



NEWSLETTER GLAWCAL

Issue 8, 2014

Focus on:

Corporations & Environmental Responsibility. China: Environmental & Labour Issues

Focus on

Corporations & Environmental Responsibility

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Corporations & Environmental Responsibility

OBAMA SAYS CORPORATE AMERICA HAS BENEFITED FROM HIS POLICIES

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resident Barack Obama said corporate America has done well under his economic policies, telling the Economist magazine that CEOs should stop complaining about regulations and show greater social responsibility.

"If you look at what's happened over the last four or five years, the folks who don't have a right to complain are the folks at the top," Obama said in an interview conducted last week and posted on the magazine's website late on Saturday.

Businesses have complained that Obama's health care law and the Dodd-Frank financial reforms have hiked their costs. Business groups are lobbying against his new plan to curb climate-changing carbon emissions from power plants.

"I would take the complaints of the corporate community with a grain of salt," Obama said, arguing that his policies have been friendly to business. "They always complain about regulation. That's their job."



U.S. President Barack Obama speaks at the Summit of the Washington Fellowship for Young African Leaders at the Omni Shoreham Hotel in Washington, July 28, 2014.

Obama has increasingly promoted populist economic measures such as raising the minimum wage to motivate Democratic voters ahead of critical November congressional elections, in which his Democrats face the prospect of losing control of the Senate.



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Obama had a frosty relationship with business in his first term, famously telling an interviewer: "I did not run for office to be helping out a bunch of fat cat bankers on Wall Street." The White House toned down that rhetoric, and in Obama's second term has rallied corporate America for support to advance executive actions to hire the long-term unemployed, get better technology in schools and provide more opportunities for young African American men.

But in the interview, Obama chided business for a lack of social responsibility, citing a "general view" that "the only responsibility that a corporate CEO has is to his shareholders".

"There's a huge gap between the professed values and visions of corporate CEOs and how their lobbyists operate in Washington," he said. "My challenge to them consistently is, 'Is your lobbyist working as hard on those issues as he or she is on preserving that tax break that you've got?' And if the answer is no, then you don't care about it as much as you say."

"I would take the complaints of the corporate community with a grain of salt," Obama said, arguing that his policies have been friendly to business.





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WORLD'S TOP FIRMS REFUSE CLIENTS DENYING MAN-MADE CLIMATE CHANGE

Some of the world's top PR companies have for the first time publicly ruled out working with climate change deniers, marking a fundamental shift in the multi-billion dollar industry that has grown up around the issue of global warming.

Public relations firms have played a critical role over the years in framing the debate on climate change and its solutions –as well as the extensive disinformation campaigns launched to block those initiatives. Now a number of the top 25 global PR firms have told the Guardian they will not represent clients who deny man-made climate change, or take campaigns seeking to block regulations limiting carbon pollution. Companies include WPP, Waggener Edstrom (WE) Worldwide, Weber Shandwick, Text100, and Finn Partners.

"We would not knowingly partner with a client who denies the existence of climate change," said Rhian Rotz, spokesman for WE. The UK-based WPP, the world's largest advertising firm by revenue and parent company of Burson Marsteller and Ogilvy Public Relations, said taking on a client or campaign disputing climate change would violate company guidelines.



A big screen flashes commercials on the exterior of an office building in Xi'an in north-west China as the air quality index reaches 282 due to pollution.



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The PR firms were responding to surveys conducted independently by the Guardian and the Climate Investigations Centre, a Washington-based group that conducts research on climate disinformation campaigns. This could have a knock-on effect on the advertising and lobbying campaigns targeting Barack Obama's regulations limiting carbon emissions from power plants, and the international negotiations for a climate change treaty, now entering a critical phase.

The Climate Investigations Centre sent out surveys in April to the world's top 25 firms asking them to go on the record about their views on climate change.

