majority of this is thought to be from non-household sources.

³⁶ In the Netherlands, a Decree establishing rules for taking back and processing brown and white goods after use came into force on 1 June 1998. The Dutch Association for Domestic Appliances and the Association for Electronics Manufacturers set up a recovery system for white goods and small domestic appliances in January 1999. This is the NVMP scheme.

2 and 5-9	2%	20%	50%
3 (ITC)	25%	70%	90%
4 (consumer equipment)	39%	70%	90%

72. In terms of non-household WEEE, it is assumed that all non-household WEEE will be separately collected following implementation of the WEEE Directive in the UK, given that this is what the WEEE Directive requires, and the estimate that, in tonnage terms, the vast majority of such WEEE is separately collected at present.

73. There are two elements to the separate collection costs of household WEEE under the SI. First, there are the costs of establishing a national and 'adequate' network of 'central collection facilities' enabling final holders of household WEEE to discard their WEEE at no cost and without undue inconvenience in terms of, for example, distance travelled. Secondly, there are the costs of collecting this WEEE from 'central collection facilities' (so called Designated Collection Facilities (DCFs) under UK implementation).

74. In terms of establishing a network of 'central collection facilities' the British Retail Consortium (BRC) has proposed a fund to upgrade all CA sites in the UK to become DCFs, and funds to maintain this DCF infrastructure.

75. In terms of the separate collection costs from DCFs, one estimate from UK industry suggests that on average it may cost in the region of £60 per tonne for large items of WEEE, and up to £120 per tonne for smaller items of WEEE. We have revisited the estimates for collection costs following the consultation responses on the partial RIA. Additional separate collection costs from the WEEE Regulations relate to the transport for *additional* treatment for equipment that is already separately collected and sent for treatment, recycling and disposal in the UK, and relate to costs for *new* collection and treatment where equipment is not currently separately collected in the UK. Following increased separate collection of WEEE there should also be a reduction in the volume of municipal solid waste (MSW) collected by Local Authorities from households, and commercial and industrial premises, following increased levels of separation of WEEE from MSW. One industry estimate is that on kerbside collection of MSW costs on average in the region of £50 per tonne.

76. The two scenarios for separate collection coupled with the estimates for total WEEE arisings and collection costs imply the following estimates for the costs of separately collecting WEEE under Article 5 of the WEEE Directive. All of these separate collection costs are policy costs.

Table 9: Summary of Costs for Additional Separate Collection of WEEE in the UK (£ million pa)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<i>Household</i>											
Low	21	49	51	53	55	57	64	67	69	72	75
High	21	53	55	57	59	62	73	76	79	83	86
<i>Non-Household</i>	3	6	6	6	7	7	7	7	8	8	8
Total	24	55-59	57-61	59-63	62-66	63-69	71-80	74-83	77-87	80-91	83-94

Treatment of WEEE (Regulation 25)

77. The WEEE Directive, and hence the DTI's SI, requires all separately collected WEEE to be treated prior to further processing.

78. DEFRA's WEEE permitting Regulations and the RIA accompanying these regulations

consider the costs to business of being permitted as an Authorised Treatment Facility (ATF) to deal with WEEE in the UK in the future.³⁷ Those costs are thus not considered in this RIA.

79. The Environment Agency (EA) has consulted upon, and produced, draft technical guidance on the treatment operations that need to be undertaken on separately collected WEEE in relation to the requirements set out in Annex II of the WEEE Directive.

80. The majority of the treatment to be undertaken on separately collected WEEE in the UK in the future is expected to be additional treatment over current practices, with the exception of the treatment of refrigerators containing ozone depleting substances (ODS) which are covered by the ODS Regulations. Industry estimates are that the costs of treating fridges and freezers to the standards of the ODS Regulations are currently in the region of £3 - £5 per unit, and we take £4 as a middle estimate.

81. In addition, the Waste Acceptance Criteria (WAC) of the Landfill Directive means that currently, cathode ray tubes (CRTs) and fluorescent tubes need to be pre-treated prior to disposal if they are collected separately. Industry estimates are that CRTs cost around £3 - £5 per unit to treat a CRT, and fluorescent tubes around 20-25 pence.³⁸ We take £4 as a middle estimate for CRTs.

82. There is also the issue of how WEEE is actually treated to the requirements of Annex II of the WEEE Directive, particularly, for example, whether it is 'fully' treated prior to shredding, or whether a level of treatment can take place post-shredding.

83. In the short term, labour costs may provide the majority of the variable cost element for treating most WEEE given that draining, dismantling and separating equipment may be largely a manual exercise. These costs are likely to vary considerably between different EEE products, as some are far more complex than others and thus will take more effort to be treated in accordance with the Directive's requirements. It is possible that through learning these costs could fall over time, and it is likely that technological developments will also lead to reductions in costs over time. One industry estimate (in response to a previous public consultation) was that it may cost £2-£3 per unit to treat WEEE if this WEEE requires full manual treatment (so called 'hand-stripping' of items). We have revisited estimates for treatment costs following consultation on the partial RIA, and in light of recent announcements by DEFRA on what constitutes treatment under the WEEE Directive.³⁹ It is highly unlikely that manual stripping will be required for all items of separately collected WEEE, and to take this into account we use the lower estimate of £2 per unit as an estimate for treatment costs.

84. An alternative estimate can be based on estimates of the time taken to treat WEEE when it arises. In terms of Annex II of the WEEE Directive this includes, for example, the removal of capacitors, batteries, printed circuit boards, toner cartridges and external cables. Previous partial RIAs for the WEEE Directive have used estimates for the costs of treatment in terms of industry estimates for the costs of personal computers, adjusted according to the relative complexity of the WEEE involved. Such estimates equated to times in the range of 5 to 20 minutes per unit. To calculate an alternative estimate to the one outlined above we can use this as a lower-end estimate for treatment costs.

³⁷ See Defra website.

³⁸ This figure is an industry estimate for the collection, treatment and recycling of fluorescent tubes.

³⁹ See www.letsrecycle.com/legislation/news.jsp?story=6244

85. Thus if, for example, we assume it takes five minutes, on average, to treat WEEE items in Categories 1, 10, 3, 4, 2 and 8 to Annex II standards of the Directive, and slightly less time to treat WEEE in Categories 6 and 7, and less to treat WEEE in Category 9 – based on estimates of what may be needed to be undertaken for different items, then this provides an alternative estimate for the costs of treating WEEE.

86. However, it should be noted that there is much uncertainty surrounding the costs of treating WEEE to the standards of the Directive. This is not least because these costs will depend on what is separately collected and the composition of WEEE arising.

87. Over the medium-term it is likely that the cost per unit of treating WEEE could fall for a number of reasons, including: developments and innovation in treatment technologies; fewer refrigerators containing ODS, and fewer televisions with CRTs arising as waste; and as the impacts of the RoHS Directive affect WEEE.⁴⁰

88. In addition to the costs outlined above, will be the costs associated with the treatment of non-household WEEE following introduction of the SI. There will thus be additional costs in terms of the treatment of non-household WEEE. Table 10 below provides a range of estimates for the costs of treatment of WEEE. These are policy costs.

89. One respondent to the partial RIA said that the estimates for treatment were “*..too low*”. However, the required treatment of WEEE does not equate to work that may be undertaken to rectify faulty products, nor does it need to ensure the re-use of components or parts. In addition, it is unlikely that all treatment will need to take place pre-shredding.

