

# Analysis on the Role of Chinese Multinational Corporations Under Rule of Law of Carbon Peaking and Carbon Neutrality

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## ABSTRACT

The rule of law plays an important role in national management and social governance. The realization of the goal of carbon peaking and carbon neutrality cannot be achieved without the guarantee of rule of law. Promoting the realization of the goal on the track of rule of law will help our country to better promote sustainable development and further fulfill the goal of reaching carbon peak and carbon neutrality. In the process of rule of law of carbon peaking and carbon neutrality, Chinese multinational corporations play the role of legislative participant, law enforcement assistant and active lawkeeper. In practice, Chinese multinational corporations have some problems in the participation in the legislation, such as the incomplete regulation of the legislative right and the lack of initiative in the consciousness of participating in the legislation. In the assistance of law enforcement, there are some problems such as the uncoordination between the central and local decision-making systems, arbitrary choice of deterrent law enforcement methods, and lack of coordinated management of environmental governance system. In the law-abiding, there are problems such as weak law-abiding consciousness and lack of positive incentives for Chinese multinational companies. In order to give full play to the role of Chinese multinational corporations in the process of rule of law of carbon peaking and carbon neutrality, the thesis puts forward suggestions in legislation participation such as improving procedural provisions of participation in the legislation, exploring the participation of industry associations in legislation. In the assistance of law enforcement, the thesis puts forward suggestions such as building a multi-governance environmental governance system and rationally allocating the powers and responsibilities of local governments. In the law-abiding, the thesis puts forward suggestions such as actively studying the knowledge in the field of carbon, improving the carbon information disclosure system, and building a reward mechanism to encourage law-abiding.

**Keywords:** *The goal of carbon peaking and carbon neutrality, Rule of law, Chinese multinational corporations, Role.*

## 1. INTRODUCTION

In 2020, China announced at the 75th session of the United Nations General Assembly that its carbon dioxide emissions would peak before 2030 and strive to achieve carbon neutrality before 2060. The timely rise of the policy to the law requires the improvement of the rule of law, which provides an important guarantee for the realization of the carbon peak and carbon neutrality goals. On the track of the rule of law of carbon peaking and carbon neutrality, it is of great significance for

Chinese transnational corporations to fulfill their environmental protection responsibilities to achieve the two-carbon goal and improve the international environmental dilemma. The organizational structure of Chinese transnational corporations transcends national boundaries. Their economic and technological strength is strong and they adopt the global strategy. Chinese transnational corporations pay attention to both global trends and local goals, and their global resources, knowledge and information play an irreplaceable role in the legalization. In the process of rule of law of carbon

peaking and carbon neutrality, there is a lack of in-depth analysis of the role that Chinese transnational corporations need to play and the problems existing in actual participation. Therefore, this paper combines the goal of carbon peaking and carbon neutrality and the thinking of the rule of law to locate the role of Chinese transnational corporations in this process, sorts out the existing problems and puts forward effective suggestions. It is hoped to provide theoretical reference for promoting the participation of Chinese multinational corporations in the process of rule of law of carbon peaking and carbon neutrality.

## **2. THE ROLE OF CHINESE MULTINATIONAL CORPORATIONS UNDER RULE OF LAW OF CARBON PEAKING AND CARBON NEUTRALITY**

Correctly grasping the role of Chinese multinational corporations under rule of law of carbon peaking and carbon neutrality, not only has an important position in theoretical analysis, but also has important practical significance for promoting Chinese transnational corporations to fulfill their environmental protection responsibilities. From the angle of law operation, Chinese multinational corporations should play a specific role in the link of legislation, law enforcement and law-abiding, and bear corresponding responsibilities.

### ***2.1 Legislative Participant***

The 20th National Congress of the Communist Party of China pointed out that achieving carbon peak and carbon neutrality is a broad and profound economic and social systemic change. The implementation of the policy carbon peaking and carbon neutrality cannot be separated from the rule of law. The goal of carbon peaking and carbon neutrality must be realized in the process of scientific legislation, strict law enforcement, fair justice and law-abiding by all people. Among them, legislation comes first, not only to ensure that there is a law to follow, but also to use good laws to escort reform and development. The law should not only be strictly observed, but also be used to promote social reform and development.

