

A Project Consigned of the Ministry of Environment in 2003

**Overseas Environmental Measures of
Japanese Companies
(China- Beijing /Tianjin area)**

**Research Report on Trends in
Environmental Considerations related to
Overseas Activities of Japanese Companies
FY 2003**

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Global Environmental Forum

Preface

Japanese companies are engaged in business operations throughout the Asian region and are expected to seriously address environmental issues both at home and abroad. Wherever they operate, Japanese companies' innovative environmental practices and environmentally friendly activities are watched with close interest by the wider community.

Against this backdrop, since fiscal 1996, Japan's Ministry of the Environment has commissioned the Global Environmental Forum to conduct a research program into the environmental awareness of Japanese companies in their overseas activities, and to prepare information and case studies country by country to assist Japanese companies working in Asia with the implementation of environmental practices. Research has already been completed for the Philippines (1996), Indonesia (1997), Thailand (1998), Malaysia (1999), Vietnam (2001), and Singapore (2002). The country-specific guidebooks prepared from the results of this research have been widely distributed to Japanese companies, primarily those already operating in the area, to provide interested parties with pertinent environmental information.

This report, the seventh in the series, presents the findings of a survey carried out in the People's Republic of China in fiscal 2003 on behalf of the Ministry of the Environment. China, a huge country about 26 times the size of Japan, has widely differing social conditions (economic, environmental, and administrative) between regions. In particular, the economic disparities between the hinterland and coastal areas are notable. As it would have been difficult to undertake nationwide surveys and produce a single research report, the research area this year was limited to Beijing and Tianjin. The primary reason for choosing these two areas was the potential for gathering good examples of outstanding environmental initiatives from the large number of Japanese companies with a presence in Beijing, the capital of China, and in neighboring Tianjin, one of the four municipalities directly under the central government.

Moreover, Beijing would enable access to information about the environmental policy of the national government, and Tianjin, with its high administrative capability and relatively strict laws and regulations in force, would provide a representative example of local environmental governance. As such, Beijing and Tianjin were selected as sources of useful reference material for the future environmental programs of Japanese companies.

Currently, there are as many as 20,000 Japanese companies working in China. In the future, too, it is anticipated that a large number of Japanese companies will pursue thriving corporate activities throughout the country, and play a major role in stimulating the Chinese economy. We hope that the up-to-date information about China (Beijing and Tianjin) contained in this report will enable Japanese companies already operating in China to implement even better environmental practices, and will serve as a useful resource for other companies contemplating a future move into China. We hope that this report will be of some help for further development of industrial pollution control measures in China.

We wish to acknowledge the Japan Chamber of Commerce and Industry, and the Japanese Chamber of Commerce and Industry in China, for all their support and help including kind introduction to Japanese companies willing to participate in this research. We are grateful to all those who generously gave their time and assistance to our field studies and information gathering, including many Japanese companies in Beijing and Tianjin, the State Environmental Protection Administration, Tianjin Environmental Protection Bureau, and the Sino-Japan Friendship Center for Environmental Protection. We sincerely thank everyone for their cooperation.

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- References and list of organizations and institutions that have assisted in creating this book

How to Use This Book

This book consists of two chapters and appendices. Chapter 1 describes China's environmental administrative framework. Chapter 2 presents case studies illustrating the practical environmental measures being taken by Japanese companies in China (Beijing and Tianjin areas). The appendices provide material for a deeper understanding of Chapters 1 and 2. Note that the term "Japanese companies" as used in this book refers to member companies of the Japanese Chamber of Commerce and Industry in China, without regard to equity percentage invested from Japan or any other such criteria. It should also be noted that because the Japanese companies participating in field studies for this research were manufacturing companies in the main, this book focuses primarily on environmental practices in the manufacturing sector.

This book is designed so that each chapter and section can be read independently, allowing the reader to select the necessary environmental information according to the company's particular circumstances in implementing environmental practices.

Specifically, this book is organized as follows.

Chapter 1 provides up-to-date information about China's evolving system of environmental laws and regulations. This chapter is divided into the following six sections.

Section 1: Environmental Administration and Legislation in China

Section 2: Air Pollution Management

Section 3: Water Pollution Management

Section 4: Industrial Waste Management

Section 5: Soil Pollution Management

Section 6: Efforts by Local Environmental Administration -- Tianjin Case Study --

Section 1 describes the historical development and distinctive features of environmental policy in China. This is followed by an overview of the laws and regulations related to industrial pollution, the system of environmental legislation, and the administrative framework, all of which is essential knowledge for Japanese companies in their environmental programs. The environmental laws and regulations are discussed in detail, by specific category, in the subsequent sections.

Section 2 to Section 5 describe in detail the legislative framework and control standards in the four areas of air pollution, water pollution, industrial solid waste, and soil contamination.

At the end of the chapter, Section 6 presents the example of Tianjin, and devotes a few pages to outlining the environmental efforts of the local environmental administration and to explaining the regulatory controls specific to Tianjin.

The information in Chapter 1 was compiled mainly from interviews with officials at the State Environmental Protection Administration (SEPA) and the Tianjin Environmental Protection Bureau (TianjinEPB).

In Chapter 2, Section 1 summarizes the features of the environmental measures implemented by Japanese

companies in China. This introduction is followed by 14 case studies of progressive environmental practices being carried out by the companies studied in the field research. The case studies are divided into three sections.

Section 2: Case Studies of Advanced Measures to Reduce Discharge of Pollutants

Section 3: Case Studies of the Relationship of Environmental Management Systems to Improvements in Management

Section 4: Case Studies of Improvements Designed for Other Than Environmental Protection

A wide variety of Japanese companies are conducting business activities in China, and the examples of environmental measures gathered in the course of our research are also wide-ranging. Section 2 looks at the manufacturing sector and gives examples of companies taking innovative initiatives beyond conventional measures for controlling wastewater, waste gas, and solid waste. Section 3 illustrates companies' efforts to utilize ISO 14001 and other environmental management systems to improve their business management practices. Section 4 outlines examples of companies in non-manufacturing sectors, and small and medium-size companies, that are working hard in various ways to incorporate environmental measures as part of their corporate programs.

The appendices at the end of this book contain the following reference materials.

Appendix 1: Environmental Protection Law of the People's Republic of China, effective December 26, 1989 (complete text)

Appendix 2: Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (complete text)

Appendix 3: Law of the People's Republic of China on the Prevention and Control of Water Pollution, revised 1996 (complete text)

Appendix 4: Implementation of the Law of the People's Republic of China on Water Pollution Prevention and Control (State Council of the People's Republic of China, Law No.284) (complete text)

Appendix 5: Emission Standard of Air Pollutants for Coal-burning Oil-burning Gas-fired Boiler (Tianjin local standard DB12/151-2003) (complete text)

Appendix 6: Contacts for Environmental Information in China and Japan

In Appendix 1, a translation of the complete text of the Environmental Protection Law is provided for a better understanding of the explanation given in Section 1 of Chapter 1. Appendices 2 and 3 contain the complete translated text of the law for preventing air pollution and the law for preventing water pollution. The complete translated text of the rules for practical implementation of the latter law is given in Appendix 4. Appendix 5 is the complete translated text of the local standard enacted by Tianjin.

The currency conversion rate used in this book is approximately 15 Japanese yen to one Renminbi (RMB; yuan), the exchange rate as of January 2004.