90. One respondent to the partial RIA said that the treatment cost estimates in the partial RIA did not reflect the complexity of treating gaming machines at the end of their life. However, though it is possible that gaming machines may cost more per unit to treat, producers of category 10 products have noted in the past the longevity of life of their machines given, they say, that there are high levels of re-use currently.

91. One respondent to the partial RIA said that Table 10 “*..lacks useful meaning given that technology changes are fast..*” But the partial RIA acknowledges that treatment costs will vary over time, and uses a range of estimates to, at least in part, reflect future uncertainty. Another respondent to the partial RIA said that “*..costs are underestimates by at least 50%. If they are not upgraded, then it is not likely that ATFs will be viable.*” But, cost estimates are in the range of £200 - £250 million per annum when virtually all WEEE is estimated to be separately collected in the UK. It is not clear why ATFs would not be viable under these circumstances.

Re-use, recycling and recovery of WEEE (Regulation 26)

92. The WEEE Directive requires the following re-use, recycling and recovery targets to be achieved for separately collected WEEE once it has been treated:

- Category 1 and 10 EEE – Recovery of 80 per cent by average weight per appliance, with a minimum of 75 per cent reuse and recycling of components, materials, and substances.

Table 10: Summary of Estimates of Additional Treatment Costs of WEEE in the UK (£ million pa)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<i>Household</i>											

⁴⁰ As the RoHS Directive restricts the use of hazardous substances in EEE, WEEE arising from new EEE should be less hazardous, and so require less treatment, than ‘historic’ WEEE.

Low	20	53	57	59	63	67	77	82	86	92	97
High	22	62	65	68	71	74	119	124	129	134	139
Non-Household											
Low	19	64	66	69	72	75	78	81	84	87	91
High	31	78	82	87	90	94	99	104	109	115	124
Total	40-53	116-140	123-140	128-154	135-161	142-169	155-218	162-228	170-238	179-249	188-260

- Category 3 and 4 EEE –Recovery of 75 per cent by average weight per appliance, with a minimum of 65 per cent reuse and recycling of components, materials, and substances.
- Category 2, 5, 6, 7 and 9 EEE - Recovery of 70 per cent by average weight per appliance, with a minimum of 50 per cent reuse and recycling of components, materials, and substances.
- Gas discharge lamps – Reuse and recycling of 80 per cent by weight of lamps.

93. The WEEE Directive, and so the SI, makes producers of EEE responsible for the financing of achieving these targets and also responsible for the environmentally sound disposal of the residual waste from WEEE following the achievement of the targets.

94. As has already been noted there is a certain level of re-use of whole appliances and components, and a certain level of recycling of metals from WEEE taking place in the UK currently.

95. To estimate the costs of achieving the targets of the Directive by weight of equipment a number of estimates and assumptions need to be used. This is because there is limited information on the full material composition of the range of equipment covered by the WEEE Directive. In addition, the costs of achieving the targets will vary over time, not only in terms of the costs of recycling and the value of secondary metals, but also because the material composition of WEEE will change over time, as will the costs of disposing of the residual waste.

96. A significant volume of WEEE will contain metals in some proportion and in some form, and the recycling of such metals will bring revenue to producers of EEE, which will offset, to some degree, the costs of achieving the recycling and recovery targets of the Directive.

97. The non-metallic materials of WEEE consist of different plastics, rubbers, glass, foam and other materials. The exact proportion contained in WEEE will vary by category of EEE and will also vary within category.⁴¹ Some available estimates of the material composition of EEE are given in Table 11.

98. Given the limited information available on the exact material composition of different types of EEE a number of assumptions need to be made to estimate the cost of achieving the recycling and recovery targets of the Directive. These are as follows:

- Category 1 EEE – the metals are assumed to be recycled at positive value,⁴² with ferrous metals as secondary steel, and non-ferrous metals as largely aluminium but also with copper. Data from *Materials Recycling Weekly* suggests that 5C steel and scrap steel prices have

⁴¹ For example the material composition of a washing machine is considerably different to that of a refrigerator, even though both are within Category 1 of the WEEE Directive.

⁴² Though there will be costs to reprocessing.

averaged around £40 per tonne over the past year, aluminium has averaged around £600 per tonne, and copper around £2,500 per tonne. Some industry estimates suggest that WEEE plastics recycling may cost in the region of £70-£100 per tonne, and WEEE glass recycling £50-£70 per tonne. Actual costs will depend on the value and grade of the metals and the type of plastics and glass.

- Category 2 EEE - the value of metals recycled and the costs of recycling non-metals are assumed to be similar to those for Category 1 EEE. Actual costs will depend on the value and grade of the metals and the type of plastics and glass.
- Category 3 EEE - the metals are assumed to be recycled at positive value, with ferrous metals as secondary steel, and non-ferrous metals as aluminium and copper. There is also a precious metal content in some Category 3 EEE consisting of gold, platinum, palladium, and silver in small amounts per weight of unit. Data from *Materials Recycling Weekly* suggests gold has averaged over the last year, around £10 million per tonne, palladium around £4.5 million per tonne, and silver around £180,000 per tonne. Actual costs will depend on the value and grade of the metals and the type of plastics and glass.
- Category 4 EEE - the metals are assumed to be recycled at value, with ferrous metals as secondary steel, and non-ferrous metals as largely copper and aluminium. Precious metals are assumed to consist of gold, palladium and silver in relatively small amounts in some EEE. Actual costs will depend on the value and grade of the metals and the type of plastics and glass.
- Category 5 EEE – Some industry estimates are that to collect, treat and recycle fluorescent tubes to the standards of the Directive will cost in the region of 20-25 pence per tube. Actual costs will depend on the value and grade of the metals and the type of plastics and glass.
- Category 6 EEE - the vast majority of this Category of EEE is assumed to consist of plastics, with cordless power tools (CPTs) containing nickel-cadmium (NiCd) batteries. The metals from NiCds are estimated to be worth around £965 per tonne. Actual costs will depend on the value and grade of the metals and the type of plastics and glass.
- Category 7 EEE - the metals are assumed to be recycled at positive value, with ferrous metals as secondary steel, and non-ferrous metals as largely aluminium and copper. Given the nature of this type of EEE, there is assumed to be a large element of plastics in equipment in this category, which will incur a cost to recycle. Actual costs will depend on the value and grade of the metals and the type of plastics and glass.

Table 11: Some Estimates of Material Composition of Various Items of EEE

Material composition (per cent)	Category 1 EEE	Category 2 EEE	Category 3 EEE	Category 4 EEE	DVD Player	CRT Monitor	CRT Monitor	Cell Phone	Cell Phone
ICER – 1998									
Ferrous metals	61	19	44	11					
Non-ferrous metals	7	1	1	1					
Plastics	9	48	30	31					
Glass	3	0	15	35					
Other	20	32	10	22					
Huisman – 2003						Based on Partial RIA Reply	HDP User Group - 2003		HDP User Group - 2003
Ferrous metals					72	12	27	29	3

Non-ferrous metals					1	3	4	2	18
Plastics					18	29	17	44	58
Glass						50	39	6	
Other					5	6	13	19	21

- Category 9 EEE - the vast majority of this Category of EEE is assumed to consist of plastics with smoke alarms containing primary batteries. Actual costs will depend on the value and grade of the metals and the type of plastics and glass. One respondent to the partial RIA said that “..Category 9 (W)EEE..from non-household sources..will be richer in metals than much household-sourced WEEE and will therefore attract more added value than indicated.” This highlights the difficulty of trying to estimate costs and benefits for a very wide range of non-homogenous equipment, and is why the estimates in this RIA can only be seen as being indicative. The respondent did not provide data on which alternative estimates could be based.