The short survey asked:

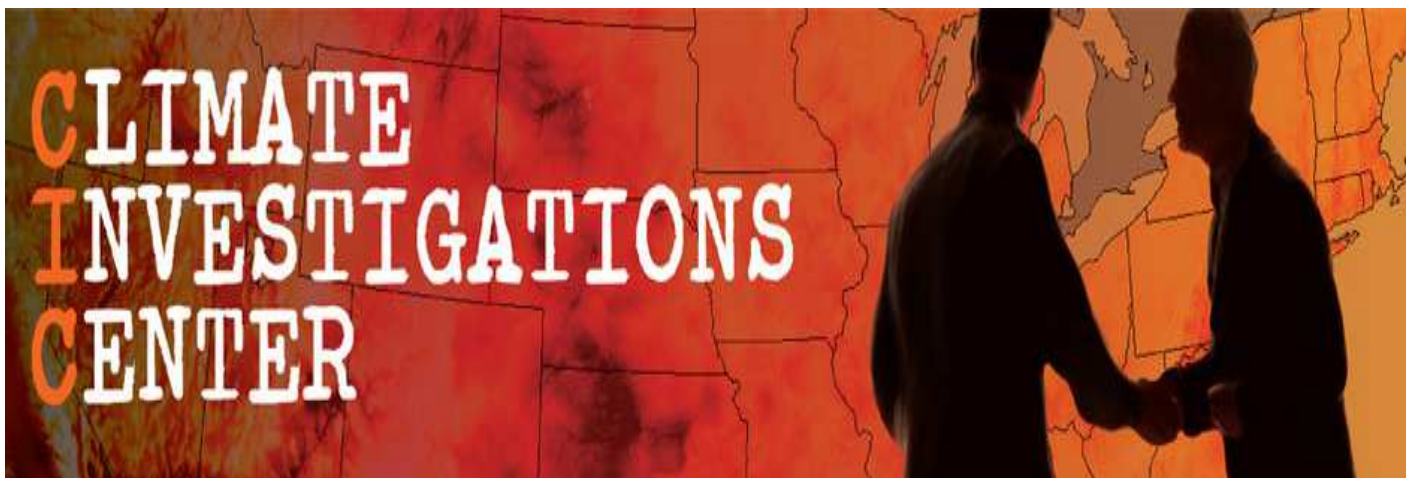
- Does your company acknowledge the threat and challenge of climate change as companies like Walmart, Coca-Cola, Apple, Google, AIG, Swiss Re, NRG, Unilever and others have done?

- Does your company have any internal carbon accounting policies or energy use reduction targets? Have you taken actions to reduce your "carbon footprint"?

- Does your company have an internal Corporate Social Responsibility (CSR) policy regarding climate change or the environment generally?

- Has your agency advised any client corporations on communications around CSR programmes with a specific climate change focus, or on other climate change related public relations efforts?

The Guardian followed up by asking firms if they would take on clients that deny the existence of man-made climate change or campaigns seeking to block regulations dealing with climate change.





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GENERAL MOTORS: THE FAILURE OF CORPORATE SOCIAL RESPONSIBILITY



The actors that perhaps hold the most ability to impact our surroundings, both negatively and positively, are large corporations. Corporations not only have the power to affect our natural environment, but also our cultural norms and expectations. However, occasionally, corporations do not hold up their end of the bargain. Such was the case over the past few months with General Motors and its recall of over 28 million cars in the year 2014 alone.

One of the tenets of a working society, and of sustainability, is the ability for individuals to trust that the entities with which they do business have more than simply their bottom line in mind. This is one of the key aspects of what is known as corporate social responsibility (CSR), an idea that is central to the idea of sustainability.

Perhaps one of the most important contributions of the 1970s to the concept of CSR took the form of Nestle's huge public relations disaster that stemmed from its marketing of baby formula in developing countries. In 1980, the 33rd World Health Assembly adopted the recommendations that came out of the WHO/UNICEF meeting and charged the two organizations with drafting a code for the marketing and promotion of infant formulas. The International Code of Marketing of Breast-milk Substitutes was adopted by the World Health Assembly in 1981 and was ultimately supported by 118 countries, with only the United States voting against it.



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Despite the fact that the United States voted against the Code, multinational corporations started taking notice of the benefits of CSR for their public images as well as their bottom lines.

Over the past few months, General Motors has recalled over 28 million vehicles due to safety problems associated with faulty ignition switch in many of its models, most notably the Chevrolet Cobalt.

