

The role of multinational companies' agenda in climate change

دور أجندة الشركات المتعددة الجنسيات في التغيرات المناخية

Bissan Moustafa Moussa *
University of Algiers-3-
bissanmoussamostafa@gmail.com

Date of send:29/03/2024

Date of acceptance:12/06/2024

Date of publication :30/06/2024

Abstract :

The future of humanity faces many serious threats such as climate change and the threat to the ozone layer, resulting in the inability of the economic system and, in particular, through multinational companies, to assess environmental damage.

Multinational companies are considered the biggest threat to climate stability. Despite the increasing pressure from international and governmental institutions, the proportion of carbon emissions and greenhouse gases through production and operational processes is constantly increasing.

However, some multinational companies have adopted the Paris treaty, supported by the United Nations, which seeks to ensure international business, and commercial activities without carbon threatens the natural space.

Developed countries that are signatories to climate conventions and protocols bear full responsibility because of the continued production of toxic gases and their non - compliance with the climate change Agreement.

Samsung has the largest carbon footprint of any major tech company As one of the largest electronics companies, Samsung has taken the top spot, which Electronics Hub believes is due to complex supply chains that make companies like the Korean manufacturer indirectly responsible for millions of tons of carbon pollution.

Keywords:

The Multinational companies- Climate changes- Pollution- protecting the environment- The international environmental law

* *Corresponding author*

Introduction

The climate crisis has always been considered the greatest threat to the survival of the human species, as it greatly threatens the environmental environment and temperatures has been rising due to emissions of greenhouse gases arising from human activity, and the rise in temperatures contributes directly to the occurrence of harmful effects such as droughts, floods, sea level rise and heat waves, extreme weather events, biodiversity loss and ecosystem collapse.

Economic globalization has also become through trading companies _Multinational companies _ the prominent cause of environmental pollution and the increase in carbon in the atmosphere, despite the emphasis on the need to respect climate agreements and agreed commitments, most notably the Paris Agreement.

However, commercial interest and material benefit have become more important than achieving peace, security and environmental stability for the human race that suffers from climate changes due to the lack of respect for the standards of dealing between dealers and consumers for the frameworks that continuously threaten the globe.

Accordingly, if the international agreements protecting the environment and against climate pollution cannot fulfill the need for multinational companies to respect environmental security standards and respect climate agreements, then what is the first definition of these companies and the legal aspect of their work?

Moreover, what is the role of multinational companies in respecting the agreements related to the environment and climate amidst the state of pollution and the increase in the proportion of threatened carbon in the atmosphere?

Firstly: The Concept of Multinational companies.

The term multinational company goes back to several designations. And if they differ in terms, they lead to one meaning, as it is noted that the terms is used over national, transnational, border and continental companies, as well as international companies, while the same meaning was expressed using the term global or global companies.

The researchers differed in defining the concept of multinational companies and identifying the factors that helped to overcome the stages of their development to the global stage, control the global markets, and transcend geographical boundaries.

Most economists have relied in their definition of multinational companies, on several different criteria and controls, the most important of which is the standard of the size of the company, the standard of organization and management. In order to achieve the overall objectives of the same project.

Some jurists have defined it as a single project that carries out direct foreign investments that include several national economies and distributes its overall activities among different countries with the aim of achieving the overall goals of the specific project.

According to Alain Polley, the multinational companies does not exist as a legal entity, and it is considered, according to the law, just a party belonging to the country

that holds its nationality, and he adds that its legal definition can be found in the national legislation of the home country or the country in which its located.^{1*}

David Edelman- are companies with huge capital that are concentrated through the parent center in one country and transfer their activities to other countries through their branches-.²

Also , the United Nations conference on trade and development defined it as an economic entity that engages in trade or commercial activity and production across the continents of the world and has two or more emerging companies or companies in which branches are affiliated effectively , and plans all its decisions in a comprehensive way , but its activity exceeds the national and regional borders of these countries .country and expands its activities to other countries called (host countries) .³

Raymond Vernon defined it as an organization whose turnover or annual sales exceed 100 million dollars, and which owns production facilities or branches in six or more foreign countries.⁴

Multinational companies are also part of the driving force of the global economy, and since their emergence in the late nineteenth century, they constituted an important turning point in the global economic activity that prevailed at that time.