- Category 10 EEE - the metals are assumed to be recycled at positive value, and the costs of recycling non-metals are assumed to be similar to those for Category 1 EEE. Actual costs will depend on the value and grade of the metals and the type of plastics and glass.

99. Table 12 provides a summary of estimated costs to achieve the recovery targets for separately collected WEEE as required by Article 7 of the WEEE Directive. These are policy costs. The estimates in Table 12 are net costs of recycling, i.e. they are costs of achieving targets for separately collected WEEE minus the benefit of metals obtained from separately collected WEEE. Because it is assumed that a greater proportion of non-household WEEE is separately collected currently in the UK compared to household WEEE (particularly in the ITC sector), the net costs from recycling household WEEE following implementation are less than that of non-household WEEE. This is because there is an additional volume of metals captured in household WEEE, which offsets, to some extent, the costs of achieving the Directive targets, whereas these metals are already captured in non-household WEEE.

Table 12: Net Costs of Additional Recycling to WEEE Directive Targets (£ million pa)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Household											
Low	3	3	3	3	3	3	2	2	2	2	2
High	5	5	5	5	5	6	5	6	6	6	6
Non-Household											
Low	7	21	21	22	23	24	25	26	27	28	29
High	10	28	29	31	32	33	34	36	37	39	41
Total	10-15	24-33	24-34	25-36	26-37	27-39	27-39	28-42	29-43	30-45	31-47

100. One respondent to the partial RIA questioned the material composition estimates and the estimates of the costs of achieving the recovery targets of the WEEE Directive. The partial RIA acknowledged that the material compositions quoted can only be seen as being indicative, given the wide range of products contained within each category of the WEEE Directive, the fact that the same products can have different compositions,⁴³ and that material compositions vary over time. The estimates quoted are from published sources and are not DTI estimates.

101. In terms of the costs of achieving the recovery targets one respondent said that plastics have a value of around £130 per tonne, rather than a cost, glass has a value in the region of £5-£10 per tonne, rather than a cost, and CRT glass has a value of around £90 per tonne. It is

⁴³ For example, kettles and toasters can be of largely metallic or largely plastic composition.

believed that these figures represent values following recycling, and that the net costs of recycling plastics and glass are still positive.

Marking EEE (Regulations 15-16)

102. Article 10 of the WEEE Directive says that producers should appropriately mark EEE (or where this is inappropriate, mark the packaging or paperwork that comes with the equipment) with a crossed-out wheeled bin symbol to discourage the co-disposal of WEEE. It also says that users should be given information on the meaning of this mark.

103. Costs for this marking are not straightforward to estimate. The Directive does not specify that products need to be marked via moulds. One industry estimate for the costs of producing a sticky label with the crossed-out wheeled bin symbol is that it would cost 5 pence per label. If this is applied to the ICER estimate of 162 million units of EEE estimated by ICER as being sold in the UK each year⁴⁴ the total cost would be in the region of £8 million per annum.

104. One industry estimate for the cost of production of a plastic mould with the crossed-out wheeled bin sign is £5,000. Industry estimates are that there are some 200,000 variations of consumer electronic products on the market at any one time. If the average life of an EEE product is 8-10 years then these estimates imply costs of £100 million-£125 million per annum for plastic moulds for marking EEE products.⁴⁵

105. However, it is highly unlikely that all EEE will be marked via a plastic mould. If we assume that large products are marked with a plastic mould and small products are marked with a label then based on estimates for total sales of non-white goods, labelling these would cost £7 million per annum. Further, if we assume that of the 200,000 product variations, 20,000 of these are in large appliances⁴⁶ then producing moulds for these would cost £10 million - £13 million per annum. This gives an indicative estimate for the total costs of marking products in the range of £17 million - £20 million per annum. However, it is possible that costs could be much lower than this via the more widespread use of labels rather than moulds. These costs can be seen as implementation costs.

Information on EEE for treatment facilities (Regulation 17)

106. Article 11 of the WEEE Directive says that producers of EEE shall provide reuse and treatment information for each type of new EEE they put on the market within one year after the equipment has been put on the market. This information is to be made available to re-use centres, and treatment and recycling facilities. Regulation 16 transposes this Article. Costs for this remain uncertain and are difficult to estimate with certainty.

107. The SI does not require manuals to be produced for treatment facilities. One industry estimate is that if the information were provided via two-A4 page leaflets, each leaflet would cost £100 to produce. If all information were provided to treatment facilities in this way costs are estimated in the range of £6 million - £8 million per annum.⁴⁷ These costs can be seen as implementation costs.

⁴⁴ This figure is for 1998 and applies to EEE products in the 10 categories of the WEEE Directive.

⁴⁵ Calculated as £5,000 multiplied by 200,000 product variants divided by 8-10 years.

⁴⁶ Product variations are likely to be much less wide ranging for large appliances than for smaller appliances.

⁴⁷ Calculated as £100 multiplied by 200,000 product variations divided by 8-10 years for the average life of EEE multiplied by 3 to reflect the industry estimate that every 3 years all product variations are changed.

108. If information were provided electronically via a CD-ROM system annual costs would be likely to be significantly lower. Whilst setting-up such a system for WEEE will entail some not-insignificant investment costs, once established the running costs of such a system are likely to be relatively low. Electronic systems appear to be the preferred option for those who will dismantle and treat WEEE in the future.

Registration of Producers of EEE (Regulations 19, 45)

109. The WEEE Directive requires the UK to draw up a register of producers of EEE. The UK Government and the Devolved Administrations consulted on proposed environment agencies' fees with respect to registration of producers in the July 2006 consultation.

110. A number of respondents to the partial RIA questioned the estimate of the number of businesses that may be obligated as producers under the WEEE Regulations. A number of respondents also questioned the level and structure of proposed agency fees.

111. The Environment Agency now propose total registration fees for producers of around £2.1 million per annum for an estimated 7000 producers, with graduated fees according to business turnover. In addition, there are fees for the approval of compliance schemes will cost some £365,000 for an estimated 30 schemes, equating to a charge per scheme of £12,174. These fees will be charged every three years as scheme approval will be granted for three years.

112. Fees for approval of facilities and exporters to issue evidence of WEEE treatment and recovery are proposed in the region of £700,000 for an estimated 350 businesses.

113. The agency fees have been modelled by the environment agencies themselves based on the resources they believe they need to provide an efficient service for businesses. The charges have been developed in accordance with HM Treasury guidance on fees and charges and are designed to recover all relevant costs.

EQUITY AND FAIRNESS

114. The business sectors affected in the UK by the SI include:

- EEE Manufacturers – including professional importers;
- EEE Distributors (e.g. Retailers);
- Businesses using EEE;
- Waste collection companies who deal with WEEE;
- Secondary metal merchants who deal with WEEE;
- Shredders who deal with WEEE;
- Recyclers and Reprocessors who deal with WEEE;
- Landfill operators

115. In addition, Charities and Voluntary Organisations who are involved with WEEE will also be affected, as will Local Authorities.

