

The Incident, Response, and Settlement

In the early hours of December 3, 1984, methyl isocyanate (MIC) gas leaked from the Union Carbide India Limited (UCIL) plant in Bhopal, India. According to the state government of Madhya Pradesh, approximately 3,800 people died and several thousand other individuals experienced permanent or partial disabilities.

Shortly after the gas release, Union Carbide launched an intensive effort to identify the cause. An initial investigation by Union Carbide experts showed that a large volume of water had apparently been introduced into the MIC tank and caused a chemical reaction that forced the chemical release valve to open and allowed the gas to leak. A committee of experts, working on behalf of the Indian government, conducted its own investigation and reached the same conclusion. An independent investigation by the engineering consulting firm Arthur D. Little determined that the water could only have been deliberately introduced into the tank, since safety systems were in place and operational that would have prevented water from entering the tank by accident.

Union Carbide's Response Efforts

In the wake of the release, Union Carbide Corporation provided immediate and continuing aid to the victims and set up a process to resolve their claims.

In the days, months and years following the disaster, Union Carbide took the following actions to provide continuing aid:

- Immediately provided approximately \$2 million in aid to the Prime Minister's Relief Fund;
- Immediately and continuously provided medical equipment and supplies;
- Sent an international team of medical experts to Bhopal to provide expertise and assistance;
- Openly shared all its information on methylisocyanate (MIC) with the Government of India, including all published and unpublished toxicity studies available at the time;
- Dispatched a team of technical MIC experts to Bhopal on the day after the tragedy, which carried MIC studies that were widely shared with medical and scientific personnel in Bhopal;
- Funded the attendance by Indian medical experts at special meetings on research and treatment for victims;
- Provided a \$2.2 million grant to Arizona State University to establish a vocational-technical center in Bhopal, which was constructed and opened, but was later closed and leveled by the government;
- Offered an initial \$10 million to build a hospital in Bhopal; the offer was declined;
- Provided an additional \$5 million to the Indian Red Cross;
- Established an independent charitable trust for a Bhopal hospital and provided initial funding of approximately \$20 million, and
- Upon the sale of its interest in UCIL, and pursuant to a court order, provided approximately \$90 million to the charitable trust for the hospital.

The Settlement

During the 1980's, as Union Carbide continued to provide interim relief funds and work with the Bhopal community on medical and economic aid, legal actions proceeded in both the U.S. and India. The courts ultimately decided that India was the proper country for legal proceedings. Matters were consolidated there and proceeded before the Supreme Court of India.

In February 1989, the Supreme Court of India directed a final settlement of all Bhopal litigation in



the amount of \$470 million. The Government of India, UCC and UCIL accepted the Court's direction.

Ten days after the decision, UCC and UCIL made full payment of the \$470 million to the Indian government.

The settlement award was much larger than any previous damage award in India, and was \$120 million more than plaintiffs' lawyers had told U.S. courts was fair. In directing the settlement, the Supreme Court of India reviewed all U.S. and Indian court filings, applicable law and relevant facts, and an assessment of the victims' needs. In its opinion, the Court said that compensation levels under the settlement were far greater than would normally be payable under Indian law. By November 1990, the Reserve Bank of India reported that the settlement fund, with interest, was approximately twice what was estimated to be needed to compensate the victims.

To resolve continuing legal disputes, the Supreme Court of India in 1991 affirmed the settlement; described it as "just, equitable and reasonable," and dismissed all outstanding petitions seeking review of the settlement. Pursuant to the settlement, the Government of India assumed responsibility for disbursing funds from the settlement.

In addition, the Court:

- Required the Government of India to purchase, out of the settlement fund, a group medical insurance policy to cover 100,000 persons who may later develop symptoms; and
- Required the Government of India to make up any shortfall, however unlikely, in the settlement fund.

In July 2004, fifteen years after reaching settlement, the Supreme Court of India ordered the Government of India to release all remaining settlement funds to the victims. News reports indicated that there was approximately \$327 million in the fund as a result of earned interest from money remaining after all claims had been paid.

In April 2005, the Supreme Court of India granted a request from the Welfare Commission for Bhopal Gas Victims and extended to April 30, 2006, the distribution of the rest of the settlement funds by the Welfare Commission. News reports indicated that, at that time, approximately \$390 million remained in the settlement fund as a result of earned interest.

An India media report in September 2006 stated that the "registrar in the office of Welfare Commissioner... said all cases of initial compensation claims by victims of the 1984 Bhopal gas tragedy have been cleared... With the clearance of initial compensation claims and revision petitions, no case is pending..."