

# U.S. to Press China on Drywall

By [MelanieTrottman](#)

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WASHINGTON -- The new chairman of the Consumer Product Safety Commission said she would ask China to help pay for the billions of dollars in damage to U.S. homes blamed on Chinese-made drywall.

"I will find out if any discussions are going on in China about the costs, are they prepared to participate in providing funds, and what would it take for that to occur," CPSC Chairman Inez Tenenbaum said in an interview ahead of a trip to China next week for a biennial U.S.-China consumer product safety summit.

It wasn't clear what the Chinese response would be to a request for compensation. The Chinese Embassy didn't respond Thursday to phone messages seeking comment.

Ms. Tenenbaum said she also planned to start discussions with Chinese officials on whether the U.S. needs a regulatory standard for drywall composition. "I think we need one," she said.

The CPSC has received about 1,500 reports from residents in 27 states, the District of Columbia and Puerto Rico, who blame health problems and property damage on Chinese drywall in their homes. State and local authorities have received similar reports that include homeowner complaints about respiratory problems, bloody noses and recurrent headaches.

The Chinese drywall, also known as gypsum or wallboard, is under investigation for emitting sulfide fumes suspected of causing the homeowner complaints. As many as 100,000 houses across the country have the suspect drywall, most of them built in 2006 and 2007 when a spike in new construction occurred in part as homeowners rebuilt following hurricanes in 2004 and 2005. That prompted imports of drywall, which developers traditionally had sourced domestically.

A CPSC spokesman said the agency has identified a "handful" of Chinese drywall makers that supplied the suspect drywall, although the agency hasn't publicly named them. The agency's investigators visited gypsum mines and drywall facilities in China in August.

Some researchers in China have said problems may have come from bad batches of gypsum, and weren't necessarily widespread. In August, one major manufacturer of Chinese drywall, Knauf Plasterboard Tianjin Co., said its tests indicate that its drywall isn't harmful.

Consulting firm Towers Perrin estimates the tab for drywall damage could range from \$15 billion to \$25 billion. It wasn't clear what share of that amount would be paid by property and casualty insurers.

The CPSC is under pressure from Congress and homeowners to complete a long-running probe of the drywall problems that involves several federal agencies. The CPSC said the investigation has been slowed by complex science and limited resources that have required it to contract out lab work to various sources. Ms. Tenenbaum said she planned to oversee the release of initial results from the first two parts of the investigation by the end of this month, after she returns from China. There is no target date for a completion of the entire investigation.

Many owners of homes with suspect drywall have had to move out of their properties, and four members of Congress earlier this month sent a letter to the Federal Emergency Management Agency seeking assistance for them. Ms. Tenenbaum said she was also prepared to ask Congress for mortgage relief for homeowners who have had to move out of their unsellable houses and sometimes purchase second homes.

The problems with Chinese drywall follow a string of recalls of Chinese-made toys two years ago that led Congress to pass a sweeping new law setting tougher safety standards for children's products, including stricter limits on lead content.

Since then, the number of toy recalls has fallen, Ms. Tenenbaum said, noting that China has closed many toy factories and started to implement the new rules. The agency had 38 toy recalls in the year ended Sept. 30, 2009, 15 of which involved lead, down from 85 recalls a year earlier, 41 of which involved lead.

Ms. Tenenbaum said she would tell Chinese authorities that the U.S. would strictly enforce its new laws on products ranging from toys and all-terrain vehicles to electrical products.

She said she also wanted to create a partnership with China that includes educating its government and manufacturers about U.S. standards.

"We are not being naive," she said. "We will stop [products] at the ports if they're not in compliance." But, she added, "The time to build safety in is not when that toy comes into the port. I'm taking a proactive preventive stance on this."

During her visit to Shanghai, Wuxi and Beijing, Ms. Tenenbaum will tour manufacturing plants and testing facilities and participate in panel groups with Chinese government officials about product safety.

Sen. Bill Nelson, a Democrat from Florida, recently asked President Barack Obama to include Chinese drywall on the agenda when the president travels to China next month, an aide for Mr. Nelson said. The White House didn't respond to a request for comment.

Write to Melanie Trottman at [melanie.trottman@wsj.com](mailto:melanie.trottman@wsj.com)