116. Given the wide-ranging nature of the WEEE Directive, and the fact that the scope of

products affected by the WEEE Directive is not precisely defined, there remains uncertainty as to how many businesses will be affected, both directly and indirectly, by the requirements of the SI.

117. The benefits of the SI should be spread fairly evenly across different social and economic groups and different geographical regions in the UK. The environmental benefits should accrue across the whole of the UK.

118. The free takeback provision for final holders of WEEE should alleviate any incentive for final holders to fly-tip WEEE. The network of collection facilities in the UK will provide a collection infrastructure for WEEE and this should discourage WEEE fly-tipping. This will be of particular benefit to areas which have suffered disproportionately from such fly-tipping in the past.

119. The costs of the SI should not impact disproportionately on any particular businesses amongst those affected given that producers will incur the majority of costs in relation to their market presence and the weight, type and number of EEE products they put on the UK market.

CONSULTATION WITH SMALL BUSINESS: THE SMALL FIRMS IMPACT TEST

120. There are no exemptions for small businesses in the WEEE Directive and so none in the DTI's SI. However, the UK Government has been working to implement the WEEE Directive without imposing disproportionate costs on small businesses operating in the UK. The DTI has had significant contact with small firms representatives including the Federation of Small Business, the Forum of Private Business, and the Institute of Directors. They have fed in detailed comments about the possible impact of the WEEE Directive on SME's and have suggested ways of ensuring that small businesses are not disproportionately affected.

121. In this context, the SI enables small retailers of EEE to discharge their distributor obligations under the WEEE Directive via providing alternative takeback services to in-store takeback.

122. For producers, the SI enables small producers of EEE to benefit from economies of scale in the collection and processing of WEEE by joining a compliance scheme to discharge their producer obligations, and via means other than having to physically collect WEEE when it arises.

123. Criteria will be included for the approval of producer compliance schemes to ensure that small businesses have full access to schemes and that they are not subjected to excessive costs. Throughout implementation the DTI will continue to work with the Small Business Service (SBS) and small business representatives.

COMPETITION ASSESSMENT

124. Since 2002 a competition assessment has been a requirement of RIAs. This assessment has two parts – an initial Competition Filter, which in turn may lead to a more thorough competition assessment. The competition filter consists of 9 *yes/no* questions related to the markets potentially affected by a proposed regulation.⁴⁸ Five of these relate to the competitive process that exists, or may exist, in the market(s) affected, two relate to supply

⁴⁸ See *Guidelines for competition assessment: A guide for policy makers completing Regulatory Impact Assessments*, OFT 355 (February 2002).

and demand factors in the market(s), and two relate to market outcomes.

125. Applying the competition filter to the SI for the WEEE Directive gives the following results:

- Questions 1 to 3 of the competition filter relate to market shares in the markets potentially affected by regulation. In terms of market structure, market share is an indicator of the existing level of competition in a market and of the risk that regulation could lead to detrimental effects on competition. Two *KeyNote* Reports provide some information on major businesses operating in the white goods and brown goods in the UK. Whilst there are some very large businesses operating in these markets, there appears to be a significant number of players, which has increased in recent times via, for example, larger retailers increasingly selling their own brand of equipment.
- Questions 4 to 6 of the competition filter relate to the potential disproportionate impacts on costs for different firms in the markets affected by the proposed regulation. Detrimental impacts on competition could occur if the regulation results in disproportionate impacts on some businesses, or presents a barrier to entry for businesses, and so results in markets that are more concentrated and potentially less competitive. In terms of the SI the costs of financing the treatment, recycling and recovery of WEEE in the UK are in proportion to market presence. In essence this means that those who are benefiting most from the market in terms of sales will be financing a greater proportion of the costs under the SI. It is thus unlikely that the SI itself will lead to a change in market structure.
- Question 7 asks if the regulation will lead to higher operating costs for new or potential firms compared to existing firms. The answer to this is 'no' given that all firms are to finance the costs of the SI in relation to their market presence.
- Question 8 asks if the market is characterised by rapid technological change. The EEE market is characterised by rapid technological change, but one of the aims of the WEEE Directive is to encourage 'design for recycling' to reduce the negative externalities that can result from WEEE.
- Question 9 asks if the regulation would restrict the ability of firms to choose the price, quality, range or location of their products. The SI is unlikely to restrict the ability of firms in this context.

126. In summary, the competition filter suggests that the SI is unlikely to have a significant detrimental impact on competition in the markets affected by the regulation. Though the SI is significant, the markets it impacts on are diverse and dynamic and large in relation to the potential costs of the SI.

ENFORCEMENT AND SANCTIONS

127. The Environment Agency (England and Wales), the Scottish Environment Protection Agency (Scotland), and the Environment and Heritage Service (Northern Ireland) are to enforce producer obligations. The SI contains a number of offences for which there are potential penalties and fines. Fines for offences vary according to the offence committed, but can be unlimited. The DTI will appoint the enforcement body for the aspects of the SI where there is direct consumer interaction – i.e. signs and information provided by distributors, operation of take-back, and product markings, the costs of which have yet to be established.

128. Enforcement costs are to be finalised, but are not expected to exceed £1.7 million per annum in total to cover the enforcement of producer and distributor obligations under the

Regulations.

MONITORING AND REVIEW

129. The DTI will monitor the impact and effectiveness of the SI with the help of the Devolved Administrations, the environment agencies and stakeholders. The DTI will undertake an evaluation of the SI to assess its effectiveness and how implementation should develop in the light of practice and experience.

SUMMARY AND CONCLUSIONS

130. This final RIA outlines indicative estimates of the benefits and costs of the DTI's SI to transpose the WEEE Directive in the UK. The numbers given in this RIA can only be seen as being indicative given the limited amount of data available and the range of assumptions that need to be made to enable estimates to be undertaken.

131. Estimates are made in relation to current practice in the UK with regard to EEE and WEEE in the UK continuing in the future. But even determining the base case is not straightforward given there is relatively little firm information on exactly how all EEE is dealt with currently when it arises as waste in the UK.

132. Where valued, the costs of the SI principally relate to additional costs for the separate collection of WEEE, its treatment, and its recovery to levels not achieved previously in the UK.

133. It is expected that the costs of treating items of WEEE will fall over time for the following reasons: developments and innovations in treatment technologies and techniques; from 'learning-by-doing'; falls in the numbers of refrigeration equipment requiring ODS removal; falls in the numbers of CRT televisions as LCD and plasma screens become more widespread; and falls in 'hazardous' WEEE as the RoHS Directive begins to impact on WEEE.⁴⁹

134. The costs from the SI also need to be seen in the context of the size of the electrical and electronic market. In addition, it is possible that many producers will seek to pass on at least some of the costs of the WEEE Regulations to consumers, and this is what the European Commission expected for the WEEE Directive itself. In its Explanatory Memorandum, the European Commission estimated that the types of price changes that may result from the WEEE Directive would be in the region of 1-3 per cent price increases, and that these are "*..likely to diminish as economies of scale and innovation bring down the costs of separately collecting and treating WEEE.*"⁵⁰

135. Where valued, the benefits of the SI principally relate to additional benefits in terms of reductions in the negative externalities from landfilling waste in the UK and in terms of climate change benefits, where the treatment and re-use and recovery of WEEE leads to reductions in greenhouse gas emissions.