Today these companies constitute the influential force in making events and economic, social and political transformations in the world.⁵

Secondly: Characteristics of multinational companies:

Characteristics of multinational Based on the multiple definitions provided for multinational companies, and according to many jurists, it can be said that the latter are characterized by many characteristics that cannot be enumerated, which varied and multiplied according to the economic system of the host country.

1-Largeness:

This is the most important distinguishing characteristic of these companies ,as they represent entities ,This is a huge economic scale that cannot be measured by the size of capital or the size of its investments .Even with the size of their highly diversified production ,it is also not measured by the number of workers because these companies it arose in conditions controlled by information technology ,but the most important measure relied upon to measure the magnitude of the volume, it is the sales number, or as it is called ,the business number, and it depends some on the gross revenue number.⁶

2-Multiplicity and diversity of activities:

Multinational companies are characterized by great diversity in its activities, is embodied in its production policy. There are multiple and diverse products, and resorting to this diversity and diversity is aimed at making a profit from another activity if it loses in one activity. Thus, reducing the possibility of loss that may be

encountered, and at the same time using multiplicity of activities as a way to extend control in countries.⁷

3-Geographical spread:

Multinational companies are characterized by their geographical expansion. It has branches and subsidiaries around the world, and it also extends geographically outside the country. The headquarters of these companies are in a country other than the country in which they carry out their activities through branches or Nascent companies that the parent company coordinates between, and what this type has helped one of the companies with this spread is the tremendous.

Technological progress in the field of information and technology, which provided it with many facilities so that it could become a transit channel for foreign direct investment.⁸

4-The ability to transform production and investment globally:

represents companies multinational corporations are the main source of foreign investment and are distinguished by their investment activity it is widely available in the world, because it views the world as a single market, and therefore it is in constant need and continuing to finance.⁹

5- Mobilizing competencies:

That is, these companies are looking for competency, but there is no way to achieve this. It prefers citizens of a particular country when selecting its employees, regardless of the level to be employed. In this regard; the current prevailing method is to be benefit from the international staff of the parent company. So that achieving efficiency is its first concern, regardless of its source and method of increasing it.¹⁰

6-Monopoly advantages:

In addition to the previous characteristics, these companies enjoy with a set of monopoly advantages, based on the market structure in which it operates it takes the form of an oligopoly market over the majority, in which its constituent companies are monopolized Modern technology and highly qualified technical and administrative skills, which increases its competitiveness, which results in increasing its profits and revenues, and thus increasing international production.¹¹

7-Top management focus (unit):

Strategic planning is the management tool for these companies to achieve what they desire and identify their future intentions .Planning enables them to seize opportunities, increase benefits, and achieve high rates of sales and profits, and the interest rate on capital is the basic advantage of multinational companies.¹²

Thirdly - The legal role of multinational companies in the context of protecting the environment and climate.

There have been many definitions of the moral personality, as some jurists define it as a group of people or funds aimed at achieving a specific goal by means of special tools and granting the moral personality to the extent necessary to realize this goal.

The international environmental law has emerged as a new branch of public international law as a result of the environmental problems that the world suffers

from. It came with the motive of control and regulation and to reduce the effects of the destruction of the environment left by international behavior.¹³

It should be noted that the focus on international environmental law as a means to reduce environmental problems, which has been since the Stockholm conference on the human environment by governments within the

Framework of the United Nations environment program, which gave a strong push for its development and enrichment.¹⁴

International environmental law has been defined as a set of principles and rules of general international law, which regulate the activity of states in preventing and minimizing various sources of the environmental environment or outside the boundaries of regional politics.

Countries began negotiations aimed at strengthening the world's response to climate change .and adopted the Kyoto protocol after two years. This protocol obligates the member states with advanced growth legally to the goals of reducing greenhouse gas emissions. The first commitment phase of the Kyoto protocol began in 2008 and ended in 2012.The second commitment phase took place in January 2013 and ended in 2020.

