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Soil Pollution in China: problems and clean-up options

By Saro Capozzoli, Matteo Francesco Corbellini – Jesa

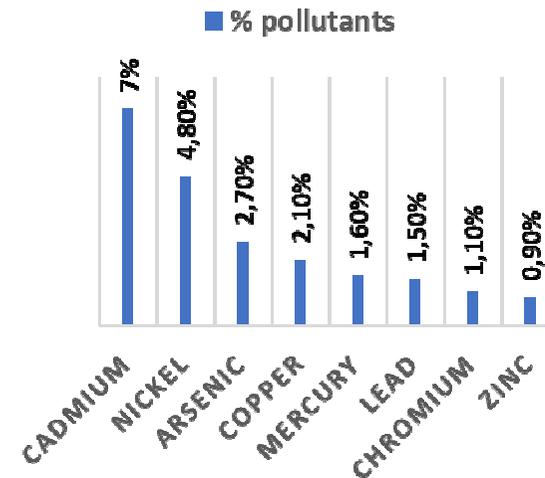
What does “soil pollution” mean?

Soil pollution, or soil contamination, is a process characterized by the alteration of chemical-physical and biological balance of soil, as well as by the predisposition to erosion, crevices and the introduction of harmful substances into the food chain. Generally it is due to industrial activity, agricultural chemicals waste or improper disposal of waste. The common chemicals involved are petroleum hydrocarbons, polynuclear aromatic hydrocarbons, solvents, pesticides, lead, and other heavy metals and contamination. Statistics show that soil contamination has a positive correlation with the degree of industrialization and intensity/quality of chemical usage of a country.

Surely this is a modern worldwide problem, but in China, because of the recent and intense periods of industrial progresses and high pollutant emissions, some regions have suffered serious soil pollution damages and environment deterioration.

In particular, according to a report released by the Chinese Government in 2014, almost a fifth of China mainland is contaminated and for 83% by inorganic chemicals materials.

The most common soil pollutants present are reported in the chart



Source: Jesa Elaboration from FT Report, 2014

The concern over soil contamination stems primarily from human health risks, starting from direct contact with the contaminated soil, vapors from the contaminants, contamination of water supplies within and underlying the soil too.

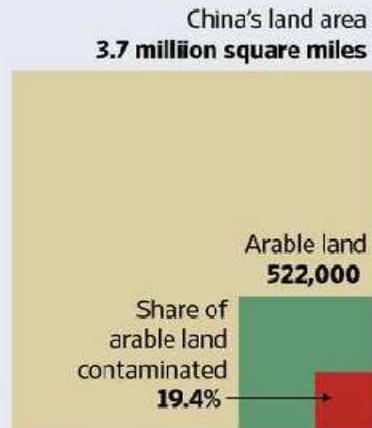
Tainted Earth

A Chinese government survey found widespread contamination in the country's soils. Some of the findings:

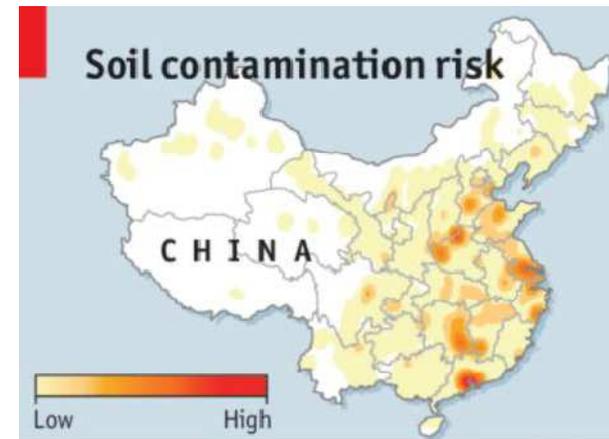
16.1% of all of China's soils are contaminated

83% of the polluted land is contaminated with inorganic chemicals; the most common are **cadmium, nickel and arsenic**

50% increases in **cadmium** levels were observed in some areas compared with surveys conducted between 1986 and 1990



Source: China's environmental ministry
The Wall Street Journal



Certainly this is big number. According to Ms Lan opinion, a professor at Renmin University's School of Environment and Natural Resources who is drawing a plan to clean-up China's soil, at the moment China cannot afford this problem.

Drawing an accurate map of contaminated soil sites and the resulting cleanups is expensive and time consuming, it is a task that requires large amounts of technical skills, for example concepts of geology, hydrology, chemistry, computer modeling skills.

The most polluted soil and exposed area in China is located mainly in the east part. According to a government scientific research, China needs Rmb7tn (\$1.1tn) to clean it up equal to one-third of its entire foreign exchange reserves.

However, the Chinese central bank calculated that the environment ministry's targets for only clean the water and the air requires CNY 2tn a year over the next three years (2018-2020) although the central bank wants "green financing" to relieve government funds.

In addition to this, in 2013, China was horrified by a report that in Guangzhou, a southern city, nearly half of the rice tested by inspectors in restaurants and canteens was laced with cadmium.

