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Toxic Factories Take Toll On China's Labor Force

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Full Text (2070 words)

Over the holidays, millions of American children received Chinese-made toys powered by cadmium batteries.

Cadmium batteries are safe to use. They are also cheap, saving American parents about \$1.50 on the average toy, compared with pricier batteries.

But cadmium batteries can be hazardous to make. In southern China, Wang Fengping worked for years in plants that produced cadmium batteries for the likes of Mattel Inc., Toys "R" Us Inc. and Wal-Mart Stores Inc. Like hundreds of her colleagues, Ms. Wang regularly inhaled the toxic red cadmium dust that filled the air in the plant.

Now, at 45, Ms. Wang is often too weak to walk. Her kidneys have failed, and her doctors have identified cadmium poisoning as the likely culprit. About 400 other workers at her former employer, Hong Kong-based GP Batteries International Ltd., have been found to harbor unsafe levels of cadmium, a toxic metal like mercury and lead that can cause kidney failure, lung cancer and bone disease.

In recent months, Americans have discovered the dark side of their reliance on cheap Chinese goods. From lead-tainted toys to contaminated pet food, the safety of Chinese products is suddenly an American obsession.

But in China, workers making goods for American consumers have long borne the brunt of a global manufacturing system that puts cost cutting ahead of safety. The search for cheaper production means dirty industries are migrating to countries with few worker protections and lenient regulatory environments.

The nickel-cadmium battery illustrates this trend. Once widely manufactured in the West, the batteries are now largely made in China, where the industry is sickening workers and poisoning the soil and water.

Now, some regulators and companies are taking action. This year, the European Union is banning the sale of nearly all cadmium batteries. A few companies, including Hasbro Inc., are eschewing the battery.

Yet cadmium batteries, a technology dating back to 1899, continue to represent 3% of total battery sales, and are still widely used in toys, power tools, cordless phones and other gadgets sold in the U.S. Besides being inexpensive, they can provide a quick surge of power.

The near-disappearance of the American cadmium-battery industry can be understood from a visit to an overgrown field in Cold Spring, N.Y. Here, the Marathon Battery factory churned out nickel-cadmium batteries for the U.S. military for three decades. After the plant was shuttered in 1979, the cadmium-laden ground became one of the nation's highest-profile superfund sites, sparking a \$130 million clean-up and a class-action lawsuit by nearby residents that was settled for millions of dollars in 1998.

As the U.S. and other Western nations tightened their regulation of cadmium, production of nickel-cadmium batteries moved to less-developed countries, most of it eventually winding up in China. "Everything was transferred to China because no one wanted to deal with the waste from cadmium," says Josef Daniel-Ivad, vice president for research and development at Pure Energy Visions, an Ontario battery company.

Today, only two American companies still make cadmium batteries, and they specialize in high-end batteries for use in equipment such as aircraft engines. U.S. laws require them to follow strict guidelines on worker safety and environmental protection.

In China, government standards on cadmium exposure are in line with those endorsed by the World Health Organization. And without question, there are safe cadmium plants in China.

But having rules and enforcing them are two different things. China has dozens of so-called "hot spots" where the cadmium contamination is similar to levels at U.S. superfund sites. More than 10% of China's arable land is contaminated with heavy metals such as cadmium, according to the State Environmental Protection Agency, and the metals are entering China's food supply. At least a dozen academic studies in the past two years have found unsafe levels of cadmium in fruit and vegetables grown in Chinese soil. In a study published last year, researchers at the Guangdong Institute of Ecology found excessive levels of cadmium in Chinese cabbage grown in Foshan. The battery industry isn't the only source of environmental cadmium contamination in China, but it is a major contributor.

Often, these risks extend to workers. Last year, at least 20 workers at a Panasonic Corp. cadmium-battery plant in Wuxi were found to have elevated levels of the toxin, and two were diagnosed as poisoned. In 2005, 1,000 workers at Huanyu Power Source Co., based in Xinxiang, Henan, were also found with cadmium exposure. Both Panasonic and Huanyu say they have taken care of the affected workers, providing health care and compensation exceeding the requirements of Chinese law.

Yet these findings didn't necessarily result from corporate or government vigilance. The Panasonic-plant contamination, for instance, came to light after some workers watched a television show about cadmium poisoning -- and got themselves tested.

Protest about contamination at the GP plants has persisted in part because of the determination of Ms. Wang, a GP engineer, to publicize the matter.

Born into a relatively well-off family, Ms. Wang attended university and obtained an engineering degree before hiring on at a newly opened GP factory in the southern Chinese city of Huizhou, a fast-growing center of China's electronics industry. The year was 1995, and GP Batteries, a Singapore-listed unit of Hong Kong-listed Gold Peak Industries (Holdings) Ltd. Huizhou, was a prestigious employer, eventually becoming one of the largest makers of nickel-cadmium batteries in China.

As a machine designer, Ms. Wang worked in the management offices of a walled compound of pink-tiled buildings where some 1,500 women in matching blue smocks worked 12-hour days assembling nickel-cadmium battery packs for toys and other products. GP's clients eventually came to include dozens of U.S. companies including Energizer Battery Co., Proctor & Gamble Co.'s Duracell, Spectrum Brands Inc.'s Ray-O- Vac, Hasbro, Mattel, Wal-Mart and Toys "R" Us.

For years, factory workers complained about illnesses -- nausea, hair loss and exhaustion, for instance. But GP management says it wasn't aware of the extent of the cadmium danger. "We knew it was dangerous, but we thought that if it was handled in a reasonable manner you should be OK," says Henry Leung, chief operating officer of GP Batteries. "This is all new for China."