By GM's admission, the defective switches caused more than 50 crashes and at least 13 deaths. This safety problem went unmentioned and unfixed by GM engineers for 11 years. In his report, Valukas writes that GM continued to view the switch problem as "annoying but not particularly problematic." Once the problem was thusly defined, Valukas continues, "the switch problem received less attention, and efforts to fix it were impacted by cost considerations that would have been immaterial had the problem been properly categorized in the first instance."

The question, though, is whether or not a mea culpa is going to be sufficient enough to undo all of the damage that has been done to General Motor's reputation over the past eight months.

In the case of the recent GM recalls, a state agency, NHTSA, wilfully ignored information concerning the health and safety of people travelling the highways of the United States and did not put pressure on General Motors to address the issues at hand.

Have we passed the point where we can assume certain levels of corporate social responsibility? Can individuals and corporations together, as the EPA mentions, fulfil "the social, economic and other requirements of present and future generations?" Or will GM's irresponsible use of power, as Davis predicted, cause the company to lose its impact in the car market? This all remains to be seen



Cecily Williams, a pioneer in protein-energy malnutrition, wrote extensively about the dangers of over-diluted and unsanitary use of baby formulas in the developing world as early as the 1930s.



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UN TO OUTLAW CORPORATIONS' HUMAN RIGHTS ABUSES

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he United Nations has voted to legislate against human rights abuses carried out by transnational corporations. Yet, the resolution - proposed by Ecuador and South Africa - was opposed by the US and the member states of the EU.

The UN Human Rights Council (UNHRC) in Geneva has voted to start elaborating an international legally binding instrument to regulate the activities of Transnational Corporations with respect to human rights. The resolution passed last week with 20 states in favour, 14 against and 13 abstaining at the 26th session of the UNHRC. Among those voting against were the US and EU states.

In September 2013, a declaration led by Ecuador and supported by more than 80 countries, stated the

need to move from voluntary guidelines for business on human rights to a legal framework to bring transnational corporations to justice for their human rights violations. The strongest opponents of the resolution were EU states and the US, which also actively lobbied other countries to side with them, threatening them with loss of development aid and foreign direct investment.

The Human Rights Council meeting had come under pressure of unprecedented mobilisation by international civil society groups, with more than 600 of them from various developing and developed countries coming together in an alliance to demand a treaty of this nature. The negotiations for the treaty are slated to start in 2015.



Twenty country members of the United Nations Human Rights Council, representing a population of 3.8 billion people, vote in favour of a historic resolution to build a binding treaty.



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Mr. Seong-Woo Nam, Chief Executive Officer of Hanwha SolarOne, stated during the signing ceremony, "We are honoured to be able to leverage our strength and contribute to the 'Hope program' to improve overall education and wellbeing of children in remote areas in China. Looking ahead, we are committed to continue expanding our corporate responsibility footprint in China through cooperating with public welfare organizations and trade associations so to continue helping people in need."

"We are committed to continue expanding our corporate responsibility footprint in China through cooperating with public welfare organizations and trade associations so to continue helping people in need."

- Mr. Seong-Woo Nam, Chief Executive Officer of Hanwha SolarOne





China: Environmental & Labour Issues

DRINKING A GLASS OF WATER: A SIMPLE GESTURE THAT CAN RESULT IN A SERIOUS HEALTH RISK

Experts have recently highlighted that pollution is one of the main alarming issues that is affecting China, worsening rural Chinese water supply crisis.

Many environmentalist groups have analyzed this situation focusing on rural villages used to have their own wells, typically around 12 meters deep. According to the studies, coal mining has significantly modified the local geology, reducing the amount of ground water available.

A recent survey undertaken by a Beijing-based environmental group has shown the condition of villages outlining severe problems of water scarcity and pollution. The majority of these villages were located in the provinces of Henan in the north, and Anhui in central China.



About 300 million Chinese people in rural areas rely on unsafe drinking water.



The survey has revealed that water related issues have significantly accelerated problems as migration, turning some villagers into environmental migrants, compelling people to buy expensive bottled water.

The team of research has undertaken various kind of tests on water samples, including sensory, physical and chemical checks, and tests for overall water hardness, and levels of heavy metals, ammonia, nitrates, nitrites and hydrides: the outcome shows that the majority of the samples did not meet the minimum standards.