At the twenty _ first conference held in Paris in 2015, the parties to the United Nations Climate Convention reached a historic agreement with the aim of addressing climate change and intensifying and accelerating the necessary measures and investments for a sustainable, low - carbon future.¹⁵

Although existing environmental institutions such as multilateral environmental agreements and the United Nations Environment Program have achieved a great deal of climate stability and reduced the pace at which environmental degradation is proceeding, there are still a number of pressing environmental problems prevalent throughout the world, including pollution. Air, water, biodiversity loss, desertification and climate change.¹⁶

In 2019, more than 500 of the world's largest companies and their suppliers, including leading companies such as Nestle and Procter & Gamble, through a forest-related survey, revealed to their stakeholders the risks and underlying strategies for managing the production and supply of agricultural commodities most associated with deforestation.

On these commodities is growing steadily from 211 companies in 2017 to 455 companies in 2018 to 546 in 2022, among these companies 96 companies reported palm production or palm oil. This represents an increase of 20 percent in 2018 and an impressive growth of 50 percent over 2020.¹⁷

Countries and companies including Mars and Helwett Packard, have pledged to abide by the provisions of the Paris climate agreement, as they have remained committed to achieving the carbon reduction goals needed by the universe.¹⁸

This step may put a number of politicians and business leaders at odds with the White House. President Trump has left the Paris climate accords. Despite the US president decision to leave the agreement , these companies and some Los Angeles

mayors have pledged by 2025 to reduce greenhouse emissions by 26 percent to 28 percent below 2005 levels.

This group includes 30 mayors and Three rulers, more than 100 companies, and more than 80 presidents of American universities.

In addition, the Mayor of new York City, Michael Bloomberg pledged 15 million \$ of his own money to help the group meet the terms of the voluntary agreement, as he said that everyone is committed to the emissions reduction goals achieved by the United States in Paris in 2015, adding that the Americans will respect the Paris Agreement and fulfill it through leadership. From the bottom to the top of the pyramid.¹⁹

Us President Trump has announced the withdrawal from the group of countries for their respect for the Paris agreement to save American jobs from shipping abroad, and he said that the agreement puts the United States at the mercy of foreign powers²⁰.

BNP Parisbas – The latest international financier – is under pressure to withdraw from fossil fuels, The French bank has said it will stop coal investments across Europe by 2030 and globally by 2040. This commitment is in line with its promise to invest 3 \$ billion in renewable energy until 2024.²¹

The move follows similar pledges recently by insurance giants AXA, Alliance and Access. According to campaign Group Unfriendly Coal, reinsurance companies that control 45 percent of the unfavorable market have adopted policies to exit coal use in the industry, one of the most important institutions.

The financial that entered into the divestment law is the European Investment Bank, which announced its withdrawal from fossil fuel projects completely by the end of 2024, and the divestment movement comes at a difficult time for coal, as electricity produced from burning coal is set to decrease by 3 percent this year with India's low dependence on coal power and plateau demand in China.

Realizing the importance of respecting the environment and climate change began to increase and organize so that the issue of preserving the environment became the demand of the people and the domestic institutions of states, by passing the limitation of acknowledging its importance and adopting supportive policies for the ruling class.²²

Fourthly: The impact of multinational companies on Climate change.

The two government organizations have prepared on the credibility of multinational companies promises regarding the climate change crisis. The French newspaper ; Le Figaro, confirmed that major companies lack credibility and transparency .After the study revealed the strategies of these companies that caused about 4 percent of global greenhouse gas emissions in 2019.

The newspaper confirmed that the study conducted by the New Climate and Carbon Market watch research centers to assess the strategies of these giant companies in the fields of trade, agro –food, transportation and various industries concluded that most corporate climate strategies have vague obligations and compensation plans that lack credibility and exceptions to the scope of emissions.

We also find that American Airlines promised to achieve carbon neutrality in the year 2050, but it did not set a goal for the year 2030, and announced its desire to make everything dependent on sustainable fuels, explaining that its desire is uncertain.

