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## **Written Submission to the Parliamentary Portfolio Committee on Economic Development**

### **The Walmart / Massmart Merger**

**July 2011**

**By Earthlife Africa Cape Town**

**A volunteer-driven NGO, that has been fighting for environmental and social justice since 1988.**

Earthlife Africa Cape Town (ELA-CT) wishes to thank the Portfolio Committee on Economic Development for holding these public hearings and being open to submission from Civil Society.

ELA-CT shares many concerns about the proposed merger that are held by the broad Labour movement in South Africa. The proposed merger is of deeper concern, when one considers the global experience of communities, workers, suppliers and organised labour, with regard to the business model and operations of Walmart.

Our key concerns fall into two main categories: first, we note our concerns specifically with the supplier fund. Our second range of concerns relates to Walmart's experiences internationally, and the likelihood that these problematic practices would translate into negative social, economic and environmental consequences for South Africa. We append our key concerns below:

## A. CONCERNS WITH THE SUPPLIER FUND

If Walmart were not seriously putting R100 million on the table as a supplier support programme, one would assume that this is a joke. Given that Massmart's turnover is in the order of R39.8 billion (financial year 2008), the amount promised to support local suppliers is but a drop in the ocean.

The current conditions put into place by the Competitions Board make no provision for local content, and certainly no commitment by Walmart into the future. The token amount of R100 million is meaningless, unless further terms and conditions are attached, such as specific local supply ratios, by percentage of turnover; agreeing to ensure a "hands off" approach to the books of suppliers (which Walmart have been know to do); and to ensure that contracts are not onerous on suppliers.

## B. CONCERNS WITH WALMART'S INTERNATIONAL EXPERIENCE

Walmart is noticeably absent from on list of most ethical companies, and there is ample evidence suggesting that Walmart's practices are problematic in terms of:

- 1. employment issues:** loss of jobs, lower wages, discrimination, poor labour relations
- 2. local development:** poverty, higher prices and impacts on other businesses
- 3. impacts of globalisation:** problematic supplier relations and increased outsourcing
- 4. the environment:** greenwashing, supporting anti-green politicians, toxic toys, supporting whale slaughter, water impacts, climate change

We are concerned that these patterns found with Walmart globally will translate into greater problems in South Africa.

### 1. Employment Issues

One of the most significant concerns over the merger is based on Walmart's relationship with its employees. Given this, we believe there is a strong likelihood of loss of jobs and lower wages for workers, and potential for discrimination.

#### *Loss of Jobs*

The best evidence on overall changes in local employment resulting from a new Walmart is found in the work of University of Missouri economist Emek Basker. Basker studied county-level employment effects of Walmarts over the period 1977-1998. She found that a Walmart store opening reduces county-level retail employment by about 150 workers for every 100 jobs created, implying that each Walmart worker replaces approximately 1.4 retail workers<sup>1</sup>. This represents a 2.7 percent reduction in

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<sup>1</sup> The Effects of Walmart on Local Labor Markets - [David Neumark](#), [Junfu Zhang](#), [Stephen Cuccarella](#) - NBER Working Paper No. 11782 Issued in November 2005 - NBER Program(s): [LS](#)

average retail employment. The payroll results indicate that Walmart store openings lead to declines in county-level retail earnings of about \$1.4 million, or 1.5 percent.<sup>2</sup>

- Ø Walmart store openings kill three local jobs for every two they create by reducing retail employment by an average of 2.7 percent in every county they enter.<sup>3</sup>
- Ø Walmart's entry into a new market does not increase overall retail activity or employment opportunities.<sup>4</sup> Research from Chicago shows retail employment did not increase in Walmart's zip code, and fell significantly in those adjacent.
- Ø Walmart's entry into a new market has a strongly negative effect on existing retailers.<sup>5</sup> Supermarkets and discount variety stores are the most adversely affected sectors, suffering sales declines of 10 to 40% after Walmart moves in.<sup>6</sup>
- Ø Stores near a new Walmart are at increased risk of going out of business. After a single Walmart opened in Chicago in September 2006, 82 of the 306 small businesses in the surrounding neighborhood had gone out of business by March 2008.<sup>7</sup>
- Ø The value of Walmart to the economy will likely be less than the value of the jobs and businesses it replaces. A study estimating the future impact of Walmart on the grocery industry in California found that, "the full economic impact of those lost wages and benefits throughout southern California could approach \$2.8 billion per year."<sup>8</sup>
- Ø Chain stores, like Walmart send most of their revenues out of the community, while local businesses keep more consumer dollars in the local economy: for every \$100 spent in locally owned businesses, \$68 stayed in the local economy while chain stores only left \$43 to recirculate locally with associated losses in local multiplier effects.<sup>9</sup>

### *Lower Wages*

Even Walmart's full time retail wage normally puts the earner below the federal poverty line, especially as full time work is defined by Walmart as 28 hours per week or more

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<sup>2</sup> Ibid

<sup>3</sup> Neumark, David, Junfu Zhang, and Stephen Ciccarella, January 2007. "The Effects of Walmart on Local Labor Markets." Institute for the Study of Labor Discussion Paper #2545, University of Bonn.

