

# Korea warns of lithium losses

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Lithium-ion batteries are proving extremely combustible - not only in terms of physical qualities but also political repercussions. Measures planned in Washington to tighten regulations over shipping these batteries by air are facing a strong protest from Korea - just at a time when the US and the Asian country are moving towards a more liberalised trade environment.

During a visit to Washington at the beginning of December, South Korean officials expressed opposition to proposed rule-making in the US on the transportation of lithium batteries by air. The proposed rules are drawing fire from Seoul because they could cost Korean exporters hundreds of millions of dollars and could significantly impact Korea's hi-tech industry. By some estimates, the cost of compliance for Korean exporters would be above US\$300 million a year.

According to a senior executive at a large forwarder, in some cases packing cargo with lithium batteries as hazardous material would exceed the cost of the product itself.

Calls for tighter restrictions on shipping lithium batteries by air have been gaining in volume. The pressure mounted last year after two incidents on freighters by FedEx and UPS, which were linked



*The UPS plane that crashed in Dubai was carrying a large number of lithium batteries*

to lithium batteries. The crash of a UPS freighter in the United Arab Emirates this past September sparked further calls for restrictions. Although the cause of the incident, in which both pilots died, remains to be determined, many observers were quick to point to a large number of lithium batteries in the plane's cargo as the likely cause of the tragedy. The US Federal Aviation Administration (FAA) issued an interim safety alert one month after the crash, recommending that shippers clearly mark bulk shipments of lithium batteries.

The FAA refrained from introducing new restrictions for the time being,

but tighter safety rules are under way. So far consignments of lithium batteries are banned from bellyholds of passenger planes. The US Department of Transportation has proposed that lithium batteries should be classified as hazardous cargo subject to regulations governing the transportation of hazardous materials.

Restrictions on the shipment of lithium batteries by air would have repercussions for a myriad of electronic products that contain them. If the planned rules were to be implemented, gadgets such as iPhones, mobile phones, laptops and tablet computers would have to be treated

as hazardous materials and moved in accordance with hazmat rules.

The US authorities have moved recently to quell violations of regulations on moving hazardous materials by air. In late November, the FAA levied a \$140,000 fine on K-Mart for allegedly attempting to ship packages with nail colour and aerosol sun block on UPS flights from Puerto Rico to the US. The packages were reportedly not marked as containing hazardous materials. The same day Florida-based Radiology Corp was informed that it faced a \$168,000 penalty for trying to move a butane-fuelled soldering iron on a passenger flight.

Korea's government does not stand alone in its opposition to the US plans on lithium batteries. Japan, China and the European Union have also voiced concern over the proposals, which are more restrictive than regulations issued by the International Civil Aviation Organisation. Likewise, the International Air Transport Association has objected to them.

The spat between Korea and the US comes at a politically sensitive time, just as Korea and the US have achieved a breakthrough in trade relations. On December 3, the White House announced that the two sides had reached a tentative free trade agreement. If ratified, the agreement would eliminate tariffs on over 95 percent of industrial and consumer goods within five years.