There are some good practices for reducing emissions in some companies and of the 24 companies studied there is only the climate strategy of the Danish shipping giant Maersk. Which invests in alternative fuels and new ships, which are considered reasonable.

According , there is no company that achieves a high level of integrity, according to the report.²³

So , twenty – four multinational companies have adopted the Paris Treaty's target of limiting warming to 1.5 degrees Celsius, adjoined UN –backed campaigns to ensure businesses play their part in decarbonizing the global economy.

The report, prepared by the center for Climate Research, found that the pledges that 22 companies committed to achieving by 2030 would lead to only a 15 percent reduction in their combined emissions.

Especially since the combined profits exceed three trillion dollars. These companies included in the report are responsible for about 4 percent of global emissions, or one billion tons of carbon dioxide.

The CEO of Carbon Market and Whatsabin Frank considered that some companies did not clarify their impact on the climate and the extent of reducing their carbon footprint, as a number of them exploited vague and misleading pledges to practice green washing of their brands while continuing business as usual.

The giant shipping company Maersk was the best among the companies, considering the integrity of its strategy to remove its carbon footprint by 2040 reasonable. While the integrity of the climate plans of eight giant companies, including Apple, Google and Microsoft, was considered modest.

As for the H&M group, which was also classified in this category, it has very ambitious goals to reduce emissions, but parts of its green strategy may undermine it. The impact of the company's plans to convert to biomass and renewable energy certification in the supply chain could significantly undermine those goals .

Biomass is linked to deforestation and carbon dioxide emissions and purchasing a renewable energy certificate allows companies to report unrealistic emissions reductions.

For its part, H&M welcomed the new report and outlined the steps it is taking to achieve the goal of 100 percent renewable electricity for its operations and those of its suppliers. The report found that the strategies of 11 other companies had low integrity , while the plans of four companies were classified as American Airlines , Samsung Electronics and Carrefour .The GBS is very low integrity.

Carrefour objected to the rating, arguing that the company had set emissions reduction targets across its entire value chain, and was the only major French food retailer that was willing to let go of suppliers who lacked their own climate strategies.²⁴

Fifthly : Samsung's role in Climate pollution.

The multinational companies provide both a fundamental risk to and an opportunity for climate change mitigation.

The climate ambitions of companies will affect the environmental performance of countries around the world.

As a leading actor, proactive companies can impose sustainability standards or encourage green technology transfers that in some cases; could affect millions of producers and accelerate the climate transition.

However; obstructive companies may equally hold back any progress to reduce a country's emissions via inaction or by actively resisting; obstructing or lobbying against change. Its critical for policymakers around the world to consider the role that companies play in climate change mitigation strategies, monitor their current commitment to transition their supply chains to net –zero emissions by 2050, and adopt the necessary measures to accerate this transition.²⁵

It can refer to Samsung has the largest carbon footprint of any major tech company emitting 20.1million metric tones' of CO2 emissions per year, according to a recent analysis that studied the carbon emissions coming from the big tech firms.

As one of the largest electronics firms, Samsung took top place, which Electronics Hub believes to be because of the complex supply chains that indirectly make firms like the Korean manufacturer responsible for millions of tons of carbon pollution.

Sony, Dell, HP, Panasonic, and Microsoft – with nearly five million metric tons, solely – also proved to be responsible of hundreds of thousands of metric tons, likely due to the same supply chain issues, the report claims.

Samsung has pledged to spend more than 5 billion dollars in order to reach net – zero by 2050 .²⁶

Conclusion :

Therefore economic globalization and multinational companies helped each other. Multinational companies contributed effectively and positively to openness, and the good investment climate increased the growth of the activities of multinational companies through the development of communications and information technology systems, but at the same time it increased emissions and carbon, which led to the need to confront Climate change is due to the large number of industrial practices that are harmful to the environment and cause climate disasters.

Accordingly, countries have moved by imposing laws embodied in international agreements to protect the land, the environment and humans.

The most important results can be obtained:

1-Multinational companies are the main drivers in increasing environmental pollution and climate change.