The problem was that leaks of cadmium coming from factories sometimes seeped into paddy fields, and consequently into rice-bowls. "Cadmium rice" contains a heavy metal that, if ingested, can eventually cause kidney failure, lung disease and bone damage.

Fortunately, in 2017, various technologies have been developed for remediation of soil pollution. One of the most efficient consist into excavate soil and take it to a disposal site away from ready pathways for human or sensitive ecosystem contact.

This technique also applies to dredging of bay muds containing toxins; others useful methods are the application of thermal remediation with the introduction of heat to raise subsurface temperatures high enough to volatize chemical contaminants out of the soil for vapor extraction and bioremediation, involving microbial digestion of certain organic chemicals and "Mycoremediation", a process with the usage of a fungus to metabolize contaminants and accumulate heavy metals.



All those methods are quite expensive. Moreover, in China not many companies are able to produce and project this type of solutions. But in recent years, Chinese investors are more and more looking at the European market (for example to Germany, Belgium, The Netherlands) to settle the situation and try to gain advanced competence and facilities from specialized firms.

Labor Dispatch in China

By Saro Capozzoli, Giulia Canciani Graziani – Jesa

The Labor and HR Dispatch (中国劳务及人事派遣) is a method of employment which has been applied in China since 1979.

There are three parties involved: the dispatched worker, the company, and the dispatched work agency.

Since its beginning, the Labor and HR Dispatch's scope has changed its frame of application.



Today, in China, the labor dispatch contracts are regulated by the Labor Contract Law of the People's Republic of China issued by the Standing Committee of the National People's Congress on Dec. 28, 2012. This law became effective on July 1, 2013 (Amended Labor Contract Law), and the Interim Regulations on Labor Dispatch (Interim

Regulations) issued by the Ministry of Human Resources and Social Security has been effective since March 1, 2014.

Enterprises that use dispatched workers do not share a direct employment relation with them. As explained in article 59 of the Labor Contract Law, to dispatch workers, a worker's dispatch service provider shall enter the dispatch agreement between the entity that accepts the dispatched workers under the dispatch arrangement and the dispatched workers.

Before 2008, labor dispatch was mainly used by foreign enterprises and stated owned enterprises.

After 2008, based on the Labor Contract Law, many Chinese enterprises started to use dispatched employees. In particular, companies with a large amount of seasonal work, needing low level white collar workers, or companies in the retailing industry would utilize dispatched employees. Behind this decision stands more flexibility and cost reductions.

As stated in article 66, employment contracts are the most basic form of hiring workers in China.

Labor dispatch is a **supplementary** form and shall exclusively apply to **provisional, auxiliary** or **substitutive** positions.

"*Provisional position*" refers to a job position that exists for less than six months; "*auxiliary position*" means a position providing supporting services to the employer's primary business functions. The exact meaning is still not clear, thus, its definition and scope needs to be further expanded upon in order to provide clearer guidelines for both

employers and employees; and "*substitutive position*" means a job position that may be held by any other employee on a substitutive basis during a certain period of time, when the original employee is unable to work for any given reason.

In order to better safeguard the dispatched employees' health and safety rights, together with the willingness to start avoiding situations in which they are underpaid, the *Amended Labor Contract Law* provides suggestions about dispatched staff' conditions.



The employer shall strictly control the **number** of dispatched workers. The *Interim Regulations in Labor Dispatch* establishes, in article 4, that the number of dispatched workers shall not exceed 10% of the total

staff. The *Interim Regulations* also requires equal pay for equal work, which means that dispatched employees doing the same job as directly hired employees are allowed to the **same salary allocation system**. In order to provide Labor and HR Dispatch Service, a company shall obtain the **related Dispatch Operation Permit**, which is a special license issued by the labor administration authority. The company shall meet several requirements in order to apply for this Permit (ex. Minimum registered capital).

In one hand, the new restrictions nominally provide dispatched workers and employees with more rights than before. In the other hand, companies may be less inclined to employ dispatched employees and workers.

Consequences for While the main purpose of the new regulations is to give the dispatched staff the same rights that are ensured to regular workers, in the practice, this still has a way to go.

Professional advice is important for both foreign and domestic companies in order to act in compliance with the regulations in place at the national and local level. Since random labor inspections in China are not uncommon, professional advice is highly recommended. It is a useful tool for preventing legal troubles and bad-records as well as preserving company's reputation.

The Winners of China's Tariff Reductions

On November 24, the Ministry of Finance of the Peoples Republic of China announced that starting on December 1 this year, China will further reduce the import tariffs on certain consumer goods. This

will ultimately lower the average tax rate from 17.3% to 7.7%, and most importantly, the tax cuts are on daily necessities that are closely related to the people's livelihood; the cuts include 187 consumer products such as foodstuff, health products, medicines, daily chemicals, clothing and footwear, household equipment, culture and entertainment, and other general merchandise products.



Since the average tax rate will drop by nearly 10%, we will most likely see all three major parties share the benefits from this tax reform. Intermediaries and suppliers will produce more profits because of the lower tax rates, and consumers will face cheaper imported products than usual. In the end, this will promote the sale of the 187 imported goods in China!

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