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## New lithium battery rule threatens airfreight recovery

President Obama recently commented about how the US economy is recovering when he visited a North Carolina manufacturing company that has received \$49 million from the financial stimulus program.

The money is helping a lithium battery company create 300 new jobs and as many as 1,000 new positions for related contractors and suppliers. But while support for a US manufacturer is admirable, the president should be reminded that his administration is simultaneously proposing a new rule that could flatten it.

In January, the Pipeline and Hazardous Materials Safety Administration (PHMSA) issued a notice of proposed rule-making (NPRM) to modify regulations that govern the shipment of lithium batteries and cells as airfreight.

The new regulations will require batteries and products containing lithium batteries are shipped as hazardous materials and will impose unnecessary, anti-competitive and expensive handling and packaging requirements on shippers, forwarders and air carriers.

The impact of the NPRM could result in a loss of up to 80 percent of existing airfreight capacity since the proposed rule calls for a reclassification of lithium batteries, cells and products containing these materials as Class 9 hazardous materials when shipped by air.

Such cargo will need to be accessible in flight, enclosed in special shipping containers and flown on planes equipped with special fire suppression systems not commonly found on passenger aircraft.

As a result airfreight rates will climb as shippers and forwarders, limited only to cargo aircraft, will be forced to redesign their supply chains in a very short timeframe.

The proposed rule will also harm the economic recovery of the US. We all know how important a role rechargeable lithium batteries play in our daily lives as seen in all portable electronics, including cell phones and computers. Now, shipping such batteries for cars will be more expensive, rendering the US less competitive in this burgeoning global market.

In addition, the rule runs contrary to the Obama administration's goal of growing our economy through green industries, as the development of automotive lithium battery technology is a component of energy independence.

Instead of implementing an onerous rule with potentially devastating consequences, PHMSA should consider improving enforcement of the already existing ICAO technical instructions for the shipment of lithium batteries, and just harmonize with existing safety standards and requirements for the US to remain competitive.

The PHMSA rule should focus on a scientific, risk-based approach appropriately focused on timely research. Many manufacturers argue that data is inclusive, that testing of lithium metal batteries is inadequate, and the FAA has not applied all the chemistries occurring in current production of these batteries. The FAA and PHMSA should also work together in consultation with ICAO to improve its data collection on battery incidents and battery flammability.

Cargo services provided by airlines are essential to shippers and forwarders as a tool in maintaining America's competitiveness and growing its economy. According to the Rechargeable Battery Association, "There has never been a fire on an aircraft attributable to lithium ion cells, batteries, or the products into which they are incorporated where existing US regulations are complied with."

The Department of Transportation must better analyze existing data concerning lithium battery incidents and obtain additional data and information concerning the behaviors of such batteries on board commercial aircraft.

The PHMSA proposed lithium battery rule contradicts the US government's focus on economic recovery and energy independence. Rechargeable lithium battery technology is essential to meeting both of these challenges.

The proposed rule will make it more difficult and expensive to ship the large batteries that will be required by the expanding electric vehicle industry.

The Obama administration must keep airfreight transport efficient and cost-competitive if it wants the US manufacturing sector to recover. **ACW**