136. Not all of the benefits of the SI can be valued in monetary terms at this stage. Given that virtually every person in the UK comes into contact with electrical and electronic equipment (EEE) on a daily basis, and the use of EEE continues to expand into all areas of life, implementation of the WEEE Directive is likely to have a positive impact in terms of

⁴⁹ The RoHS Directive restricts the use of certain hazardous substances in new electrical equipment from 1 July 2006. When this new equipment is discarded at end-of-life in the future it should require less treatment than 'historic' WEEE because it will contain less hazardous material and substances.

⁵⁰ Explanatory Memorandum to WEEE and RoHS Directives, Page 26.

promoting more sustainable consumption and production in the UK.

137. In addition, and given the widespread use of EEE in the UK, implementation of the WEEE Directive may have positive effects on raising awareness with regard to waste and recycling amongst consumers and businesses further. This could lead to positive impacts on other waste streams such as packaging waste, spent batteries, and on waste and recycling issues generally.

138. RIA Guidance suggests that a ten-year time-period is often used as a ‘typical’ period over which to assess the costs and benefits of a regulation. In this context the 2017 date used in Table 13 represents the estimated long-run, recurrent, costs and benefits of the SI. This is because by this date it is estimated that virtually all WEEE arising in the UK could be collected separately, treated and recycled. The present value of this net cost is shown Table 13. The equivalent annualised costs of the total net present value of costs and benefits over the period 2007-17 is also shown in Table 13.⁵¹ It should be remembered that there is much uncertainty surrounding these estimates given the range of factors involved and the lack of data available to make estimates.

139. Tables 13, 14 and 15 summarise estimates of the costs and benefits of implementing the WEEE Directive in the UK. Table 13 provides estimates of costs and benefits of the SI to transpose the WEEE Directive into UK law. Table 14 outlines estimates for a range of other options that do not form part of the SI. Table 15 breaks down cost estimates in terms of policy and implementation costs.

140. In terms of Table 14, and as outlined in the section on options there are a range of means by which WEEE can be physically allocated to producers and a range of means by which producers can discharge their financial obligations in relation to WEEE. It is not straightforward to estimate the additional costs and benefits of all the options available. In a number of cases it is not clear that alternative options to the SI will result in significant additional benefits.

141. For example, if producers are obligated to collect WEEE arising on an individual by individual basis this presents huge challenges in terms of logistics, can result in increased costs of transport, and can limit the scope to obtain economies of scale in the treatment and recycling of WEEE in larger volumes.

142. Also, and for example, a mandatory visible fee would bring its own costs in terms of administrative costs. We can proxy these potential costs from the costs incurred in collecting other mandatory taxes and fees. HM Revenue and Customs estimate that it costs them around 1 pence to collect every £ of tax in the UK.⁵² The BBC calculates the costs of collecting the Licence Fee at some £152 million for a licence income of £2.9 billion.⁵³ If we use these figures as proxies for costs of administering a mandatory visible fee for WEEE this would imply a range of costs as shown in Table 14.

143. In terms of Table 15, RIA Guidance suggests distinguishing costs of regulation between policy costs and implementation costs, as the later can be considered as a proxy for the ‘red-tape burden’ of policy. In relation to transposing European legislation this distinction is not

⁵¹ The equivalent annual cost is the constant annual cost (or annuitised value) which is equivalent to (i.e. has the same present value as) a project’s actual costs.

⁵² HM Customs and Revenue Annual Report, 2004/05.

⁵³ BBC Annual Report, 2004/05.

always clear-cut.

144. The WEEE Directive, for example, requires member States to register producers of electrical equipment and for these producers to mark electrical and electronic equipment. Neither of these requirements directly contributes to environmental protection, but the UK cannot avoid transposing these requirements of the WEEE Directive and so making these requirements part of the policy achieving transposition. In this context, all of the costs from the WEEE Directive can be seen as policy costs. However, if we assume policy costs relate to the direct costs of environmental protection and implementation costs relate to costs incurred to facilitate achievement of this ultimate objective, then we can make an estimate of policy versus implementation costs as outlined in Table 15.

Table 13: WEEE Implementation under the draft SI: Total WEEE – Household plus Non-Household WEEE (£ million pa)⁵⁴

	2007	2008	2009	2013	2017
Costs					
Household WEEE collection, treatment and recycling ⁵⁵	44-47	104-119	110-125	143-198	174-232
Non-household WEEE collection, treatment and recycling	29-43	90-112	94-117	110-140	128-169
Information for users	17-20	17-20	17-20	17-20	17-20
Information for treatment facilities	6-8	6-8	6-8	6-8	6-8
Registration of producers and other information and reporting and monitoring and enforcement	5	5	5	5	5
Total Cost	111-133	223-265	233-276	282-373	331-434
Benefits					
<i>Household WEEE</i>					
Reduced resource use and externalities from landfill	4	10-11	11-13	17-21	20-25
Reduced CO2	1-5	4-15	4-16	6-25	8-30
<i>Non-household WEEE</i>					
Reduced resource use and externalities from landfill	6	13	14	19	22
Reduced CO2	2-9	5-18	6-19	7-22	9-27

⁵⁴ Figures may not equal exactly due to rounding.

⁵⁵ Including establishment and maintenance of central collection network.

Total Benefit	13-23	32-57	31-55	49-87	58-103
Net Cost	98-110	191-208	198-214	233-286	273-331
Present Value of Total Net Costs 2007-17	1,909-2,198				
Annualised Equivalent of Present Value of Total Net Costs 2007-17	212-244				
Present Value of Net Costs in 2017	187-227				

Table 14: Additional Options for Implementation of WEEE Directive in UK not included in draft SI (£ million pa)

	2007	2008	2009	2013	2017
Costs					
(a) Mandatory In-Store Takeback	200-500	200-500	200-500	200-500	200-500
(b) National Clearing House	Several million pounds per annum				
(c) Producer obligation by total weight of WEEE	Distributional impacts on producers rather than impacts on total costs				
(d) Compulsory compliance scheme membership	Restricts compliance route, but should lead to lower registration fees				
(e) Exceptional arrangements for non-household WEEE	Adds costs with no obvious benefits				
(f) Extending scope	'Gold-plates' Directive				
(g) Mandatory Visible Fee Collection ⁵⁶	0.2-1.6	0.5-5	0.5-5	0.4-2	

145. Some respondents to the partial RIA suggested that the split of costs between household and non-household WEEE were incorrect because “..household WEEE tonnage and number of units (is)..substantially larger than non-household WEEE.”

146. However, no data exists on the actual arisings of total WEEE in the UK, either in tonnage terms or by number of units. One of the aims of the WEEE Directive itself is to gather information on this specific waste stream. Estimates of WEEE used in this RIA have been based on estimates from industry sources. In addition, non-household WEEE includes all WEEE arising outside of private households so does not just include so called ‘business-to-business’ WEEE.

⁵⁶ Under the terms of the WEEE Directive a ‘visible fee’ can only be shown on new electrical equipment until 2011 for all equipment, and until 2013 for white goods. Estimate does not include costs of changing catalogues etc to show ‘visible fee’.

147. One respondent to the partial RIA said that the cost estimates in the partial RIA were “..disproportionately high..” and that this had resulted in the proposed agency fees being too high. There are two points here. First the respondent did not provide reasons why they thought the costs were too high or any alternative evidence or estimate. Secondly, the agency fees are not related to the costs (or benefits) of dealing with WEEE in the UK under the WEEE Regulations. Rather the agency fees are estimated by the agencies themselves to enable cost recovery for provision of services relating to the registration of producers.

