



COALITION FOR AMERICAN Electronics **Recycling**

FOR IMMEDIATE RELEASE

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DEFENSE, TECHNOLOGY EXPERTS SAY NATIONAL POLICY ON E-WASTE EXPORTS NEEDED TO ‘CHOKE OFF’ RAW MATERIALS FOR ELECTRONICS COUNTERFEITERS IN CHINA

Fake Microchips Threaten Reliability of Military Technology, Undermine National Security

July 15, 2014 – A panel of defense and technology experts said this week that Congress needs to fight back against Chinese electronics counterfeiters by passing legislation attacking their supply of raw materials – electronic waste from the U.S. and other countries.

The Congressional briefing, “Electronic Waste Dumping and Semiconductor Counterfeiting,” included Henry Livingston, BAE Systems Technical Director at BAE Systems Electronic Systems, a global defense, security and aerospace company; Tom Sharpe, Vice President at SMT Corporation, an electronics distributor to the defense and aerospace industries; and Jim Burger, Partner, Thompson Coburn LL, an advisor to the computer industry.

Each panelist said the [Responsible Electronics Recycling Act](#), or RERA (HR 2791, S.2090), would address the problem by requiring domestic recycling of non-working, untested e-waste. By keeping the material in the United States, RERA would keep it out of the hands of counterfeiters who have flooded the supply chains of defense contractors in recent years.

“E-waste from the U.S. and other countries provides the feedstock for electronics counterfeiters in China, and it creates a serious product integrity issue,” said Livingston. By allowing e-waste exports from the U.S. that come back as counterfeit microchips, “we are basically drinking our own bathwater,” he said. The panelists agreed that the vast majority of e-waste used by counterfeiters comes from the U.S.

The issue raises serious concerns about the reliability of military equipment, said Sharpe. He shared pictures of the counterfeiting process taken during a business trip to China, where microchips and other components are dumped onto sidewalks for sorting, often by children as young as four years old. The sensitive electronics are then washed in a river and dried on a riverbank. From there they go to a counterfeiting facility, where they are re-marked to look new.

“These parts are going to fail, probably sooner rather than later,” said Sharpe.

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The primitive counterfeiting process is a stark contrast to the clean-room environment where microelectronics are initially created, said Burger. “It takes less than a flake of dandruff to ruin a semiconductor,” he said. “These are not chips you would want in a plane in which you’re flying.”

Counterfeiters use an acid wash to remove markings on chips that eventually eats away the functional parts, he noted. While chips are sensitive to static electricity, counterfeiters use a scraping process that raises further concerns about failure, he added.

The [Coalition for American Electronics Recycling](#) (CAER), the voice of the emerging American electronics recycling industry on Capitol Hill, supports RERA for its promise to create jobs and promote investment while enhancing national security. Visit the CAER website for a [national security position paper](#) and “[Jobs Through Electronics Recycling](#),” a study by DSM Environmental released in February 2014.

HR 2791 has [22 cosponsors](#), including 17 Republicans. Eleven of the Republican cosponsors are chairs of either full committees or subcommittees, including those with responsibilities related to intelligence, homeland security, rare earths and other relevant issues.

The Coalition for American Electronics Recycling includes more than 130 companies and supporting members operating more than 280 facilities in 35 states and Puerto Rico and the District of Columbia. Visit the CAER website for a complete [member list](#).

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