



APRIL 10, 2006

ENVIRONMENT

HP Wants Your Old PCs Back

It's pushing states to force recycling of TVs, computers, and other e-gear. Here's why

A few years ago, when environmentalists in Washington State began agitating to rid local dumps of toxic old computers and televisions, they found an unexpected ally: Hewlett-Packard Co. ([HPQ](#)). Teaming up with greens and retailers, HP took on IBM ([IBM](#)), Apple Computer ([AAPL](#)), and several major TV manufacturers, which were resisting recycling programs because of the costs.

Aided by HP's energetic lobbying, the greens persuaded state lawmakers to adopt a landmark program that forces electronics companies to foot the bill for recycling their old equipment. "This bill puts our market-based economy to work for the environment," said Washington Governor Christine O. Gregoire as she signed the plan into law on Mar. 24.

The movement to recycle electronic refuse, or "e-waste," is spreading across the nation, and so is HP's clout. The company helped the greens win a big battle in Maine in 2004 when the state passed the nation's first e-waste "take-back" law. Washington followed suit. Now, Minnesota and New Jersey are preparing to act, and 19 other states are weighing legislation. Activists hope to banish high-tech junk from landfills and scrub the nation's air and water of lead, chromium, mercury, and other toxins prevalent in digital debris.

HP's efforts have made it the darling of environmentalists. They say take-back laws are more effective at getting digital junk recycled than point-of-sale fees, which tax consumer electronics products to fund state-run recycling programs. They're also pleased because effective programs in the U.S. reduce the likelihood that the products will be shipped to less developed countries and disassembled under unsafe conditions.

But HP's agenda isn't entirely altruistic. Take-back laws play to the company's strategic strengths. For decades the computer maker has invested in recycling infrastructure, a move that has lowered its production costs, given it a leg up in the secondary market for equipment, and allowed it to build a customer service out of "asset management," which includes protection of data that might remain on discarded gear.

In 2005, HP recycled more than 70,000 tons of product, the equivalent of about 10% of company sales and a 15% increase from the year before. And it collected more than 2.5 million units (in excess of 25,000 tons) of hardware to be refurbished for resale or donation.

No other electronics maker has a resale business on this scale. But the others may soon wish to emulate HP. "We see legislation coming," says David Lear, HP's vice-president for corporate, social, and environmental responsibility. "A lot of companies haven't stepped up to the plate.... If

we do this right, it becomes an advantage to us."

For television makers, on the other hand, take-back laws are terrifying. Following the lead of PC makers, they're pushing consumers to replace their bulky television sets with flat-screen models, many of them primed for high-definition viewing. As a result, in the next three years, Americans are expected to throw out more than 550 million analog TV sets and computer monitors that contain thousands of tons of lead. The last thing these companies want are coast-to-coast take-back laws.

More than a dozen consumer electronics companies, including Panasonic ([MC](#)), Sony ([SNE](#)), and Philips, have formed a group called the Manufacturers Coalition for Responsible Recycling. Backed by IBM, Canon and Apple, they have dispatched lobbyists to statehouses across the nation, pushing bills that mirror California's somewhat weak recycling program. Instead of forcing manufacturers to take back waste, they would impose a levy of up to \$10 on sales of products to help states cover recycling costs without burdening equipment makers.

The e-waste skirmish is part of an important new front in global environmentalism called product stewardship. Proponents argue that a company's responsibility for what it sells should include collection and disassembly at the end of the product's life cycle. As a slogan, product stewardship has been around since the Earth Days of the 1970s, but it is now a serious force in the auto and electronics sectors of Japan and Europe. The movement is likely to broaden in the U.S. as well. Several states are strong-arming auto makers into using less toxic parts, persuading thermostat manufacturers to fund bounties for the return of old mercury-laden devices, and pushing pharmaceutical giants to redesign packaging to reduce waste and accept unused medications for disposal.

But manufacturers have many concerns, including the fact that take-back laws such as Maine's allocate costs based on the weight of the junk consumers return. Consider the implications for big picture tubes: A company like LG Electronics, which owns the Zenith brand, could end up being responsible for heaps of old Zenith TVs, even though LG's market share is relatively small. And IBM, which has abandoned the PC market, might still be forced to recycle millions of machines bearing its logo. "They're really discriminating against legacy manufacturers," says coalition spokesman David A. Thompson, director of Panasonic Corp.'s Corporate Environmental Dept. "New market entrants have no waste stream. They're getting a free ride in Maine and Washington."

BRUISED APPLE

Environmentalists' biggest disappointment has been Apple Computer Inc. The company's progressive image, loyal customers, and retail network make it a natural for a take-back program. Yet Apple has fought such programs, and it lags behind HP and Dell Inc. ([DELL](#)) in voluntary recycling. During Maine's legislative fight, "they were doing more than any other manufacturer to fight the bill," says Jon Hinck, staff attorney for Maine's Natural Resources Council.

When shareholders at last year's annual meeting hit Apple over the Maine bill, CEO Steve Jobs publicly dismissed the gripe with a barnyard profanity. This year, green groups have put a resolution on the agenda of the Apr. 27 shareholder meeting that directs Apple to study how to boost recycling. "They are laggards in a number of ways on the issue of e-waste. It's come to the point where we need to have the company confronted," says Conrad MacKerron, director of the corporate social responsibility program at As You Sow Foundation, a green advocacy group that pushed the resolution.

Apple says critics ignore the company's efforts to use recyclable and clean materials in its products. It has cut lead use and says that, by weight, 90% of Apple computers can be recycled. Their sleek designs and spare packaging also mean less waste, says Chief Operating Officer Timothy D. Cook. "It's important to look at the whole of the process," he says, "not just one part." Cook also argues that take-back programs overlook a key fact: "Recycling is a responsibility of

the person who makes the product, the people who use the product, the people who sell the product, and the government."

If Apple hopes to catch up with HP, it might have to think harder about the first part of that sentence.

By Lorraine Woellert

**Copyright 2000- 2007 by The McGraw-Hill Companies Inc.
All rights reserved.**