Table 15: Breakdown of Estimated Costs of SI in terms of Policy and Implementation Costs (£ million pa)

	2007	2008	2009	2013	2017
Policy Costs (Costs of collecting, treating and recycling Household and Non-household WEEE)	83-100	195-232	205-243	253-340	331-401
Implementation Costs (Costs of registering producers; Costs of providing information and marking on EEE and WEEE; and Costs of monitoring and reporting on EEE and WEEE)	28-33	28-33	28-33	28-33	28-33

148. Another respondent said that the costs in the partial RIA “..are lower than they are likely to be..” , but like the respondent above they did not provide any alternative evidence or estimate.

148. Annex B provides estimates of costs per tonne for household WEEE under the UK WEEE Regulations with estimates of costs incurred in other member States who employ a ‘visible fee’ type system to implement the WEEE Directive in their territories. These estimates are obtained by calculating a ‘representative tonne of WEEE’ in the UK based on estimates of UK WEEE arisings across the categories of the WEEE Directive, and applying the current levels of ‘visible fees’ used in different member States for the same types of electrical and electronic equipment. These estimates appear to show that the estimates in this RIA are not out of line with those costs being incurred in a number of other member States.

149. However, the estimates in this RIA can only be seen as being indicative. The ‘positive’ value of WEEE will change over time as the price of secondary metals changes. The costs of collecting, treating and recovering WEEE will change over time as systems and technologies develop to deal with WEEE more effectively in the future.

ANNEX A: DISTRIBUTIONAL IMPACTS OF WEEE DIRECTIVE

A1. As outlined in Tables 1 and 2 of the main text, some costs and benefits from the WEEE Directive will be transfers between stakeholders, rather than additional costs or benefits to the UK as a whole. This annex provides stylised estimates of the total costs and benefits from implementation of the WEEE Directive in the UK with respect to the following stakeholders: Producers of EEE; Local Authorities (LAs); Retailers of EEE; users of non-household EEE; Central Government; and on the external environment.

A2. Where a current activity is overtaken by ‘producer responsibility’ for WEEE, costs and benefits will be transferred between stakeholders in the UK. Principally, for household WEEE, these will be transfers from Local Authorities and retailers of EEE to producers of EEE. For non-household WEEE the costs and benefits will be transfers largely from users of non-household EEE to producers of non-household EEE.

A3. Where a new, or increased level, of activity follows from implementing the WEEE Directive, additional costs and/or benefits arising will largely fall on producers of EEE. There will also be some additional costs to retailers of EEE. The net costs in Table A1 are equivalent to the net costs from the SI as outlined in Table 13 of the main text.

Producers of EEE

A4. The value of metals in WEEE that is currently obtained by LAs, retailers of EEE, and users of non-household EEE will be transferred to producers of EEE under ‘producer responsibility’ for WEEE. Producers will also receive the additional benefits of any metals following the increased separate collection of WEEE as a result of the WEEE Regulations.

A5. The treatment costs of ODS and CRT containing equipment, and fluorescent tubes, will be transferred from LAs, retailers of EEE, and users of non-household EEE to producers of EEE. Producers will also be transferred any disposal costs following the recycling and recovery of WEEE.

A6. New activity resulting from the Regulations will include the cost of additional collection, treatment and recycling of WEEE, which will be borne by producers of EEE. They will also incur additional costs relating to the marking of EEE, information and registration.

Local Authorities

A7. Local Authorities will lose the value of metals from WEEE, which will be transferred to producers of EEE. However, LAs will benefit from no longer being liable for ODS and CRT equipment, nor fluorescent tube treatment costs, and they will benefit from reduced disposal costs for WEEE generally.

Users of non-household WEEE

A8. These stakeholders will lose the value of metals in WEEE. However, like LAs, they will benefit from the removal of treatment and disposal costs in relation to ODS and CRT equipment, and fluorescent tubes, and from avoiding the disposal costs for WEEE generally.

Retailers of EEE

A9. Currently, retailers benefit from the value of metals they receive when undertaking collection on delivery of WEEE. This benefit will be lost. Retailers will also be obliged to provide the infrastructure to enable consumers to separately collect their WEEE from other forms of waste. However, retailers will benefit from no longer being financially responsible for the treatment and disposal of WEEE they collect on delivery.

Environment

A10. All the external environmental impacts following WEEE implementation are additional benefits to the UK. There may be some additional transport emissions from the increased separate collection of household WEEE, but these will be outweighed by benefits in terms of reduced CO₂ emissions from the re-use and recovery of WEEE, reductions in other negative externalities, and positive contributions to resource productivity and sustainable development.

Government

A11. The Exchequer will lose landfill tax revenue from reduced volumes of waste going into landfill.

A12. Table A1 below provides indicative estimates of the stylised outcome following WEEE implementation in the UK.

A13. Some respondents to the partial RIA questioned the costs and benefits accruing to Local Authorities. Some said that Civic Amenity (CA) sites would require either (or all) more space, more staff, extra security, and changes to licenses to deal with household WEEE at these sites. But household WEEE is already dealt with at CA sites, by means of segregation – in the form of refrigerators, CRT monitors, and fluorescent tubes, by accumulation for sale in scrap metal skips/piles, and by collection (following delivery by residents) for disposal in mixed waste. The WEEE Regulations do not change the nature of this waste, rather they just require the establishment of facilities to promote the collection of this waste from other forms of waste. CA sites are legally bound to accept household waste, including WEEE, whether it is delivered to them in a mixed form or via segregation. CA sites also increasingly provide particular areas on site for the separate collection of different wastes, which means they need less space, than otherwise, for the collection of mixed waste.

A14. To become a Designated Collection Facility (DCF) a CA site needs to collect WEEE in accordance with Annex III of the WEEE Directive. That is it needs to have hard standing and weather-proofing where appropriate. It is understood that the majority of CA sites already have hard-standing and weather proofing where appropriate to deal with the full range of both hazardous and non-hazardous waste they receive. The proposed Distributor Takeback Scheme (DTS) in the UK is to provide finance for the up-grade of CA sites to become DCFs. In addition, producer compliance schemes will provide the containers, banks etc in which WEEE can be separately collected at CA sites.

Table A1: Distribution of costs and benefits between stakeholders (£ million pa)⁵⁷

	2007	2008	2009	2013	2017
Producers of EEE					
Costs	118-141	287-340	299-353	362-468	425-546
Benefits	41-42	90-92	94-96	112-116	131-136
Net cost	76-98	197-248	205-258	250-351	295-410
Retailers of EEE					
Costs	13	7	7	8	9
Benefits	2	3	3	3	4
Net cost	11	4	4	5	5
Local Authorities					
Costs	20	41	42	49	58
Benefits	17-22	36-48	38-50	49-64	57-75
Net cost	3-(-)2	5-(-)7	5-(-)7	0-(-)15	0-(-)17
Users of non-household EEE					
Costs	20	41	43	50	58
Benefits	21-22	45-46	48	59	69
Net cost	(-)1-(-)2	(-)4-(-)5	(-)5	(-)9	(-)11
Government					
Costs	4	11-12	13-14	22-24	24-27
Benefits	0	0	0	0	0
Net cost	4	11-12	13-14	22-24	24-27
Environment					
Costs	0	0	0	0	0
Benefits	8-18	21-44	24-48	36-68	44-81
Net cost	(-)8-(-)18	(-)21-(-)44	(-)24-(-)48	(-)36-(-)68	(-)44-(-)81
Total net costs	86-92	192-207	199-214	234-286	273-331

A15. Some respondents also suggested that Local Authorities should be compensated if they have to terminate any contracts involving WEEE. However, WEEE has been discussed at European level since 1998, the Directive came into force in January 2003, and was supposed to be implemented in each member State by 13 August 2005. The consultation document presents a timetable for UK implementation in 2007. It is also understood that Local Authority contracts have clauses relating to future changes in regulations and laws when they are negotiated.