When the national legislature makes laws in the field of dual carbon, it should gather the wisdom of the people and make legislation scientifically and democratically. Although China has introduced a

series of policies to achieve the goal of carbon peaking and carbon neutrality, the policies and local legislation issued by The State Council are not systematic and comprehensive enough to lack unified guidance and guidance. In addition, the dual carbon legislation involves energy law, resource law and pollution prevention law [1], which are restricted by their respective legislative purposes. These fields are separated in the legislative content, and there may be complicated and contradictory problems, and it is impossible to form an overall arrangement for the dual carbon goal, so there are also conflicts in the application of law. With the development of economic globalization and informatization, the status of Chinese multinational corporations in the international arena has been continuously improved, the economic strength has been further enhanced, and they have a greater right to speak in international economic exchanges. They can actively offer suggestions and provide data information for the two-carbon legislation, and contribute their own strength to the scientific two-carbon legislation.

### ***2.2 Law Enforcement Assistant***

After the goal of carbon peaking and carbon neutrality is proposed, the implementation of relevant policies cannot be separated from the extensive participation of the public, and Chinese multinational corporations should actively assume the responsibility of environmental protection and take effective actions. Chinese multinational corporations should establish a green concept, take the initiative to control carbon emissions, implement carbon emission management obligations, disclose carbon emission data information, and cooperate with administrative authorities to complete relevant verification and control activities.

An important link in the process of rule of law of carbon peaking and carbon neutrality is environmental governance law enforcement, and the quality of law enforcement results also determines the implementation of the goal of carbon peaking and carbon neutrality to a large extent. However, the law enforcement of environmental governance led by the government alone cannot solve the problems of information asymmetry and government supervision failure in environmental governance. Enterprise emissions are directly related to the growth of carbon emissions, but some enterprises concealed emissions and falsified data, adding difficulties to

the government's verification and investigation work. Environmental governance law enforcement activities need the active participation of enterprises and citizens. According to the unified decision-making layout, the headquarters and branches of Chinese multinational corporations share with each other the resources, policies, information and technologies they have from different countries to form an organic whole. These experiences and advantages are not available to ordinary domestic enterprises, but also provide more channels for our multinational companies to take the initiative to assist law enforcement responsibilities.

### **2.3 Active Lawkeeper**

To promote the legalization of the dual carbon policy smoothly, the key link of abiding by the law must be firmly grasped. As an important lawkeeper, Chinese multinational corporations are playing an incomparable role in the process of rule of law of carbon peaking and carbon neutrality. At home, Chinese multinational corporations can improve their own green and low-carbon production and operation mode, and promote the transformation and upgrading of enterprises. They work with the government and citizens to build a multi-governance environmental governance system, and gradually guide the whole society to form a green and low-carbon lifestyle and fashion. In foreign countries, Chinese multinational corporations can use their associated enterprises to publicize China's goal of carbon peaking and carbon neutrality to the host country and show our country's good international image.

Chinese multinational corporations have injected power into our country's economy, which has promoted the development of our economy, but at the same time, they are also the important main bodies of carbon emission. Only by controlling carbon emission can the double carbon goal of China be realized soon. In the short term, controlling carbon emissions will cost Chinese multinational corporations a certain amount. However, in the long run, controlling their own carbon emissions can promote the sustainable development of Chinese multinational corporations and embark on the road of green innovation and transformation. At present, the path of green and low-carbon development has become a global consensus, and the actions of Chinese multinational companies in the field of carbon have a profound impact on their reputation and evaluation in the domestic and international markets.

## **3. THE PROBLEMS EXISTING IN THE PROCESS OF CHINESE MULTINATIONAL CORPORATIONS PARTICIPATING IN THE PROCESS OF RULE OF LAW OF CARBON PEAKING AND CARBON NEUTRALITY**

### **3.1 *The Problems Existing in the Participation in the Legislation of Chinese Multinational Corporations***

First, there are defects in the regulation of participation rights of transnational corporations in our country. There are many ways for Chinese multinational corporations to participate in central and local legislation in our country, but the provisions on public participation in legislation in relevant laws are general and the actual implementation is weak. In practice, the time, specific procedures and legal consequences of public participation in legislation are not clearly defined, which will make public participation in dual-carbon legislation mere formality.

Secondly, Chinese multinational corporations lack the active participation consciousness. The motivation of Chinese multinational companies to participate in the dual carbon legislation is mainly to seek greater interests, but not to rise to the moral level. Due to the pursuit of efficiency, Chinese multinational companies are easy to submit low-quality opinions to deal with the participation in legislation, and even provide false data in order to make the policy standards more suitable for their own interests, which increase the screening task of legislative staff and greatly reduce their work efficiency [2]. As the goal of carbon peaking and carbon neutrality is proposed in China for the first time in recent years, due to the lack of professional guidance on carbon management, it is difficult for Chinese multinational companies to link the dual carbon target proposed by the state with their own production and operation conditions, and then it is difficult to propose practical and effective data information to the legislature.

