

**Obama and the environment: new policies could produce more electronics regulation, opportunity**

*Tam Harbert, Contributing Editor  
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***Industry experts say new policies from the new US president could produce more regulation and more opportunity.***

Barack Obama has made the environment a priority in his administration. And the electronics industry will likely feel the impact as the new president of the United States changes federal environmental policies.

Exactly where, when, and how such changes will affect electronics is anybody's guess. But industry watchers interviewed by Electronic Business see the possibility of more federal regulation as well as market opportunities created by new spending programs

#### Electronic waste

During his campaign, Obama expressed support for federal laws regulating electronic-waste (e-waste) disposal and reducing the use of toxic chemicals in manufacturing products. "We can also challenge manufacturers of computers, printers and other electronic equipment to more effectively take back these products when they are discarded so that their components can be reused rather than shipped to landfills," he told Discover Magazine in September 2008.

Interest groups have grabbed hold of this public statement as evidence that Obama will push for new federal e-waste regulation. The most likely scenario is a federal law banning e-waste exports. The problem of shady recyclers shipping old computers and electronics to places like China and India, where they are disassembled by poor people who are then exposed to hazardous materials, drew increased public scrutiny late last year. In September the US General Accountability Office published a report critical of the electronics recycling industry and the US Environmental Protection Agency's handling of the matter. Non-binding resolutions banning e-waste exports were introduced in both the House and the Senate. In November, the TV news program "60 Minutes" ran an expose on recyclers that were shipping e-waste to China.

Federal e-waste export legislation is the top priority of the Electronics TakeBack Coalition, which is made up of environmental activist organizations, said Barbara Kyle, national coordinator. "You could argue that as the states are doing good work in mandating recycling, if we are not dealing with reality that a lot of recycling gets exported, then we are inadvertently adding to the problem," she said.

Indeed, in the absence of a federal law, 18 states have passed their own laws requiring electronics recycling. Ten of the laws have already taken effect, according to Jason Linnell, executive director of the National Center for Electronics Recycling. While most of them make manufacturers responsible for taking back their products at end of life and making sure they are responsibly recycled, each law is a little different. This patchwork of state regulation is burdensome and expensive for manufacturers, who would prefer to have a federal law that deals with both electronics recycling and e-waste exportation, said Parker Brugge, VP of environmental affairs and industry sustainability for the Consumer Electronics Association.

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But it may be too late for a federal law. With so many state regulations, it would be difficult to design a federal regulation that would not conflict with what’s already in place, added Ken Manchen, corporate director of safety, health, and environmental affairs for the Americas at electronics distributor Newark. In addition, a lack of industry consensus on the issue continues to be a major barrier to the passage of any comprehensive national law regulating recycling, according to Rick Goss, VP of environment and sustainability at the Information Technology Industry Council (ITI).

Brugge maintained, however, that the various industry factions are coming closer to agreement. “Having 18 states plus New York City [with electronics recycling laws] is going to drive the various stakeholders to some sort of a compromise,” he predicts.

#### Chemical controls

Related to and yet separate from the e-waste issue is how to deal with toxic materials that are designed into electronics. Mike Kirschner, president and managing partner of Design Chain Associates LLC, thinks the Obama Administration will try to revamp the Toxic Substances Control Act (TSCA) to make it more restrictive. Pressure to reform the 32-year-old law has been building in large part because of the European Union’s implementation of the REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) directive, he said. “We will see the fed give the EPA more power to restrict and control substances and their applications,” he predicted. “Industry is already gearing up for that battle.”

Some states are already attempting to regulate chemicals. Last fall, California passed laws requiring the state to identify “chemicals of concern” and create a clearinghouse for information on the effects of chemicals.

#### Energy efficiency and innovation

Some of Obama's environmental policies may have a positive impact on the electronics industry, experts believe. Most of them focus on climate change and are intertwined with energy policy, noted Daryl Hatano, VP of public policy at the Semiconductor Industry Association. The ubiquity of semiconductors in many of the technologies that Obama is promoting as part of his energy policy spells opportunity for SIA members, he said. “We think that semiconductors can revolutionize the generation, distribution, and

consumption of energy, and can transform the economy in the energy area the same way we transformed the economy through the Internet,” Hatano said.

One area where that could play out sooner rather than later is in developing a smart grid. During the campaign, Obama proposed a federal smart grid investment program, and the recent economic stimulus package proposed by the House of Representatives specifically calls for \$11 billion in R&D, pilot project and federal matching funds for such a program to modernize the electricity grid.

The stimulus plan also proposes spending tens of billions of dollars on upgrading the energy efficiency of buildings, part of which presumably will require sophisticated control systems run by semiconductors. And Obama's proposal to put 1 million plug-in hybrid cars on the road by 2015 could be a boon for the chip business. “The semiconductor content in a car will go up dramatically when the car becomes electric,” said Hatano.

On the other hand, the emphasis on energy efficiency also could produce regulations that limit electricity consumption of electronics products.

Some states are leaning in that direction, said CEA's Brugge. In fact, the California Energy Commission recently proposed a regulation that would limit energy use of TVs, he noted. CEA favors voluntary standards, such as Energy Star, rather than government mandates on power limits, which could stifle innovation, he said. “We will definitely make a point to educate the incoming administration on how that could impact our industry and consumers.”