China: Environmental & Labour Issues

According to data from 2004, pollution caused by local geological conditions represents a widespread problem in rural areas. In this context, more than 90 million people are suffering from drinking water contaminated with fluoride, arsenic or salts. Additionally, new industrial sources of contamination are playing a crucial role, worsening the condition of rural water supplies, researchers say.

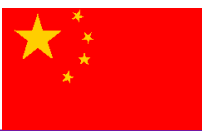
Moreover, these villages, affected by industrial pollution, need to face other challenging problems such as agricultural pollution of land and rivers, pollution from aquaculture, natural geological sources of pollution and landfill sites.



Factories have deposited heavy metals and nitrates into rural water supplies, making the water harmful.

Industrial pollution, permeating deeply into the ground over a long period, is strongly damaging the surface, contaminating the local geology.

In this framework, experts argue that this phenomenon stresses the importance for villages to preserve sources of good quality water, and the urgency to establish adequate mechanisms for instance installing water purifiers, in order to address the main environmental challenges.



China: Environmental & Labour Issues

CHINA CUTS EMISSIONS, BUT A NEW LEGISLATION AND STRONGER INSTRUMENTS NEEDED

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he Chinese

government has recently announced a new Climate Change Law that represents the first step of climate change legislation, created to control and reduce emissions of greenhouse gases, and to foster sustainable development.

This law represents the result of a long path started in 2010 with the National Development and Reform Commission, and the contribution of legal experts from the Chinese Academy of Sciences, the Chinese Academy of Social Sciences and the China University of Politics and Law.

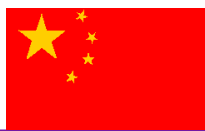


A cyclist wears a face mask while cycling through polluted air in China



Experts from the team of research have admitted that the proposed law need to be implemented with stricter mechanism and instruments, stressing at the same time that China has the capability to achieve concrete and good results in this way.

After years of incessant development, the government has to face the severe degree of pollution that is affecting China with adequate measures in order to cut emissions. Chinese rapid growth has significantly damaged the environment and public health, experts



China: Environmental & Labour Issues

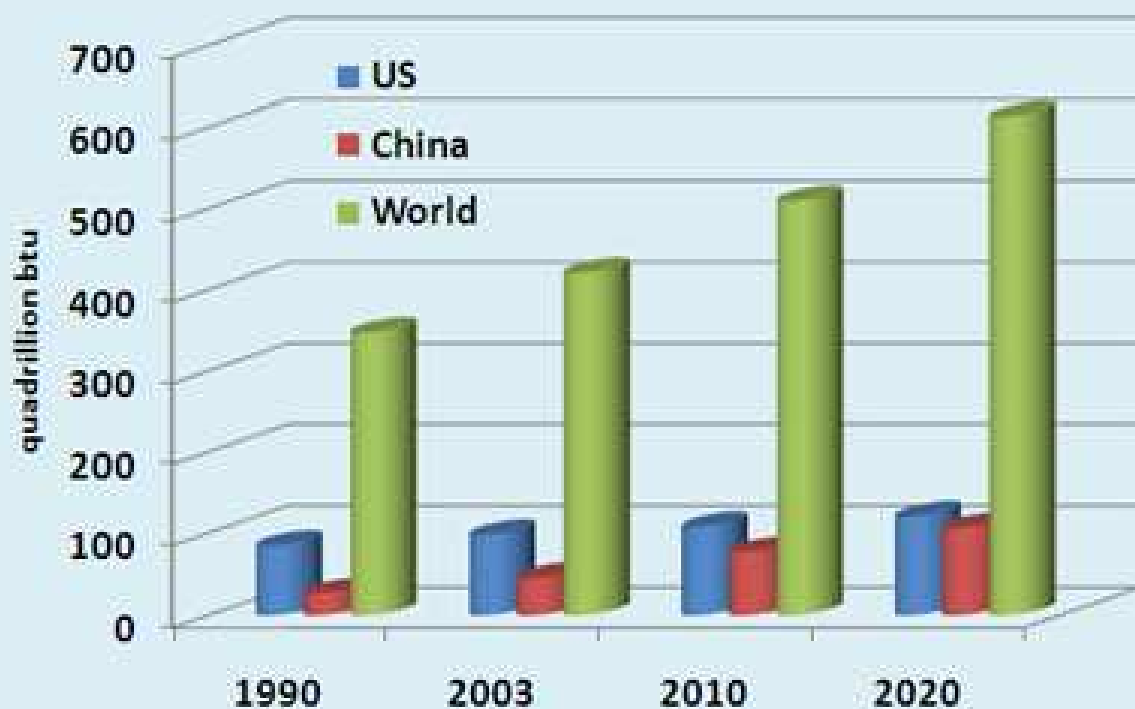
Moreover, the growing population exercises a great pressure on energy and resources, stressing the urgency to change the existing mode of economic expansion.