At the factory, Ms. Wang spent the bulk of her time in an office, quietly sketching machine designs. But between 2002 and 2004, she spent long hours in production areas, inhaling cadmium dust, according to a lawsuit filed by Ms. Wang against the factory.

In 2003, some sick workers paid for their own tests at an occupational-disease hospital and learned they had elevated cadmium levels. The news touched off panic on the factory floor, and workers demanded the company pay for cadmium tests. Hundreds of workers eventually went on strike.

GP says it began paying for cadmium checkups in mid-2004, as soon as the region set up facilities that could handle large volumes of cadmium testing. In the initial tests, 177 workers showed levels of cadmium above China's safe-exposure limit, and two qualified as poisoned. Dozens were immediately hospitalized.

Cadmium affects people in radically different ways, so many GP workers with elevated levels aren't sick, but may become so in the years ahead.

Roughly 900 workers quit their jobs, and GP offered cadmium-affected workers one-time exit compensation starting at about \$500. GP says the average package was \$2,100. Many workers say the compensation failed to cover their medical bills.

GP says it has paid out more than \$1 million in compensation and medical care for affected workers and has exceeded the legal requirements. "We want to take care of workers," says GP's Mr. Leung, but he says some workers are feigning sickness to obtain money. "They want to be recorded as poisoned, so people will keep giving them compensation," he says.

Ms. Wang watched on the sidelines as the bitter saga unfolded at her factory. During her nine years at the factory, she rarely had contact with rank-and-file workers, and her \$540 weekly salary was nearly triple what they earned. While other workers ate in a cafeteria, Ms. Wang sat in a manager's dining room with table cloths and porcelain dishes.

But in October of 2004, when GP first paid for companywide cadmium tests, Ms. Wang's result came back showing cadmium levels above the safe-exposure limit set by the Chinese government. However, to qualify for continuing monitoring, China's occupational-disease laws require two consecutive positive tests. A second test showed Ms. Wang's cadmium level in the normal range, disqualifying her for assistance.

Three occupational-medicine doctors -- in London, Sweden and the U.S. -- who reviewed Ms. Wang's medical records for The Wall Street Journal say her initial test showed clear indications of kidney damage, a marker of possible cadmium poisoning.

"There's no doubt that in 2004, she had smoking-gun-type indicators of kidney damage, and in a person who works with cadmium, that should not be ignored," says Dr. Arch Carson, an expert in occupational medicine and environmental sciences at the University of Texas School of Public Health.

GP says it relies on medical experts at government-run occupational- disease hospitals in the nearby city of Guangzhou to determine if workers required monitoring.

Having no symptoms, Ms. Wang continued playing badminton and jogging. But in early 2006, she began to feel extremely weak, and suffered headaches. Her skin began to age rapidly, and her eyes became sunken hollows. In November 2006, Ms. Wang was diagnosed at a local hospital with chronic renal failure that doctors said would likely shorten her life.

On Dec. 25, 2006, Ms. Wang approached GP management with news of her diagnosis. She requested that GP send her to the occupational-disease hospital in Guangzhou, which has facilities for treating cadmium exposure.

A stalemate ensued. The company says it was willing to help, but that Ms. Wang refused to follow local legal procedures. Local laws required that Ms. Wang visit a local hospital first, in order to be referred to the main occupational-disease hospital in Guangzhou. The company says Ms. Wang demanded they send her directly to the Guangzhou hospital, in violation of regulations.

In May, Ms. Wang sued the factory for \$400,000 in compensation and medical care. To build her case, Ms. Wang used her access to company computers to download files that showed other workers in her department were exposed to cadmium. GP says there is no evidence that Ms. Wang's illness is related to cadmium, and doctors at the Guangzhou Occupational Disease Hospital say her kidney failure doesn't meet the criteria for occupational disease.

By last summer, Ms. Wang's health was failing. According to medical records from a hospital in Nanjing, she was admitted with a fever and a respiratory infection. Doctors there treated her for

chronic renal failure, and listed "long-term exposure to cadmium-containing substances" as a possible cause, according to her medical records.

As workers, including Ms. Wang, sought to bring attention to the issue, a public-relations battle erupted. In 2005, GP filed a lawsuit against labor-rights groups representing the workers, charging libel. The case is moving through Hong Kong courts.

On their way to an interview with a Wall Street Journal reporter in August, Ms. Wang and several colleagues were pulled over by police and detained for nearly 13 hours in a Huizhou police station, according to several sources familiar with the incident. A person present at the Huizhou police station says the workers were told they would be charged with treason if they spoke to the media again. The Huizhou government says its police detained no battery workers.

Ms. Wang stopped answering her cellphone after the incident with the Huizhou police. But she began writing a blog to advise victims of cadmium poisoning. A recent post, in Chinese, said, "Basically, occupational disease could be prevented but it costs money. Money is the gold of bosses. And for them, the lives of workers are worthless."

After revelations of its cadmium-battery problems arose, GP quit making them at its plants, and now outsources that production to independent factories in China.

In America, five years after Hasbro stopped using nickel-cadmium batteries, Mattel and Toys "R" Us are yet to follow suit, but say they are exploring alternatives. Wal-Mart no longer purchases cadmium batteries from GP but declined to comment on whether it still uses them in its products.

Mattel says cadmium batteries have some performance advantages over alternatives, such as a better ability to retain a charge when not used for long periods.

Sky Canaves in Hong Kong contributed to this article.

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