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Environment, Health & Safety Debates & Dilemmas

Statement of The Dow Chemical Company Regarding the Bhopal Tragedy

What happened in Bhopal 19 years ago was a tragedy of unprecedented gravity and human cost, which no one in industry will ever forget.

During the early hours of December 3, 1984, methyl isocyanate gas (known as MIC) leaked from a storage tank sited at a pesticide manufacturing facility in Bhopal. As it escaped, the gas drifted across the neighbouring communities with devastating consequences. According to the Indian government, some 3,800 people died and thousands more were injured as a direct result of exposure to the lethal fumes.

When the disaster occurred, the Bhopal plant was operated by Union Carbide India Limited (UCIL), a 51% affiliate of Union Carbide Corporation. At that time, Dow had absolutely no connection with either the facility or any of the companies linked to the incident.

But 16 years after the tragedy, on February 6, 2001, Dow acquired Union Carbide's shares. Before doing so, as you might expect, the company conducted an exhaustive assessment to ensure there was absolutely no outstanding liability in relation to Bhopal. There was none; the company Dow acquired retained absolutely no responsibility for either the tragedy or for the Bhopal site.

That conclusion was based on a number of key facts:

In 1987, the US Supreme Court reaffirmed earlier US Court rulings that the only State with jurisdiction in the case against Union Carbide on matters relating to the Bhopal tragedy was India. They based this decision on the fact that UCIL was a separate and independent legal entity, managed and operated exclusively by Indian citizens in India. On February 14, 1989, a settlement agreement was reached between Union Carbide, Union Carbide India Limited and the Indian government through which Union Carbide paid \$470 million in compensation, covering all claims relating to the incident. On October 3, 1991, the Supreme Court of India announced the findings of its review of the settlement agreement. They upheld the settlement – concluding that the amount was just, equitable and reasonable.

Within those same findings, the Supreme Court also directed that the Government of India make up any shortfall which might in the future arise in the settlement fund and ordered it to purchase a group medical insurance policy to cover 100,000 citizens of Bhopal in case of future illnesses. These measures were specifically put in place to address any potential future issues arising from the tragedy.

In November 1994 – more than six years before Dow acquired Union Carbide – Union Carbide sold its interest in Union Carbide India Limited (later renamed Eveready Industries India Ltd. – or EIIIL) to MacLeod Russell (India) Ltd. of Calcutta. As a consequence of that sale, Union Carbide retained no interest in or liability for the Bhopal site. EIIIL took exclusive possession of the land under lease from the government of Madhya Pradesh. The money from this transaction was used to fund a hospital in Bhopal which now provides specialist care to victims of the tragedy.

In 1998, the government of Madhya Pradesh revoked the EIIIL lease for the Bhopal site, reclaiming the property "as is" and stating it would take responsibility for managing any cleanup or remediation work required on the site.

All of this means that when Dow completed its stock acquisition in February 2001, Union Carbide retained no responsibility whatsoever in relation to the tragedy.

But of course there is also an entirely separate humanitarian question – that is: can Dow, in its role as a corporate citizen, help to address any of the present day needs which are apparent in India?

That is why, for some time, Dow has been exploring various initiatives which might address some of those needs – just as we do in other parts of the world where we have business interests.

The issues surrounding Bhopal are extremely emotive. It is a tragedy that should never have happened. Like the rest of industry, Dow has an obligation to learn from what took place that terrible night and to take whatever measures are necessary to prevent anything like it from ever happening again.

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