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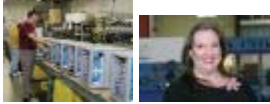
PORTLAND BUSINESS JOURNAL

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Meeting RoHS demands

Laws restraining toxic substances challenge electronics makersPortland Business Journal - January 5, 2007 by [Matthew Kish](#) Business Journal staff writer

STORY IMAGES



In the market for a plasma television? Don't buy it in California. You might not want to throw away that old computer there, either. A law goes into effect in the Bear State this month prohibiting buying and disposing of electronics that contain certain hazardous substances.

The law might soon apply to all states, including Oregon. The European Union implemented similar guidelines in July of last year. Several countries, including China, South Korea and Japan have followed step, leading some to say the United States should pass a comparable law, lest it become the dumping ground for all electronics that contain lead and mercury.

Whether Congress takes up the issue remains to be seen, but the rapid global acceptance of laws that ban hazardous materials in electronic products is having dire effects for Oregon manufacturers, especially small ones.

"It's a really big deal. And it's something a lot of people haven't heard of," said Catherine Sidman, a project manager for Cornelius-based Sheldon Manufacturing Inc., a maker of laboratory incubators and ovens.

The laws are commonly referred to by the acronym RoHS (pronounced Row Haws), which stands for the Restriction of Hazardous Substances Directive.

The European version bans the sale of any product that contains lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls or polybrominated diphenyl ether.

While most large manufacturers were able to meet the July 2006 timeline for European RoHS compliance, some small manufacturers struggled.

Sheldon Manufacturing had to stop shipping products to Europe -- 20 percent of its business -- for six months while it sorted through numerous issues in its supply chain. Because many of the company's vendors weren't selling products directly in Europe -- they were selling them to Sheldon Manufacturing for inclusion in lab ovens -- they didn't realize the guidelines applied to them as well. That meant Sheldon Manufacturing had to work backwards through its supply chain to get each of its vendors to become RoHS compliant.

"Medium- and small-sized manufacturers have it the worst," said Geoff Bock of TUV Rheinland of North America Inc., a consulting agency with offices in Portland that helps manufacturers become compliant. "Large conglomerates have the money and the ability to ... demand to their suppliers that if they don't meet the following guidelines, they won't buy from them."

Larger companies, like Xerox Corp., met the European RoHS deadline without too many problems.

"We've been anticipating this for some time," said Bill McKee, a spokesman for Connecticut-based Xerox, which operates its Office Printing Business Unit in Wilsonville. "Our manufacturing processes are all RoHS compliant."

McKee didn't know how much it cost Xerox to become compliant with European RoHS standards, but Sidman said her company hired one full-time employee just to do the paperwork, a 5 percent increase in the size of its office staff.

"Hiring one person just to do paperwork is pretty enormous," Sidman said.

The 35-year-old family-owned company is now the first company in its industry to be compliant by design, Sidman added.

Eventually, all of the new demands will add around 5 percent to the cost of most consumer electronics, according to Bock.

The demands on manufacturers will only get worse.

The Chinese version of the law -- which goes into effect March 1 -- will probably be the most onerous, Bock said, because of its multiple layers of bureaucracy and seemingly endless scope. It will require manufacturers to document the genealogy of each part, a burdensome task even before one takes into account translating all of the documents, Bock said.

Questions also remain about enforcing all of the new directives and laws.

It's not just products on the assembly line that are causing problems. So are ones at the end of their life. Sheldon Manufacturing received a call recently from a customer in California who wanted to dispose of a 25-year-old piece of equipment. Because of RoHS, putting it on the curb was illegal. It had to be dismantled and recycled. Sheldon Manufacturing had to dig through more than two decades of documents to determine what could be reused and what could go in the scrap heap.

Add it up and RoHS could have the same seismic impact on electronics manufacturers as the Sarbanes-Oxley Act had on public companies, said Nabil Nasr, the director of the Center for Integrated Manufacturing Studies at the Rochester Institute of Technology.

Nonetheless, manufacturers agree the laws are necessary.

"All in all this is good," Sidman said. "We don't want to put lead, mercury, cadmium and other dangerous things in landfills that end up in our water tables."

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