However, some experts have warned that the lack of consensus about the mechanisms to cut emissions proposed in the draft, especially about the so-called cap and trade, could represent an obstacle, hampering the achievement of future objectives.

In relation to that, experts also highlight that the Chinese legislation is lagging behind the market, showing the importance to meet the targets of emission cuts in the near term to address the difficulties that carbon trading faces.

The Chinese governments hopes that increased use of renewable energy sources such as hydro, wind, and solar power will help with security and climate change mitigation efforts

Energy Consumption, 1990-2020



Data: U.S. Energy Information Agency; Chart: USC US-China Institute



China: Environmental & Labour Issues

IS SAFE TO DRINK WATER FROM BOTTLES? THE LASTING THREAT OF CHINESE WATER POLLUTION

The landscape of the Chinese bottled water industry has been recently put under the spotlight, as one of the most urgent issues that China needs to overcome.

However, the amount of information that surrounds this industry is sparse. One of the main challenges in this field is the industry's lack of transparency that threatens the safe quality of water.

Furthermore, in this area the regulation is weak. For instance, Chinese bottlers are not required to list the water source or filtration method and often do not divulge this information to the public.

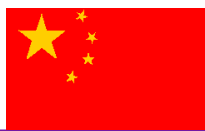
This situation is particularly alarming in countries with severe water pollution and weak legal and regulatory enforcement as China: in this way, is especially important for bottlers to be transparent about the water's source and purification mechanism.



The country's weak regulatory regime represents one of the most important threat to the industry. The regulation does not require bottlers to test for a number of indicators as acidity or for compounds like mercury and silver. Data show that in China 70% of fresh water resources are polluted to some degree. These figures stress that stringent filtration criteria are crucial factors.

Moreover, unhealthy water quality does not represent the only public health risk: recent events have revealed a number of scandals involving brand falsification. Some research have unveiled that nearly 60% of the bottled water jugs on the Chinese market are falsely branded. Additionally, these studies have stressed that many illegal water industries bottle tap water and sell it under the appearance of popular brand names.

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China: Environmental & Labour Issues

Recent contamination scandals have increased concerns related to bottled water safety. To make an example, surveys conducted by China's regulatory authorities have found in bottled water elevated levels of bromate, an element suspected to be carcinogen.

In that context, experts suggest that authorities need to establish stricter regulations in order to avoid the consequences of severe pollution and contamination on public health. However, the industry continues to rely heavily on self-monitoring, worsening the situation already characterized by a weak regulatory system. In addition to that, industries often fail to deal with internal standards set by the government.

Finally, the price of bottled water may represent another alarming threat. Estimates show that domestic bottled water prices have recently risen 5–10 %: this trend will probably continue as quality standards improve and water scarcity increases.

“Data show that in China 70% of fresh water resources are polluted to some degree”.





China: Environmental & Labour Issues

CHINA: NEXUS BETWEEN WATER AND ENERGY SECURITY

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ater represents a central issue in the Chinese landscape, also playing a crucial role for future energy security. Data show that in China 97% of electricity generated requires water to produce, so lack of water means no power.

Reports reveal that the government is planning to add 1.2 terawatts of water-reliant power, surpassing in this way the combined installed power generation capacity of the United States, the United Kingdom and Australia. Coal represents a central element in the Chinese energy policy.

