



SLAB WATCHDOG

June 6, 2012

Via E-mail

Mr. Evan Lloyd
Executive Director
Commission for Environmental Cooperation
393 St-Jacques Street West
Suite 200
Montreal (Quebec)
H2Y 1N9

Re: Comments on the Transboundary Movements of Spent Lead Acid Batteries in North America

Dear Mr. Lloyd:

I would like to take this opportunity to commend the Commission for Environmental Cooperation for undertaking a study on the transboundary movement and recycling of spent lead acid batteries (SLABs). For nearly two years, SLAB Watchdog has been trying to raise awareness of this dangerous practice among policymakers, media, environmentalists and organizations that handle substantial amounts of used batteries. As an organization committed to ending the exportation of SLABs from the United States to developing countries, most specifically Mexico, SLAB Watchdog welcomes the opportunity to provide our views to the Commission.

The explosive growth of transboundary movements (exportation) of SLABs to Mexico is a relatively new phenomenon that has escaped the attention of many of the country's leading environmental and regulatory organizations. Only in recent years have changes initiated by the U.S. Environmental Protection Agency helped define the size and scope of the SLAB export market. These changes, while not perfect, in conjunction with other publicly available data from government sources provide the parameters that make a more accurate accounting of SLAB exports possible.

In June 2011, two non-governmental organizations, Occupational Knowledge (OK) International and Fronteras Comunes released a report entitled, "Exporting Hazards: U.S. Shipments of used lead batteries to Mexico take advantage of lax environmental and worker health regulations". This report provided the first critical documentation of the magnitude of the authorized export market and the associated environmental concerns. According to OK International more than 521 million pounds (236,746,892 kg) of spent lead acid batteries were exported to Mexico in 2010.



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In February 2012, SLAB Watchdog announced that based on available government data, authorized SLAB exports totaled more than 754 million pounds in 2011—a 35 percent increase over the previous year. In addition, SLAB Watchdog reported used battery exports to Mexico increased by more than 326 percent since 2008. It is important to note that we classify these as authorized exports. Based on news reports, it is our belief that a significant amount of *unauthorized and illegal* batteries exports also occur each year.

This dramatic increase of exports to Mexico is driven by two factors: weaker environmental regulations and lower compliance costs; and, significantly lower wage and fixed capital costs. To understand how these factors contribute to significantly lower reclamation costs it is also helpful to understand the types of companies engaging in SLAB exportation. Broadly there are two groups of companies: large integrated manufacturers and recyclers; and, battery brokers and dealers.

The OK International report identified the largest manufacturing and recycling companies sending batteries to Mexico as Johnson Controls Battery Group, a division of Johnson Controls, Inc., and East Penn Manufacturing. Both companies act as producers of lead acid batteries and operators of smelters. Johnson Controls does not currently operate any domestic smelters (although one in South Carolina is being built) and chooses to collect and ship domestic used batteries to its two plants in Mexico. There, the company is able to take advantage of lower costs associated with environmental compliance and the fixed capital cost of building and operating Mexican facilities.

In the case of East Penn, SLAB Watchdog believes the impetus of exportation is related to the lower total operational costs of Mexican facilities. East Penn currently runs an integrated recycling and manufacturing facility in Pennsylvania where it reclaims SLABs and uses the raw materials to manufacture new batteries. The diversion of spent batteries to Mexico disrupts this coordinated process and is done, we believe, because it is simply more cost effective to ship the SLABs from where East Penn collects the batteries to Mexico instead of to their integrated facility in Pennsylvania.

In addition to large exporters like East Penn and Johnson Controls, the transboundary movements of SLABs are also facilitated by battery brokers and dealers who purchase the SLABs and sell them to foreign recyclers. The financial motive for these companies is the ability to maximize the spread between their purchase price for the SLABs and the prices recyclers offer to gain access to the feedstock. By and large these middlemen do not care whether the batteries are recycled domestically in accordance with EPA and OSHA regulations or are reclaimed in a foreign facility. It makes no difference since profit is their only motivation. Brokers and dealers are simply treating the lead as a commodity and looking for the best possible price. The combination of lower labor and fixed costs and lower environmental compliance costs assures these middlemen of getting higher prices from Mexican recyclers.



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It is SLAB Watchdog's belief that ultimately, these same brokers and dealers will look to China, Vietnam, and The Philippines if exports to Mexico are discouraged through new policy or regulations. For that reason, any recommendations developed by CEC must also take into consideration how they will affect other developing countries. Merely shifting the pollution from Mexico to some other developing country is not an acceptable solution.

Recently, *USA Today* ran a series of stories about the enduring legacy of lead pollution affecting communities across the United States. As the result of poor environmental controls decades ago when the risks of improper disposal were unknown or ignored, the lead continues to pose a serious health risk today. It is shameful to think our government is repeating these past mistakes by consciously allowing U.S.-generated SLABs to be sent to substandard Mexican recycling facilities.

The Centers for Disease Control recently recommended lowering the blood lead level at which action must be taken to safeguard health. Regrettably, the recycling of SLABs in even the most modern Mexican facilities will still adhere to emission standards that represent a danger to workers and the surrounding communities. Unless CEC and other governmental agencies take action to stem the transboundary movements of SLABs for recycling, Mexico and other developing nations will be saddled with decades of ill health effects and pollution caused by American car, truck, and boat batteries.

Sincerely,

Diane L. Cullo
Director