A16. One respondent said that the partial RIA was wrong to assume “..producers getting the value of metals to offset..cost.” However, the partial RIA is a stylised representation of costs and benefits following the introduction of the WEEE Regulations. Under the extended producer responsibility (EPR) principle of the WEEE Directive, producers of EEE are supposed to be responsible for dealing with the waste from the products they produce when these products reach the end of their life, irrespective of the material composition of these products. Indeed, one of the rationales for EPR is to shift the costs of waste management to

⁵⁷ Figures may not total exactly due to rounding.

‘the polluter’ and away from the general taxpayer or local municipality/authority.⁵⁸ Thus under the WEEE Directive, and under other EPR programmes, producers are made responsible for dealing with the cost of the waste from the products they produce. If there are metals in this waste, then under EPR this becomes the responsibility of producers to deal with as much as the non-metallic elements of the waste.

ANNEX B: COMPARATIVE COST ESTIMATES FOR COLLECTING, TREATING AND RECOVERING HOUSEHOLD WEEE

B1. This Annex provides an estimate of the comparative costs of collecting, treating and recycling WEEE in the UK with estimates from a number of other member States. These other member States are Ireland, Belgium, The Netherlands, and Sweden. The estimates in this Annex can only be seen as being indicative, but they do provide a benchmark for the figures presented in the final RIA for costs of dealing with WEEE in the UK in the future.

B2. To produce comparative cost estimates, we first calculate the composition of a ‘representative tonne’ of separately collected WEEE in the UK following implementation of the WEEE Regulations in the UK. This ‘representative tonne’ is calculated in the following way. Using our estimates for total separately collected WEEE in the UK following the introduction of the WEEE Regulations, we split this into separate collection by Category of

⁵⁸ See, for example, OECD, *Analytical framework for evaluating the costs and benefits of Extended Producer Responsibility programmes*, 2005.

EEE as in the WEEE Directive. Then using estimates from ICER on waste arisings within these categories, and estimates of the average weight of different types of equipment, we can estimate a ‘representative tonne’ of WEEE arisings.

B3. Under the two scenarios for separate collection of WEEE in the UK used in the final RIA this ‘representative tonne’ will consist of a range of different types of equipment, estimated to total between 35 and 58 items of WEEE, and including 15-16 Category 1 items, and 7-25 Category 2 items. We then compare the estimated costs of the WEEE Regulations in the UK with that of a number of other member States to produce comparative costs per ‘representative tonne’.

B4. The following member States have WEEE schemes that publish ‘visible fees’ to cover the costs of collecting, treating and recovering separately collected WEEE within their territories: WEEE Ireland – Ireland; Recupel – Belgium; NVMP – The Netherlands; El Kresten – Sweden. These schemes publish on their websites the level of fees they place on different types of electrical and electronic equipment.

B5. We can apply these fees to the ‘representative tonne’ of WEEE we estimate may be separately collected in the UK. However, it is not straightforward to apply estimates from other member State schemes because these schemes apply different fee levels to equipment falling in the same Category of equipment. They also publish fees which include VAT and this need to be factored out to provide estimates for collection, treatment and recovery of WEEE only.

Table B1: Comparative Cost Estimates for a tonne of WEEE

	2006	2007	2008	2013	2017
WEEE Ireland	153-156				
Recupel – Belgium	155-158				
El Kresten – Sweden	112-114				
NVMP - Netherlands	103-104				
Final RIA		121-128 ⁵⁹	109-125	119-165	124-164

MINISTERIAL DECLARATION

I have read the regulatory impact assessment and I am satisfied that the benefits justify the costs

Signed *Malcolm Wicks*

Date **12th December 2006**

Malcolm Wicks
Minister for Science and Innovation
Department of Trade and Industry

⁵⁹ Includes costs of establishing network of collection facilities for WEEE in the first year of implementation.

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ANNEX 1

TRANSPOSITION NOTE

Directive 2002/96/EC of the European Parliament and the Council of 27 January 2003 on waste electrical and electronic equipment, as amended by Directive 2003/108/EC on waste electrical and electronic equipment (as amended “the Directive”)

The Directive aims to minimise the impact of electrical and electronic equipment on the environment by reducing the quantity of waste from such equipment and increasing re-use, recovery and recycling. It seeks to achieve this by providing for Member States to take measures to achieve a high level of separate collection of waste electrical and electronic

equipment (“WEEE”), laying down minimum standards for treatment and setting targets for recovery. The Waste Electrical and Electronic Equipment Regulations 2006 transpose the main provisions of the Directive. Article 6 of the Directive relates to the treatment of WEEE and the main provisions of that article are being transposed by separate legislation made in England and Wales, Scotland and Northern Ireland by the Department of Environment, Food and Rural Affairs and the National Assembly for Wales, the Scottish Executive and the Northern Ireland Government, respectively.

These Regulations do what is necessary to implement the main provisions of the Directive, including making changes to domestic legislation to ensure its coherence in the area to which they apply.

This Transposition Note relates to these Regulations and indicates where transposition will be carried out by the Article 6 regulations, which will be accompanied by a separate Transposition Note.

Articles	Objectives	Implementation	Responsibility
Article 4	To encourage design and production of electrical and electronic equipment so as to facilitate recovery, re-use and recycling.	Implemented by regulation 59 of these Regulations.	Department of Trade and Industry (DTI)
Article 5(1)	To achieve a high level of separate collection of WEEE.	Generally by these Regulations and in particular by regulations 54 to 57.	DTI
Article 5(2)(a)	To establish systems to achieve a high level of separate collection of WEEE.	Generally by these Regulations and in particular the right of distributors to return WEEE from private households free of charge is implemented by regulation 32. The right of final holders to return WEEE from private households free of charge is implemented by existing waste legislation and in particular by section 51 of the Environment Protection Act 1990.	DTI and the Department for the Environment, Food and Rural Affairs (Defra)
Article 5(2)(b)	To establish a free take-back system for	Implemented by regulations 31, 35	DTI

