



ROMANIA RISKS BANKRUPTCY OF THE WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT RECYCLING INDUSTRY!

WHAT CHANGES THE NEW AFM LAW BRINGS!

Intensely discussed in the first half of the year and contested by representatives of the RTOs, the Law on the approval of Government Emergency Ordinance No. 125/2022 amending and supplementing Government Emergency Ordinance No. 196/2005 on the Environmental Fund was published last week in the Official Gazette. The amendments made risk throwing the waste electrical and electronic equipment recycling industry into the dustbin.

A major change introduced by the regulatory document

concerns the reduction of the penalty for not meeting WEEE collection targets from RON 4/Kg to RON 2/Kg, however, even so, the future of WEEE recycling bodies will be difficult and uncertain, with many of them having to report bankruptcy.

“Initially, this proposed fee was RON 4/Kg, but after many discussions it was lowered to RON 2/Kg, although all the bodies dealing with the actual recycling of waste electrical and electronic equipment in the market insisted on its complete removal. Apart from Poland, this tax is not applied

anywhere else in the European Union because the targets imposed are impossible to achieve. The targets - which are now 65% - are calculated according to the volume of electrical and electronic equipment put on the market. But they are very hard to reach, and not just in Romania. At European level, the latest assessment showed that 24 out of 27 EU countries have not reached 65%, and the European average is below 50%. Even Sweden, the country that created this system, has not managed to reach the collection targets, and the European Commission is now discussing



the possibility of changing the calculation mechanism to make it more realistic,” says Cristian Pocol, President of RESPO DEEE Association (www.respo.ro).

How does the recycling market work?

For us to understand the whole system, we need to look at how the recycling industry works as a whole.

First of all, we are talking about producers, those who put on the market electrical and electronic products and equipment, which at some point will become WEEE, i.e., waste electrical and electronic equipment.

The aim is to keep this waste out of landfill and into a recycling loop, so all producers must enter into agreements with responsibility transfer organisations, also known as



RTOs. They are the second pillar of this industry; they are the interface between the waste generators and the recyclers themselves. They take on this responsibility by collecting waste for recycling. In the case of WEEE, their costs are covered by the management fee we pay for the products.

The third major player is represented by the recyclers, who take the volume of WEEE collected by RTOs, put it into a complex recycling loop and turn much of this waste into raw material, thus supporting the circular economy.





Reporting fraud and speculation encouraged by new AFM law

All the talk about the introduction of these penalties has created negative effects in the complex waste electrical and electronic equipment market. On the one hand, it has encouraged speculation, so that many of the collectors with whom the RTOs had a contract increased the price unduly, taking advantage of the threat of the penalty.

At the same time, the Romanian market does not generate enough WEEE to reach the collection target of 65% of the average EEE put on the market in the last 3 years. Moreover, with a penalty of RON 4 per kilogram, as much as it was initially intended, Romania had the harshest penalties in the European Union, this at a time when none of the more developed countries, such as Germany, Sweden, Norway or Finland, is achieving this target. With the penalty lowered to RON 2, Romania is

now in line with Poland, the only EU country to introduce such a measure.

“In this complex situation, representatives of RTOs have faced unjustified price increases from collectors, and some of them, in order to escape penalties, have falsely reported the volumes of WEEE collected. According to Aurelian Dobre, President of AFM, in a recent public debate it was found that of the 150,000 tonnes of WEEE officially collected in Romania in 2022, around 30,000 tonnes are fictitious, i.e., a clear phenomenon of fraud and false documents. Furthermore, investigations are continuing and the amount of fraud will increase”, says Cristian Pocol, President of RESPO DEEE Association.

The bankruptcy of the WEEE recycling industry, a matter of time

Even with a penalty of RON 2 per kilogram of WEEE not





collected from the market, the future of the recycling industry is uncertain, with many RTOs on the verge of bankruptcy.

“The financial results of all RTOs published by the Ministry of Finance show a loss of EUR 5.7 million last year, which is a big problem for the current underfunded market. The presence of this penalty, the lack of waste, the lack of collection and treatment infrastructure make this business unmanageable and from all the 19 RTOs that exist in Romania most will default.

Calculations made by companies show that the volume of fines would reach around EUR 25 million. People need to understand that we are not in a situation where we have WEEE and we are not doing our job. We are trying to collect what we can, but there is not enough waste at the moment. How can you achieve the target under these conditions? This target will change at European level very soon and the RON 2 penalty has to go too. Otherwise, the industry will go bankrupt and we will see mountains of fridges, washing machines, TVs, cables and electrical equipment that no

one cares to collect, everywhere in nature”, says Cristian Pocol, President of RESPO DEEE Association.