### **3.2 *The Problems Existing in the Assistance of Law Enforcement of Chinese Multinational Corporations***

First, China has not formed a collaborative management of environmental governance system.

At present, China's environmental governance system in the field of carbon is dominated by the government, while the participation of the general public and enterprises is not strong, and there is a phenomenon of "absence". On the one hand, in the management activities related to carbon emissions, the government which acts as a policy maker and executor lacks professional knowledge and actual data, which makes it difficult to fulfill its responsibility in promoting energy conservation and emission reduction of the whole society. On the other hand, the government's law enforcement behavior cannot be effectively supervised by the society. The information sharing between the government, enterprises and citizens is not smooth, and the right of enterprises and the public to know, participate and supervise is not fully guaranteed[3], and their supervision of the government is often mere formality.

Second, the incoordination of the central and local decision-making systems affects the enthusiasm of our multinational companies. In order to fulfill the policies formulated by the central government, the higher level government may put pressure on the lower level government by formulating more stringent standards, and the lower level government may adopt simple and rough law enforcement methods. Such layer upon layer of environmental governance law enforcement activities will only suppress the enthusiasm of Chinese multinational companies [4], and then have a resistance to the activities related to the goal of carbon peaking and carbon neutrality.

### ***3.3 The Problems Existing in the Law-abiding of Chinese Multinational Corporations***

First, the awareness of environmental compliance of Chinese multinational companies is weak. Most of Chinese multinational companies are set up for profit, and profit is their main pursuit. As carbon standards become mandatory, Chinese multinational companies may circumvent our laws and transfer pollution to other countries. If Chinese multinational companies blindly pursue profits while ignoring environmental issues and use their affiliates to carry out high-pollution production activities in host countries, host countries and their citizens are likely to accuse Chinese multinational companies of violating human rights[5]. The time and energy cost of participating in litigation will greatly hinder the normal production and operation activities of our multinational companies, and

Chinese multinational companies will also lose their business reputation.

Second, our laws lack of positive incentives for Chinese multinational companies. In view of the promotion and realization of the dual-carbon goal, the legislation and law enforcement mainly solve the environmental illegal liability of enterprises through punishment and accountability. Most of the policy standards in the field of dual carbon are compulsory and punitive provisions, and lack of incentive provisions. Even if incentive measures exist, the threshold requirements for Chinese multinational companies are high, which is difficult to implement in practice, which will greatly reduce the willingness of Chinese multinational companies to abide by the law, only bear the minimum mandatory obligations, and do not make more active responses.

## **4. THE IMPROVEMENT OF THE PARTICIPATION MECHANISM OF CHINESE MULTINATIONAL CORPORATIONS IN THE PROCESS OF RULE OF LAW OF CARBON PEAKING AND CARBON NEUTRALITY**

### ***4.1 The Improvement of the Participation Mechanism of Chinese Transnational Corporations in the Legislation Activities***

First, China should improve the participation of the two-carbon legislative procedures to protect the participation of Chinese multinational companies. In the stage of publicity and education of transnational corporations participating in legislation, Chinese multinational companies should intensify the publicity and enhance the consciousness participating in legislation in our country. In the drafting, deliberation and amendment stage of legislation, the legal provisions on public participation should be detailed, and the specific circumstances and legal consequences of public participation should be clarified in the form of mandatory provisions, such as the frequency and period of hearings, the participation conditions and procedures of participants, and legal consequences should be specified in detail.

Secondly, Chinese multinational corporations should deepen their contacts with industry associations to improve the effect of participating in legislation. With the development of economy and

the progress of society, a specialized organization, that is, industry association, has emerged among enterprises in order to maintain common interests. The trade association may, on behalf of the interests of the enterprise, put forward legislative proposals to the legislature in multiple links that meet the wishes of the enterprises in the association. Chinese multinational corporations should take the initiative to keep close contact with the industry association, and actively put forward their own suggestions to the industry association, and the industry association should accumulate and summarize the data and opinions put forward to the Chinese legislature in a timely manner.