	WEEE from private households or alternative arrangements.	and 54 of these Regulations.	
Article 5(2)(c)	To allow producers to establish individual and/or collective take back systems for WEEE from private households.	Implemented by regulation 39 of these Regulations.	DTI
Article 5(2)(d)	To take account of any WEEE from private households that presents a health and safety risk.	Implemented by regulation 38 of these Regulations and other specific health and safety legislation.	DTI and Department for Work and Pensions
Article 5(3)	To establish that the collection of WEEE from users that are not private households shall be provided for by producers.	Implemented by regulation 23 of these Regulations.	DTI
Article 5(4)	To ensure that all separately collected WEEE is taken to treatment facilities authorised under Article 6, and that the collection and transport of such WEEE optimises its potential for reuse and recycling.	Implemented by regulations 24, 25 and 37 of these Regulations.	DTI
Article 5(5)	To ensure that the national collection infrastructure results in the separate collection of an average of at least 4kg per person per year of WEEE from private households.	Generally by these Regulations and, in particular, by regulations 31, 35 and 54 to 56.	DTI
Article 6(1)	To require producers to set up systems for the treatment of WEEE using best available treatment,	Implemented by regulation 25 of these Regulations and by separate legislation, to be made in	DTI, and in relation to England and Wales, Scotland and Northern Ireland by Defra and the

	recovery and recycling techniques and in compliance with Directive 75/442/EEC (repealed and replaced by Directive 2006/12/EC).	England and Wales by Defra and the National Assembly for Wales; in Scotland by the Scottish Executive; and in Northern Ireland by the Northern Ireland Government.	National Assembly for Wales, the Scottish Executive and the Northern Ireland Government, respectively.
Article 6(2) to (4)	Requires treatment facilities to be permitted under relevant European waste legislation.	Implemented by regulations 46 to 53 of these Regulations, through existing waste legislation and by separate legislation, to be made in England and Wales by Defra and the National Assembly for Wales; in Scotland by the Scottish Executive; and in Northern Ireland by the Northern Ireland Government.	DTI, and in relation to England and Wales, Scotland and Northern Ireland by Defra and the National Assembly for Wales, the Scottish Executive and the Northern Ireland Government, respectively.
Article 6(5)	<p>To require that where treatment of WEEE is undertaken outside the respective Member State or the Community, shipment of such WEEE is in compliance with Council Regulation (EEC) No 259/93.</p> <p>To provide that WEEE exported out of the Community is only counted for the fulfilment of obligations and targets of Article 7(1) and (2) (of the Directive if the exporter can prove that the recovery, reuse, and/or</p>	<p>Regulation 259/93 is implemented by the Transfrontier Shipment of Waste Regulations 1994.</p> <p>Implemented by regulations 25, 26 and 46 to 53 of these Regulations.</p>	<p>Defra</p> <p>DTI</p>

	recycling operation took place under conditions that are equivalent to the WEEE Directive.		
Article 6(6)	To encourage establishments and undertakings which carry out WEEE treatment operations to introduce environmental management systems on a voluntary basis.	Implemented by administrative means.	DTI and Defra
Article 7(1) to (2)	To establish recovery, re-use and recycling targets for different types of WEEE.	Implemented by regulation 26 of these Regulations.	DTI
Article 7(3)	To keep appropriate records for the purpose of calculating the targets.	Implemented by regulation 30 of these Regulations.	DTI
Article 8(1)	To establish a system for the financing of the collection, treatment and recovery of WEEE from private households.	Generally by these Regulations and in particular by regulations 8, 10 to 13, 22 and 27 to 30.	DTI
Article 8(2), first and second paragraphs	To establish systems such that each producer of electrical and electronic equipment (“EEE”) is responsible for the waste from EEE used by private households that he places on the market after 13 August 2005 (i.e. individual producer responsibility (“IPR”)).	These Regulations impose collective responsibility on all producers of EEE who exist on the market when the costs of WEEE from private households arise, as the Government takes the view that IPR is not technically feasible or economically viable at present. Generally by these Regulations and in particular by	DTI

		regulations 8, 10 to 13, 22 and 27 to 30.	
Article 8(2), third paragraph	To ensure that the costs of collection, treatment and disposal of new WEEE from private households is not shown separately to purchasers at time of sale of new products	Implemented by regulation 40(1) of these Regulations.	DTI
Article 8(3), first paragraph	To establish a system that ensures that current producers are responsible for the financing of the collection, treatment and recovery of WEEE from private households, which has been put on the market prior to 13 August 2005.	Generally by these Regulations and in particular by regulations 8, 10 to 13, 22 and 27 to 30.	DTI
Article 8(3), second paragraph	For a limited period, to enable producers to show the costs of the eventual collection, treatment and disposal of WEEE from private households at the time of sale.	Implemented by regulation 40(2) to (4) of these Regulations.	DTI
Article 8(4)	To ensure that producers who are distance sellers comply with the financing obligations of the Directive.	Implemented in relation to producers who place EEE on the market in the United Kingdom by these Regulations generally and in particular by regulations 8, 10 to 13, 22 and 27 to 30.	DTI
Article 9, (as amended by Directive 2003/108/EC)	To require producers to collect and arrange treatment of WEEE from users other than private households.	Implemented by regulations 9, 10 to 13, 23 and 27 to 30 of these Regulations.	DTI
	To ensure that the end user is	Implemented by regulation 36 of these	DTI

	responsible for certain WEEE from users other than private households that has been put on the market before 13 August 2005.	Regulations.	
Article 10(1)	To ensure that producers encourage consumers to dispose of WEEE separately rather than through unsorted municipal waste, and ensure that they are given the necessary information to help them to do so.	Implemented by regulations 33 and 34 of these Regulations.	DTI
Article 10(2)	To encourage (not require) consumers to dispose of WEEE separately from their normal household waste.	Implemented by regulations 15, 31, 35 and 54 to 57 of these Regulations and by existing waste legislation and in particular by section 51 of the Environment Protection Act 1990.	DTI and Defra
Article 10(3)	To ensure that producers mark equipment placed on the market after 13 August 2005 with the crossed-out wheeled bin symbol.	Implemented by regulation 15 of these Regulations.	DTI
Article 10(4)	Optional provision to enable making information for users available in equipment instructions or at the point of sale.	Implemented by regulations 15 and 33 of these Regulations.	DTI
Article 11(1)	To require the provision of information by producers about new types of EEE to treatment sites to facilitate reuse and	Implemented by regulation 17 of these Regulations.	DTI

	correct treatment of waste from those products.		
Article 11(2)	To ensure that producers of EEE put on the market after 13 August 2005 are identifiable by a mark placed on that equipment.	Implemented by regulation 16 of these Regulations.	DTI
Article 12(1)	To draw up a register of producers, and to collect information about (a) EEE put on the market in a Member State; and (b) WEEE collected, reused, recycled and recovered.	Implemented generally by these Regulations and in particular by regulations 10 to 13, 19 to 21, 27 to 30 and 60.	DTI
	To ensure that producers supplying EEE by means of distance communication provide information on compliance with the requirements of Article 8(4) of the Directive.	Implemented generally by these Regulations and in particular by regulations 11 to 13, 18, 28 and 30 of these Regulations.	DTI
	To transmit information to the European Commission on a two-yearly basis.	Implemented by administrative means.	DTI
Article 12(2)	To enable the provision of information to the European Commission at intervals of every three years.	Implemented by administrative means.	DTI
Article 15	To oblige Member States to determine the penalties applicable to breaches of national provisions adopted	Implemented by Part 14 of these Regulations.	DTI

	pursuant to the Directive.		
Article 16	To provide for adequate inspection and monitoring.	Implemented by regulations 61 and Part 13 of these Regulations.	DTI
Article 17(1)	To ensure that the Directive is transposed into UK legislation by 13 August 2004.	These Regulations transpose the Directive.	DTI
Article 17(2)	To ensure communication to the European Commission of all relevant measures.	Implemented by administrative means.	DTI

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