Experts outline that Chinese coal-fired capacity is expected to increase by the equivalent of 450 gigawatts, despite China's efforts to reduce its carbon emissions cutting reliance on coal from around 70% of its energy mix to 55%. Additionally, this increase in coal-fired power is more than double the whole of India's power generation today.

Studies indicate that coal are playing a central role as one of the main cause of severe air pollution.



Data show that around 95% of Chinese coal is extracted from the underground with heavy reliance on groundwater use.

However, experts also warn about the importance to understand the impact that coal can have on water safety.

Data show that around 95% of Chinese coal is extracted from the underground with heavy reliance on groundwater use. This situation may drive to further deterioration of the already polluted groundwater, experts say.

Furthermore, studies report that 53% of Chinese ensured coal reserves are located in water scarce areas and 30% lie in water stressed regions.



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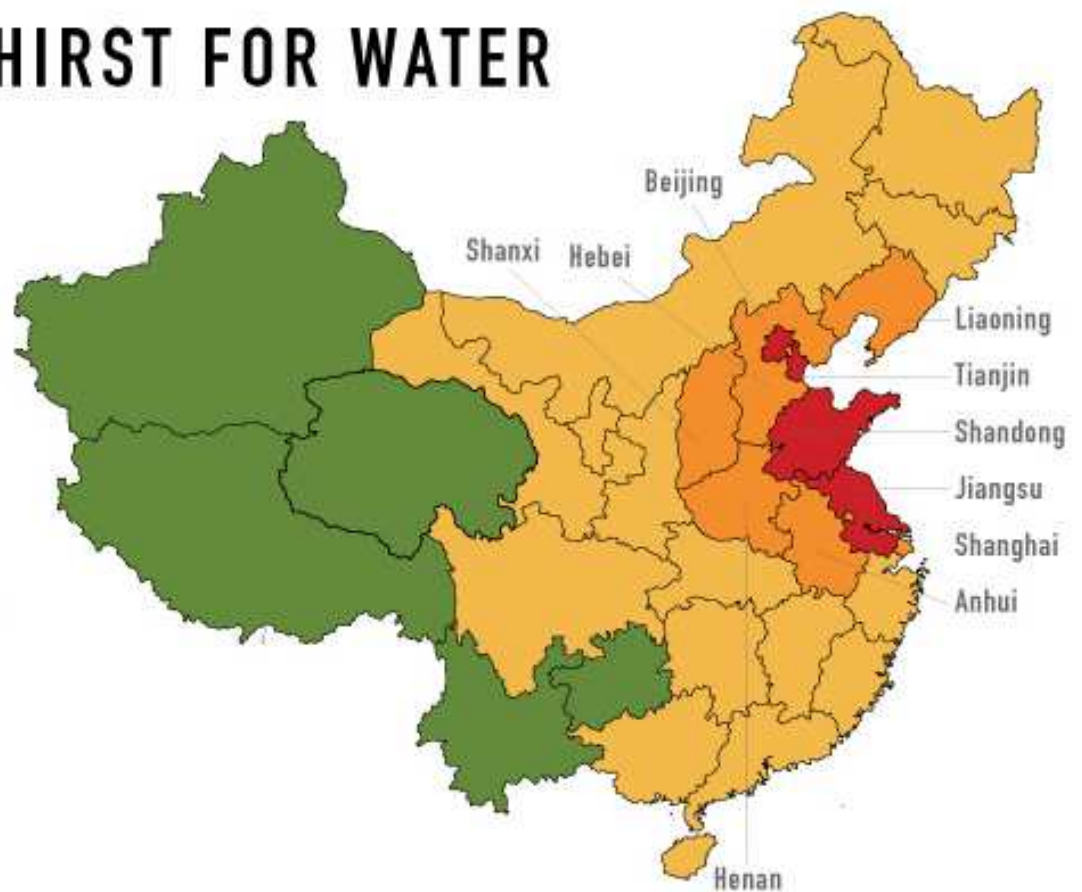
Moreover, some Chinese NGOs have recently published a report suggesting that hydropower stations could significantly damage China's rivers, changing ecosystems and endangering biodiversity.

