

Consciousness on Environment: Liability of Multinational Corporations Established in Developing Countries

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Increase of the interdependence amongst the nation states has necessitated the rise of multinational corporations (MNCs) who conduct businesses in two or more nation states. Many MNCs establish their businesses in such countries where the laws and regulations regarding their polluting activities, human rights, health and safety standards are less stringent as an attempt to reduce cost. Thus, “when in Rome, do as the Romans do” has become the slogan for some managers. However, according to the ‘polluter pays principle’ the polluters should internalize the costs of their pollution, control it at its source, and pay for its effects. Although international environment law requires these standards to be observed, being non-state actors, MNCs will not be directly obliged by the liabilities set down in multilateral environmental agreements and the only obvious method to oblige MNCs for polluting and other harmful activities is to enforce laws in the domestic level. Even in the domestic level, environment is not located on the agenda of first priorities and judges hesitate to litigate against them as MNCs enjoy a massive political power internationally due to their vast contribution to the world economy. Against this backdrop, this study intends to examine the ‘enforceability’ of legal rules that apply to MNCs regarding their environmentally unfriendly activities especially focusing on developing countries such as India and Sri Lanka. This research also aims to investigate this issue in a socio-legal perspective in view of making recommendation for an effective but balanced legal and policy framework for developing countries. Study is based on primary and secondary sources i.e. statutes, case law, text books, journals and electronic data bases. Analysis of selected jurisdictions has been carried out to gain an understanding of comparative jurisprudence. In addressing the above challenges in developing states, strict legal rules for MNCs do not seem to be healthy as their primary goal in most countries is to achieve economic growth. Therefore, it seems that the fear of tarnishing the image of MNCs make it more effective to use non-legal ways to make MNCs liable.

Key words: *Corporate consciousness, Environmental responsibility of MNCs.*