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HEADLINE: CUTTING COSTS...AT WHAT COST TO BHOPAL RESIDENTS?: A MEMO ADMITTED THAT UNION CARBIDE USED UNPROVEN TECHNOLOGIES. THE COMPANY INSISTS THAT COSTS WERE CUT MOSTLY ON SYSTEMS NOT DIRECTLY INVOLVED IN THE ACCIDENT

BODY:

PUNE, Jan. 1. INTERNAL documents of Union Carbide brought into the public realm in the course of the ongoing class action suit initiated by the survivors of the Bhopal gas tragedy in New York state in 1999 have established that the multinational used unproven technology to make the insecticide, Sevin, in India...because it wanted to cut costs. The 1984 accident at Union Carbide's plant in Bhopal - the worst industrial disaster in the world - had killed 8,000 people immediately and injured over 1,50,000 and continues to affect the health of the people of Bhopal.

The company had paid a compensation of \$ 470 million to a trust in 1989 and the survivors say that they have received roughly \$ 500 each so far. Calculated over 18 years, the value of the survivors "lifetime compensation" works out to the price of one cup of tea per day. Ms Kathy Hunt, Dow-Carbide's public affairs officer, has gone on record as saying: "You can't really do more than that, can you? \$ 500 is plenty good for an Indian." According to a report in the New Scientist by Ms Debora MacKenzie, Dow Chemical, which took over Union Carbide, still insists that Carbide's Indian subsidiary was wholly responsible for the design and running of the plant. She quotes Mr John Musser, who inherited the Bhopal brief at Dow, as saying that "Union Carbide maintained a very "hands-off" relationship with Union Carbide India on virtually all matters". However, the documents, which the court compelled Union Carbide to place before it, contradict this position.

The New Scientist report recalls that the Indian Government, in consonance with its policy of making foreign companies invest in the country, had asked Carbide to make insecticides such as Sevin locally instead of importing them. It also insisted that the company raise at least a quarter of the investment from local shareholders. However, a 1972 memo says that if Carbide had issued enough shares to raise the \$ 28 million estimated cost, the company's stake in its Indian subsidiary would have dropped below 53 per cent. To prevent this, it had chosen to "reduce the amount of investment to \$ 20.6 million", with the cuts "mainly on the Sevin project".

This meant using what another memo admitted were unproven technologies. The company insists that costs were cut mostly on systems not directly involved in the accident. However, the Sevin production system involved in the accident had had "only a limited trial run", the memo states.

Be that as it may, a New Scientist investigation of the accident, and subsequent studies by the company and trade unions, have shown that a faulty valve let nearly a tonne of water being used to clean pipes pour into a tank holding 40 tonnes of methyl isocyanate (MIC), an intermediate in the production of Sevin. The resulting runaway reaction produced a cloud of toxic gas.

Ms MacKenzie goes on to report that Mr Musser still echoes Carbide's claims at the time, saying the accident was an "act of sabotage" - someone deliberately putting water in the tank. She writes: "Regardless of how the water got into the MIC, the runaway reaction should have been contained. It was not, largely because Bhopal had far more limited emergency equipment than Carbide's US plant. Crucially, Bhopal had no "knock-down" tank where the mass of chemicals that boiled out of the MIC tank might have settled. Then only gases would have escaped, which could have been burnt off by flare towers or by filtered out by a 'scrubber'. But the Bhopal plant had only one flare, shut

for repairs on the night of the accident. The US plant had a back-up. Bhopal's sole scrubber was overwhelmed by the mass of liquids and gases that boiled up it at a rate over 100 times what it was designed for."

And who was responsible for this design? Carbide's 1972 memo specifies that the US headquarters would either perform all design work for the plant, or approve designs done elsewhere. Further, unlike its US plant, Bhopal's waste was poured into open lagoons to evaporate. This is of major significance as recent analyses of groundwater, soil and people near the plant have found high levels of heavy metals such as mercury and toxic organochlorine chemicals. Earlier analyses by Indian agencies had concluded there was no local contamination. Yet company memos from 1989, 1990 and 1995 show that Carbide's officials knew by 1989 that the Indian analyses were suspect and that there might be contamination, the New Scientist report quotes Mr Satinath Sarangi of the Bhopal Group for Information and Action as saying. When questioned about this by the journal, Mr Musser did not confirm or deny that there was contamination, but instead quoted the Indian analyses. Bhopal activists now hope the fresh evidence will persuade the Indian Government to join the US lawsuit. Only then can the company be tried for negligence. Dow swears by 'zero' vision

THIS is the official statement of the Dow Chemical Company with regard to the Bhopal tragedy: The 1984 gas disaster at Union Carbide India Ltd (UCIL) facility in Bhopal, India, was a human tragedy that should never be forgotten. It is a continuous reminder of the frailty of life and that safety must always be a first priority for industry. This unfortunate event stimulated the chemical industry's Responsible Care(r) initiative dedicated to continuous improvement in environment, health and safety performance. From a legal standpoint, the Bhopal matter has been resolved for many years. In 1984, immediately following the Bhopal tragedy, Union Carbide (UCC) stepped forward to publicly accept moral responsibility for the tragedy. The Government of India assumed sole responsibility for representing the people of Bhopal. In 1989, UCC agreed to pay \$ 470 million into a trust as a settlement of the claims arising from the tragedy. The trust fund still exists and is managed by the Government of India for the benefit of the Bhopal victims.

The Indian Supreme Court confirmed the settlement in 1991 and closed the legal proceedings characterising the settlement as "just, equitable and reasonable". Additionally, in 1994, UCC sold its stake in UCIL and donated the proceeds of \$ 90 million to the Bhopal Hospital Trust Fund for the purpose of providing capital and operating costs of a hospital in Bhopal to treat people affected by the gas tragedy. When

UCC became a subsidiary of the Dow Chemical Company in February 2001, the civil litigation in India had been resolved for over a decade. However, Dow has listened to the concerns of local and international organisations representing the Bhopal community and other advisory groups. While we respect the different opinions and viewpoints expressed in this dialogue we have not and will not accept any responsibility related to the Bhopal tragedy.

Nevertheless, Dow continues to make a genuine effort to identify an appropriate humanitarian contribution aimed at improving some aspect of the lives of people living in India and Bhopal, in particular, consistent with our philanthropic commitment around the world in countries where Dow or its subsidiaries operate. All of us in industry, especially the chemical industry, appreciate the gravity and human cost of the Bhopal accident. It is a tragedy that should not have happened.

Our obligation is to learn from it and to make every effort to see that such a tragedy never happens again. At Dow, we have redoubled our efforts to make protection of people and the environment a part of everything we do and every decision we make. We have taken, and continue to take, strong steps to realise our "vision of zero" - zero incidents, zero injuries, zero environmental harm. No lesser ideal is acceptable to us.

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