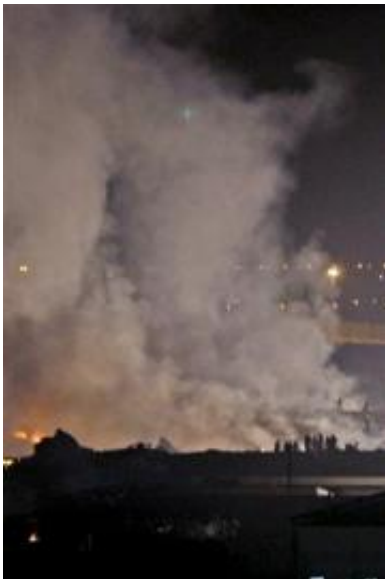


THE INFLUENCE GAME: Safety, trade interests clash

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In this Sept. 3, 2010, file photo, smoke rises from the site of a cargo plane crash in Dubai, United Arab Emirates. Some of the United States' top trading partners are waging an aggressive, behind-the-scenes effort to derail an Obama administration safety proposal that would affect the shipment of products by scores of industries. (AP Photo/Kamran Jebreili, File)

(AP) -- Some of the United States' top trading partners are aggressively fighting to stop the Obama administration from treating lithium batteries as hazardous cargo because they say that would disrupt international shipping and cost businesses hundreds of millions of dollars.

The European Union, China, Japan, South Korea and Israel have lobbied against requiring air shipments of lithium batteries and products containing them to meet hazardous cargo regulations, diplomatic and industry officials told The Associated Press.

The proposal would raise shipping costs and disrupt the flow of products such as cellphones, laptops, medical devices, water meters and electric car batteries, these governments contend.

But the Transportation Department estimates its proposal would cost only \$9 million a year and airline pilot unions want additional safety precautions, saying it's only a matter of time before the batteries cause a plane crash.

The fight over the regulations is an example of how lobbying often works - out of sight and taking advantage of relationships, institutional knowledge and politics to promote well-heeled [financial interests](#). And it's become a test of the administration's resolve to place safety first.

Lithium batteries can short-circuit and catch fire during flight. Government testing has shown [lithium battery](#) fires burn extremely hot and are exceptionally difficult to put out.

A United Parcel Service plane loaded with electronics crashed in Dubai in September. The two pilots, who were killed, reported a cargo compartment fire and smoke so thick they couldn't see their cockpit instruments. Investigators suspect lithium batteries either started the fire or worsened it.

"We take a back seat to no one when it comes to safety" has been Transportation Secretary Ray LaHood's mantra.

But Michael O. Moore, a professor of economics and international

affairs at The George Washington University, said it's not always easy to balance safety needs and trade interests.

"Certainly any sensible administration would be careful when you are irritating that list of trading partners," Moore said.

The final say on the regulations rests with the White House Office of Management and Budget. Last month, its officials held separate meetings with Japanese and South Korean government officials and industry leaders, and their lobbyists, even though the official comment period had been closed for months.

The meetings were arranged by the Office of the U.S. Trade Representative, a Korean official told the AP, adding that the budget office's final review now will likely be delayed by weeks and perhaps months. The official asked that his name not be used because he wasn't authorized to speak publicly.

OMB spokeswoman Meg Reilly said the office doesn't comment on the progress of regulations. U.S. trade spokeswoman Nkenge Harmon said trade officials advised the two governments how to arrange the meetings, but didn't set them up.

The meeting with the Japanese occurred Nov. 16, according to a budget office record. Officials met with the Koreans a week later.

Those talks came after the 27-nation EU, China, Japan, and South Korea opposed the proposal at World Trade Organization committee meetings in March and June in Geneva, calling it a potential barrier to trade, diplomatic and industry officials said. Those governments, and Israel, also raised the issue in talks with the U.S. trade office in Washington, officials said.

The regulation would raise the price of medical device and water meter exports to the U.S. by about 5 percent and create untold logistical headaches, Israeli diplomat Ohad Cohen said.

If changes need to be made to protect safety, Cohen said, it's better to work through international organizations rather than for one country to "impose a big impediment for trade."

Japanese officials estimate the proposal would cost their battery industry \$100 million a year.

There have been several other meetings and filings on the issue.

Transportation Department officials working on the safety proposal attended trade talks in Washington with South Korea on May 4 and Japan on May 11, the department said. Both countries are major producers of lithium batteries for hybrid and [electric cars](#), a global market some analysts predict will reach \$17 billion a year in the next decade.

The EU and Israel have filed comments with the Transportation Department.

Pilot unions have tried unsuccessfully to toughen regulation of battery shipments at meetings of the International Civil Aviation Organization, a United Nations agency that sets aviation safety standards.

And OMB officials have met with U.S. and foreign corporations and their lobbyists. One meeting a year ago was with French battery maker SAFT. The company has factories in Europe, Asia and the United States.

In an example of Washington's "revolving door" between policymaking and lobbying, one of SAFT's lobbyists was David Kunz, according to

disclosure records filed with the Senate by The Carmen Group, a Washington lobbying firm. Kunz was chief counsel at the Pipeline and Hazardous Materials Safety Administration, the Transportation Department agency that wrote the safety rule, until January 2009 when President Barack Obama took office.

Kunz, who left the Carmen Group in September, acknowledged in an interview that he worked on the proposal while at Transportation. He declined further comment, and the Carmen Group also did not want to elaborate.

The safety proposal would effectively require SAFT factories to have one shipping standard for the U.S. and another for the rest of the world, said Glen Bowling, a SAFT vice president in the specialty batteries division. If that were to happen, the company would probably fly batteries to Mexico and Canada to avoid U.S. regulations and then truck them into the United States, he said.

That would mean delays and added costs to consumers, Bowling said. Batteries exported from the U.S. to other countries would also encounter added hurdles, he said.

If the regulation is approved, industry will likely challenge it in court and mount a lobbying effort to get Congress to block it, he said.

Opponents of the rule stand to benefit from the results of this year's congressional elections.

Rep. James Oberstar, D-Minn., the chairman of the House Transportation and Infrastructure Committee and a key advocate for tougher regulation, was defeated. When Republicans take control of the House this week, the chairman will be Rep. John Mica, R-Fla. SAFT is building a new factory near Jacksonville, Fla., on the edge of Mica's

congressional district.

"Mica wants to ensure that we are not over-regulating this industry, and damaging our economy or our economic relationships with other countries, all for little to no change in safety," spokesman Justin Harclerode said.

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