2-The depletion of forest resources has exacerbated air pollution rates and increased water pollution rates due to gas emissions from various industrial activities and their resulting waste.

These factors have led to numerous environmental problems, with the most significant being the rise in Earth's temperature and the subsequent depletion of the ozone layer.

3-As large companies attract more foreign direct investment globally the levels of carbon dioxide increase. These emissions are not always subject to environmental conditions and standards, leading to a significant rise in environmental degradation.

4-There is no environmental impact assessment of development projects in developing countries that require action programs to mitigate the negative effects of environmental pollution.

5- The lack of respect by large corporations for international laws and regulations contributes to the decline in ecosystem protection and thus increases the indicators of potential risks to climate change.

6-One of the most prominent manifestations of economic globalization is multinational companies that carry the character of universality and the strategy of diffusion.

7- The role of multinational companies in reaching high cases of environmental pollution without accounting at the level of international institutions authorized to do so. Considering that this companies that cause damage are not subject to paying any price or costs that would contribute to the prevention or even reduction of such damage.

8-Multinational companies strive to increase profits as much as possible in all ways, both in their home countries and in their host countries, at the expense of one thing: lack of respect for environmental policies.

9-The strong correlation between the role of multinational companies in air pollution and climate change, which leads to global warming and thus weakens the safety of the future of humanity over future generations.

Therefore, through the results reached, we can make some recommendations as follows:

1-The need to activate the mechanisms of work of international environmental organizations that pressure capitalist mother states to implement rational environmental policies, and to punish outlaw countries whose pollution reaches the limits of transboundary.

2-Creating more widespread forest spaces to improve and mitigate polluted atmospheres and prevent cutting and even damaging trees to help support and stimulate oxygen in forests and the atmosphere.

3-Establishment of an international tribunal specialized in environmental affairs that punishes the mother and host countries and supervises and follows up on the environmental policies of the countries.

4- Spreading environmental awareness through multinational companies in particular and all countries and governments in general.

5-Linking environmental security to human security .

Margins :