#### ***4.2 The Improvement of the Assistance Mechanism of Chinese Transnational Corporations in Environmental Governance Law Enforcement Activities***

First, China should build a pluralistic co-governance environmental governance system. In the process of rule of law of carbon peaking and carbon neutrality, there should not be only one subject to exert its power, but we should realize the positive interaction and information sharing of all subjects, and an environmental governance system with multiple co-governance of administrative organs, enterprises and citizens should be established. Administrative agencies should play a leading role, and the government should guide the formulation and implementation of policies so that businesses and the public can ensure that they do not deviate from the general direction. Chinese multinational companies should make use of their professional advantages to speed up the disclosure of environmental information and assist administrative organs in supervision and inspection. Citizens may supervise the environmental law enforcement activities of administrative organs and their production and business activities by telephone, mailbox and other means.

Second, the power and responsibilities of local government should be rationally allocated. In order to enhance the enthusiasm of local governments, it is necessary to increase investment in the field of dual carbon and environmental protection, reduce the financial pressure on local governments, encourage local governments to actively implement their responsibilities in the field of environmental protection, and improve the effect of environmental law enforcement. For different levels of government, we should follow the principle of

unity of power and responsibility to set corresponding environmental responsibilities for them. Only by reasonably allocating the functions and responsibilities of local governments and avoiding increasing pressure on Chinese multinational corporations can Chinese multinational corporations take the initiative to comply with local carbon emission standards, cooperate with Chinese administrative organs in law enforcement activities, and provide real carbon emission data.

#### ***4.3 The Improvement of Law-abiding Mechanism of Chinese Transnational Corporations in the Process of Rule of Law of Carbon Peaking and Carbon Neutrality***

First, Chinese multinational corporations should actively learn knowledge in the field of carbon and improve the carbon information disclosure system. Chinese multinational corporations should change their perspective and set up the goal of obtaining social benefits and economic benefits simultaneously. Chinese multinational corporations should take the initiative to introduce carbon emission management professionals to fully understand the international and domestic carbon emission standards, so that they can actively participate in every operation in the process of rule of law of carbon peaking and carbon neutrality.

Second, a reward mechanism should be built to encourage law-abiding. In order to improve the enthusiasm of Chinese multinational corporations, we should build a mechanism of reward and punishment, take some incentive measures, carry out corresponding subsidy support, and strengthen the willingness of Chinese multinational corporations to abide by the law and the determination to carry out low-carbon operations. First of all, at the legislative level, administrative organs can formulate relevant fiscal and tax policies, give financial subsidies and preferential policies to enterprises that have made major contributions in the field of dual carbon and actively reduce carbon emissions, and reduce import and export tariffs to enterprises that save energy, reduce emission and improve environmental technology[6]. Secondly, the implementation of these incentives should be implemented. In order to prevent administrative organs from abusing incentive measures and avoiding rent-seeking power, supervision of administrative organs and their staff should be strengthened to verify whether their use of

incentive measures is compliant and whether there is corruption. In addition, it is necessary to monitor Chinese multinational corporations, verify the use of subsidies and incentives, and regularly check the progress of their green and low-carbon transformation activities, so that the incentive mechanism can really play its role.

## 5. CONCLUSION

After China put forward the goal of carbon peak and carbon neutrality, the citizens, enterprises and organizations of the whole society have paid close attention to and responded to the policies related to this goal. The realization of the goal of carbon peaking and carbon neutrality is an important part of the construction of ecological civilization. The construction of ecological civilization must ultimately rely on the rule of law to guarantee, and the implementation of the double carbon goal must also practice the rule of law. In the process of rule of law of carbon peaking and carbon neutrality, Chinese multinational corporations can not only promote the realization of domestic dual-carbon goals, but also use associated enterprises to publicize China's dual-carbon goals and concepts abroad, and share domestic low-carbon business technology and experience with foreign governments and enterprises, which can promote the improvement of global energy conservation, emission reduction and environmental governance, and help build a community of human destiny. As an important participant in the legalization process of dual carbon policy, Chinese multinational corporations play different roles in the operation of the law, such as the participant in the process of dual carbon legislation, the helper in the law enforcement activities of environmental governance and the lawkeeper in the process of dual carbon legalization. In view of the specific problems of Chinese transnational corporations in participating in legislation, assisting law enforcement and abiding by the law, both the state and Chinese transnational corporations should make corresponding countermeasures. The matching of participation system and the promotion of participation consciousness are helpful to promote the transnational corporations in China to play a better role in the process of rule of law of carbon peaking and carbon neutrality.

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