In this particular context, policymakers should focus on measures to save both energy and water. Experts warn that China needs to foster energy saving strategies in order to safeguard Chinese water resources.

CHINA'S THIRST FOR WATER

Four major Chinese provinces are at "extreme risk" of water shortages according to the China Water Stress Index from risk analysis company Maplecroft. Researchers compared the amount of renewable water supplies from rain, streams and rivers with typical usage by households, farms and factories and found that in some provinces people are simply using too much.

- Low risk
- Medium risk
- High risk
- Extreme risk



Source: Maplecroft



China: Environmental & Labour Issues

CHINESE COMPANIES ACCUSED OF FAKING ENVIRONMENTAL DATA

The environmental protection represents one of the most important and challenging issue, at the center of the Chinese political agenda.

In this context, recent reports show that many companies have been found guilty of illegal pollution.

For instance, China's environment ministry has recently penalized the Inner Mongolia's Duolun Coal Chemistry Company for failing to undertake adequate measures to cut the plant's sulphur dioxide emissions: the company's sulphur purifiers were found to have been switched off for a total of 174 days last year.

Additionally, other enterprises have been repeatedly found guilty of violating environmental regulations. However, the practice of these companies to fake environmental data is even more serious. In this context, the Ministry of Environmental Protection and the National Development and Reform Commission has publicly identified 19 companies accused of faking desulfurization figures: five major Chinese

Additionally, data show that for none of them was this the first violation of environmental laws. Consequently, many of these companies were put under supervision.

Reports have also shown that a significant number of these enterprises have falsified emissions data after receiving a subsidy of tens of millions yuan.

The environment ministry have launched a plan of sanctions on a number of subsidiaries of state-owned enterprises found to have falsified their emissions data.

To overcome this situation, central and local governments have invested more than 100 million yuan in order to establish a monitoring system to reinforce the control of environmental performance.

However, experts have suggested that authorities need to take stricter actions in order to achieve concrete results.

China's Ministry of Environmental





China: Environmental & Labour Issues

SAMSUNG REPORTS LABOUR VIOLATIONS AT DOZENS OF ITS CHINESE SUPPLIERS

An external audit of Samsung found labour violations at dozens of its suppliers in China, including failure to provide safety gear and excessive working hours, but that none involved child workers.

The findings covered 100 of its Chinese suppliers - which number over 200 - and were outlined in its annual corporate social responsibility report.

"A majority of suppliers do not comply with China's legally permitted overtime hours," says the report. Therefore, it demanded those suppliers reduce overtime.

The report is part of growing pressure on the world's two biggest smartphone suppliers, Apple and Samsung, which rely on Chinese labour to produce millions of phones every quarter. Apple was the focus of intense scrutiny from 2010 over labour practices at its principal supplier in China.

Samsung has already come under fire in its home country of south Korea over its response to claims that chemicals in one of its factories caused leukaemia and led to the deaths of a number of workers. The company has said that it does not accept there was a link.



Employees of Samsung Electronics set up large LCD TV on a production line at Samsung Electronics factory in Suwon, south Korea. An audit of Chinese suppliers found multiple infringements of working practices.

The world's largest maker of mobile phones and smartphones, Samsung has been subjected to increasing examination of its practices. In 2012 it faced allegations that its plants in China used child labourers. New York-based pressure group China Labor Watch claimed that working conditions at Samsung suppliers were "inhumane", and the company vowed to eliminate illegal overtime by the end of 2014.

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GLAWCAL

GLOBAL LAW INITIATIVES FOR SUSTAINABLE DEVELOPMENT

WHO ARE WE

gLAWcal is an independent non-profit research organization (think tank) that aims at providing a new focus on issues related to economic law, globalization and development, namely the relationship between international economy and trade, with special attention to a number of non-trade-related values and concerns.

Through research and policy analysis, gLAWcal sheds a new light on issues such as good governance, human rights, right to water, rights to food, social, economic and cultural rights, labour rights, access to knowledge, public health, social welfare, consumer interests and animal welfare, climate change, energy, environmental protection and sustainable development, product safety, food safety and security.

All these values are directly affected by the global expansion of world trade and should be upheld to balance the excesses of globalization.

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