- ¹ وردة عطابلية وصفاء مزيجش، الشركات المتعددة الجنسيات، مذكرة ماجستير قسم العلوم القانونية والادارية، كلية الحقوق والعلوم السياسية، جامعة _8 ماي 45، قالمة 2019، ص 13
Ataylia Warda ,Mazigish Safaa , The Multinational Companies , Master Thesis , Department Legal and Admestrativ , Faculty of Law and political Science, University of Guelma 8th May 45,2019,p 13
- ² -موسى سعيد مطري وآخرون، التمويل الدولي، دار الصفاء، عمان، الأردن، 2008، ص 179
Musa Saeed Matari and others, International Finance, Dar Al-Safaa, Amman, Jordan, 2008, p. 179
- ³ -أحمد عباس عبد الله وأحمد محمد جاسم، دور الشركات المتعددة الجنسيات في الاقتصاد العالمي، مجلة بغداد للعلوم الاقتصادية، العدد 29، 2012، ص 55
Ahmed Abbas Abdellah and Ahmed Mohammed Djassem , The role of Multinational Companies in the Global Economy , Journal Baghdad for Economic sciences , Issues 29, 2012 ,p 55
- ⁴ -خالد راغب الخطيب، التدقيق على الاستثمار في الشركات المتعددة الجنسيات في ضوء معايير الدولية، الطبعة الأولى، دار البادية، 2009، ص 135
Ragheb Al -Khatib Khaled , Auditing investment in multinational companies in light of International standards, 1st edition Badia , 2009, p135
- ⁵ -أحمد عباس عبد الله وأحمد جاسم، مصدر سابق، ص 54
Ahmed Abbas Abdullah and Ahmed Jassim, previous source, p. 54
- ⁶ -حسام الدين عيسى، الشركات المتعددة الجنسيات، مؤسسة العامة للدراسات والنشر المعاصر، بيروت، لبنان، بدون سنة، ص 16.
Hossem Aldine Issa _ , Multinational Companies ,General Foundation for Contemporary Studies and publications, Beirut. Without year of publication,p 16
- ⁷ -عبد المطلب عبد الحميد، النظام الاقتصادي العالمي، مكتبة النهضة المصرية، مصر، القاهرة، ص 145
Abdel moutaleb Abdel Hamid ,The World Economic System , Egyptian Nahda Library ,Cairo. p145
- ⁸ -محمد خيتاوي، الشركات النفطية المتعددة الجنسيات وتأثيرها في العلاقات الدولية، دار رسلان للطباعة والنشر والتوزيع، سوريا 2010، ص 139.
Muhammed Khitawi , Multinational oil companies and their impact on international Relation , Dar Raslan for printing , publishing and distribution, Syria 2010, p139
- ⁹ -ناطوريه علاء الدين، العولمة وآثارها في العالم الثالث، التحدي والاستجابة-، بدون بلد وبدون سنة نشر، ص 55
Books.google.dz/books
- ¹⁰ -محمد خيتاوي، مرجع سابق، ص 121، 122
Natouriya Alladin , Globalization ,the multinational companies and its effects on the third world , magazine without year and year of publication, p55
- ¹¹ -ناطوريه علاء الدين، مرجع سابق، ص 56
Muhammad Khitawi, previous reference, pp. 121-122
- ¹² -أحمد عبد العزيز وآخرون، شركات المتعددة الجنسيات وأثرها على الدول النامية، مجلة الإدارة والاقتصاد، العدد 85، 2010، ص 124.
Natouriyah Aladdin, previous reference, p. 56
- ¹³ -أحمد Abdel Aziz and Others ,Multinational companies and its impact on developing countries , Journal of Management Education and Economy , N 85, 2010
- قويدر رابحي، القانون الدولي للبيئة المفهوم والتطور، مجلة الواحات للبحوث والدراسات، العدد 5، 2009، ص 192
Rabhi kouidar , international laws for environment , Definition and challenges, Alwihat Journal for research and studies , N 5 ,2009, p192
- ¹⁴ - داليا مجدي عبد الغني، القانون الدولي و البيئة ، ص 8.
Http // law.tanta/edu .eg 25/0 3/2023
- ¹⁵ -United Nations: Climate Change, in: Http // web. archive. Org 26 /04/2023
- ¹⁶ -Norichika Kanie: Governance with multilateral environmental agreements; Critical perspectives on global environmental politics; Taylor and Francis publisher; 2018 p 67

¹⁷ -CDP, 'The plan book Tracking progress of sustainable palm oil commitments in Indonesia'; United Kingdom, 2019, p4

¹⁸ – Hiroko Tabouchi and Henry Fountain, Bucking Trump; These Cities, states and companies commit to Paris Accord, <http://www.NYtimes.com>

¹⁹ – David Franchise- 'Cities' Companies, How to stick to the Paris Climate Agreement, Foreign Policy, June 2, 2017

²⁰ -Arnaud Faboul and Astrid Werner: BNP Paris bas announces a timeframe for complete coal exit and raises its financing targets for renewable energies; BNP. Paris bas bank.

²¹ - Ibid

²² - Oliver Balch ;75 CEO call for US to stay in the Paris Agreement as emissions continue to rise .<http://www.retersevents.com/sustainability> .25/ 04/ 2023

²³ – صابرین الهلالي، دراسة تفصح وعود الشركات متعددة الجنسيات بشأن تغير المناخ، مجلة الاسبوع المصرية، 13 فيفري 2023

Al Hilali Sabreen , A Multinational Study on climate change , A study that exposes companies promises, Al –Isboa Magazine Egyptian , February 13, 2023

²⁴ -التعهدات المناخية للشركات المتعددة الجنسيات مضللة، سويسرا للأخبار ، 13 فيفري 2023

Multinational companies climate pledges are misleading, Switzerland News , February 13 February 2023

²⁵ –Multinational Enterprises and climate change: fundamental risks and big opportunities , www.wolrdbank.org May 23th,2023.

²⁶ Samsung and Amazon named among biggest carbon polluters in big tech, Tech informed, March 2, 2023