

Chinese Manufacturers Unconcerned About Cadmium Dangers

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YIWU, China (AP) — For China's low-cost jewelry makers, it was an open trade secret: The metal cadmium is shiny, strong and malleable at low temperatures, regardless of its health hazards. And it's cheap.

Despite the risks, manufacturers in factories ringing this city on China's east coast say their top priority is profit. So offering cut-rate goods often means using lower quality materials, including cadmium, which is known to cause cancer.

"Business is business, and it's all up to our client," said He Huihua, manager of the Suiyuan Jewelry Shop at International Trade City in Yiwu, a sprawling wholesale mecca where sellers pitch their wares in hopes of landing a lucrative export contract.

He spoke from a small cubicle with rows of dangling metal earrings and key chains hanging on the wall. Elsewhere, brooches, necklaces, charms and other baubles shone under the market's lights.

"We just make what our clients order. If they pay more, we use the better raw material, and vice-versa. From a few cents to a few dollars, we can make the same style of jewelry product with a different raw material."

Asked what he thought about the health risks associated with cadmium and other toxic metals, He said: "I can't be overly concerned about that."

Long-standing concerns about the safety of Chinese exports flared anew this week after an investigation by The Associated Press found that 12 of 103 pieces of mainly Chinese-made children's jewelry bought in the United States contained at least 10 percent cadmium, some in the 80-90 percent range. Two had less than 10 percent and the rest had none.

The findings prompted retail giant Wal-Mart Stores Inc. to remove the products cited by AP from its stores in the United States. On Tuesday, the jewelry and accessories chain Claire's, with nearly 3,000 locations in North America and Europe, announced that it, too, would stop selling any item cited in the AP investigation.

Charms on a "Best Friends" bracelet sold at Claire's contained 89 and 91 percent cadmium, according to testing organized by AP, and shed alarming amounts in a procedure that examined how much cadmium children might be exposed to.

The U.S. Consumer Product Safety Commission announced it was opening an investigation into the AP's findings, and China's government also took notice of the

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trouble brewing in its largest export market.

"We just heard about this, and we will investigate," said Wang Xin, director of supervision in the General Administration of Quality Supervision, Inspection and Quarantine.

He spoke to an AP reporter at a toy safety conference in Hong Kong. His agency and the Ministry of Commerce did not immediately respond to written questions submitted by fax in Beijing.

The tainted jewelry was reminiscent of the product-safety scandals of 2007 in which dangerous levels of lead caused Mattel Inc. and other toy makers to recall large numbers of Chinese-made toys. Following that, the U.S. government enacted tougher limits on lead in toys.

Beijing also promised greater vigilance in enforcing safety standards for exports and the domestic market.

China has regulations limiting cadmium to tiny amounts in fashion jewelry and children's toys. Fashion jewelry should not contain more than 0.1 percent cadmium. In materials for toys, cadmium should not exceed 75 parts per million, or 50 parts per million for clay and paint.

The limits are comparable with international standards. But enforcement is still lax, as it was in 2007.

A metals expert in a Yiwu jewelry factory said some raw-material suppliers sell an alloy containing up to 90 percent cadmium.

Interviews with more than a dozen manufacturers and sellers in Yiwu confirm that cadmium is a common ingredient in the earrings, bracelets, charms and other baubles being churned out by local factories and piled high in that city's wholesale markets.

Yiwu, once a small county town five hours south of Shanghai, has boomed in the past 20 years. It now dominates China's low- to mid-range jewelry market, while premium products using gold and real gems tend to be made down south in the Pearl River Delta, near Hong Kong.

In all, China shipped about 1.3 million pounds (595,000 kilograms) of jewelry abroad in 2008 — a 15 percent decrease from the previous year, according to the Hong Kong-based consulting firm Global Sources.

Tao Xinyao, a metals expert who works in the Yiwu factory for jewelry maker Neoglory, said she noticed an uptick in the use of cadmium around 2003, when prices of the metal hit a low. Jewelry makers discovered they could work with cadmium at much lower temperatures than they could zinc, the most common nontoxic material, she said.

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The lower melting point for cadmium — around 300 degrees Celsius compared to 400 degrees for zinc — means factories use less energy and do not need to change their silicon rubber molds as often, Tao said. Because cadmium is lighter than zinc, buyers also get more per ton when they buy an alloy.

"In the Yiwu market, some material suppliers sell so-called 'zinc alloys,'" Tao said. "However, this may contain just a very small amount of zinc, and 80 to 90 percent cadmium. It actually should be called cadmium alloy."

Lead and cadmium are commonly found in metal jewelry sold in China simply because it's cheaper. A ton of high-quality zinc costs about 28,000 yuan (\$4,100) while zinc with lead, cadmium or both in it sells for about 16,000 yuan (\$2,350), said Frank Zhang, an executive with a jewelry factory in Yiwu that specializes in high-end exports but who did not want his Chinese or company names used.

Industry executives said most of the low-end goods with high amounts of cadmium are sold in China and increasingly sent to Dubai and other markets in the Middle East with less stringent import controls than the U.S. or Europe.

Cutting corners and trimming costs have become even more critical to Chinese manufacturers since the financial crisis sent purchase orders plummeting. Global Sources said about 10 percent of China's jewelry plants were forced to shut down in 2008 due to the financial crisis.

Sales representative Toby Zhu said his company, a jewelry factory in Yiwu that turns out faux diamonds and jade strung on gold-plated chains, is among those feeling the pinch.

Over the last year, Zhu's factory closed its showroom at the trade mall, laid off seven of its 100 workers and gave deep discounts to loyal customers in an attempt to weather the financial crisis. They are also using a cheaper grade of zinc than before, but Zhu denied switching to a cadmium alloy. He said their zinc alloys were mid-range in price and contained safe metals such as copper, magnesium or steel.

Zhu, who did not want his Chinese or company's name used, said lead was even better than cadmium or zinc for tiny charms. Since the U.S. adopted more restrictions on lead, he said, many overseas clients have come to demand lead-free products, probably prompting many manufacturers to turn to cadmium.

Making sure Chinese-made goods are safe requires constant vigilance — something many foreign companies fail to do, said Christopher Devereux, managing director of the Guangzhou-based consulting firm Chinasavvy HK Ltd. China traders like Devereux call it "quality fade" — a phenomenon in China in which suppliers constantly try to produce goods more cheaply with lower-quality materials.

"In any other country in the West, your quality curve goes upwards, but it's the opposite in China. We just have learned our lesson. We need to check every single batch," said Devereux who helps Western companies buy and produce a variety of goods in China, from toys and plumbing fixtures to shoes and lunch boxes.

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"Cadmium is one of the nastiest of the heavy metals, worse than lead. I was absolutely amazed that people were using it," he said.

Chen Zaiying, manager of the Yiwu SK Jewelry shop in the International Trade City, echoed Devereux's comment, saying many Chinese manufacturers combine hazardous batches with others that comply with regulations in the destination market.

"The buyer should not rely only on the inspection report offered by the producer," Chen said. "They should have the sense to do their own inspection as well if they really want the product to meet the export standard."

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Olesen reported from Beijing. Associated Press writers William Foreman in Guangzhou and Jeremiah Marquez in Hong Kong, and AP researchers Xi Yue in Beijing and Ji Chen in Yiwu contributed to this report.

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