

STRATEGIC IMPACT OF NEW EUROPEAN UNION GREEN LAW DIRECTIVES ON  
REVERSE LOGISTICS AND CLOSED LOOP SUPPLY CHAINS

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The European Union (EU) has been heavily focused on the development and adoption of “green laws” to reduce or eliminate environmental impact. The initial focus was in Germany, and in Northern Europe (Norway, Denmark, and Finland) where environmental impact is an extremely important issue. Much of this focus was on waste materials and recycling, but in recent years, the Germans in particular, have adopted new green laws which focus on the ultimate disposal of products and technology. The essence of these new laws was that an Original Equipment Manufacturer (OEM) of a product or technology would become ultimately responsible for the final disposition of that technology; the OEM could be held directly responsible if a failure to correctly dispose the technology resulted in economic or physical damage. In pragmatic terms, this could mean that a manufacturer of refrigerators could be held directly responsible if the ultimate buyer of that refrigerator simply put the refrigerator on a trash pile without taking off the doors, resulting in a child becoming trapped inside the refrigerator and dying.

While the enforcement of this type of “green law” has been fought and challenged, the basic idea of extending the “green laws” into products and technology, in addition to solid and fluid waste and hazardous materials, has certainly been on the agenda, particularly in certain of the European Union states.

In the last 2-3 years this movement has grown substantially and in fact, the European Union has in 2003 developed new regulations under the general title of the Waste, Electrical and Electronic Equipment (WEEE) directive. The WEEE directive puts some “bite” and clout into the concept of holding the manufacturer ultimately responsible for

electrical and electronic product disposition. The directive requires OEM's/vendors to take back obsolete or unwanted equipment on a one-for-one/like-for-like basis. In addition, if the vendor will not take it back, the end user must dispose of it, but it must be done in accordance with regulations; not just dumped on a trash pile. Of greater importance is that this directive has now been approved by not just a limited set of European countries, but by the broader European Union including specifically the United Kingdom. In fact, the WEEE directive is to become law in August 2005.

The WEEE directive, and other similar regulations, which are now in development in the Economic Union, will have a very significant impact on the reverse logistics and closed loop supply chain industry. Obviously both European Union based companies and firms in the electrical and electronic product business, as well as multi-national companies, including US and Canadian firms, selling into the European markets, will be faced with adapting to these new specifications and directives. In point of fact, a great deal of research and study on the issues of the impact, as well as technology, systems, and infrastructure for reverse logistics has been underway in Europe through Revlog, a European Union consortium which is focusing on these specific issues.

RLTI's new conference in Amsterdam scheduled for June 2004 will include specific focus on the WEEE directive and will include speakers from the Revlog Group. Additional information on WEEE and other related directives will be published soon as new "white papers" by Blumberg Associates.