<sup>4</sup> Julie Davis, David Merriman, Lucia Samyoa, Brian Flanagan, Ron Baiman, and Joe Persky. "The Impact of an Urban Walmart Store on Area Businesses: An Evaluation of One Chicago Neighborhood's Experience." Center for Urban Research and Learning, Loyola University Chicago. December 2009. [http://luc.edu/curl/pdfs/Media/WalmartReport21010\\_01\\_11.pdf](http://luc.edu/curl/pdfs/Media/WalmartReport21010_01_11.pdf); David Neumark, Junfu Zhang, and Stephen Ciccarella. "The Effect of Walmart on Local Labor Markets." IZA Discussion Paper No. 2545 (January 2007). <http://ftp.iza.org/dp2545.pdf>

<sup>5</sup> Srikanth Parachuri, Joel A.C. Baum, and David Potere. "The Walmart Effect: Wave of Destruction or Creative Destruction?" *Economic Geography* 85.2 (2009): 209-236.

<sup>6</sup> Kenneth E. Stone, Georgeanne Artz, and Albery Myles. "The Economic Impact of Walmart Supercenters on Existing Businesses in Mississippi." Mississippi University Extension Service. 2002. [http://Wal-Mart.3cdn.net/6e5ad841f247a909d7\\_bcm6b9fdo.pdf](http://Wal-Mart.3cdn.net/6e5ad841f247a909d7_bcm6b9fdo.pdf) ;

<sup>7</sup> Davis et al, id

<sup>8</sup> Martin Boarnet, and Randall Crane. "The Impact of Big Box Grocers on Southern California: Jobs, Wages, and Municipal Finances." Orange County Business Council. September 2009.

<sup>9</sup> Civic Economics. "The Andersonville Study of Retail Economics." October 2004. <http://www.andersonvillestudy.com/AndersonvilleSummary.pdf>

In 2003, Californian suburb Contra Costa County managed to overturn proposals for a new Walmart supercenter. Part of the evidence that went towards this decision was a study done by the San Diego County Taxpayers Association, 'a nonprofit, nonpartisan organization.' It found that an influx of such stores would cause an annual decline in wages and benefits between \$105 million and \$221 million<sup>10</sup>

In 2005, an economist from the National Bureau of Economic Research found that the average Walmart store **reduces earnings per person by 5 percent** in the county in which it operates<sup>11</sup>

### *Racial and gender discrimination*

Walmart appears not to object to racial and gender discrimination practice in its stores, and this accounts for a considerable proportion of the many lawsuits brought against the company. A famous racial suit concerned the firing of a white woman who had a black boyfriend. The company is suspected of institutional racism. According to Bill Quinn Walmart never develops its stores in predominantly minority areas.

Also in 2001, six women sued Walmart in California claiming the company discriminated against women by systematically denying them promotions and paying them less than men. The lawsuit, *Dukes v. Walmart*, has expanded to include more than 1.6 million current and former female employees, and was certified on June 21 2004 as the largest class action lawsuit ever.<sup>12</sup>

Younger Walmart associates are treated just as poorly as their female colleagues: an internal Walmart audit found “extensive violations of child labor laws and state regulations requiring time for breaks and meals” as well as instances of minors working too late, during school hours, or for too many hours in a day<sup>13</sup> It is not surprising, then, that Walmart was fined \$205,650 for 1,436 violations of Maine’s child labor laws in 2000<sup>14</sup>.

### *Labour Relations*

Walmart is highly suspicious of labour unions. To avoid formation of unions, Walmart has created separate departments to make co-operation between workers more difficult. It also has a comprehensive management campaign of fear, intimidation, and firing. Moreover, company officials have taken individual workers behind closed doors where teams of managers attempt to force workers to accept Walmart's anti-union position. According to Union Network International Walmart has a 'Labor Team', which is sent into stores to prevent employee elections. According to a company guidebook for supervisors:

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<sup>10</sup> Corporate Watch UK

<sup>11</sup> [David Neumark, “The Effects of Walmart on Local Labor Markets,” 2005].

<sup>12</sup> Mondaq Business Briefing, November 1, 2004.

<sup>13</sup> *New York Times*, January 13, 2004

<sup>14</sup> Bureau of Business Practice News

*Walmart is anti unionization. You, as a manager, are expected to support the company's position. ...This may mean walking a tightrope between legitimate campaigning and improper conduct.*<sup>15</sup>

According to some reports, Walmart will not hire workers who have ever belonged to a union, and fires workers who score too high on a 'union probability index'.<sup>16</sup>

## **2. Local Development**

Walmart's economic footprint – as noted above, there are serious impacts on jobs, but the negative local economic impact is even wider than this. Although Walmart has overcome the challenge of fitting its stores into urban environments, these smaller stores continue to bring negative overall economic impacts on the communities where they are located. The retail giant is undertaking a major public relations campaign; however, the corporation has made only minor concessions and their promises about job creation and tax revenues are not realized. (based on papers produced between 2002 and 2010)<sup>17</sup>

Evidence indicates that the entry of Walmart may have been harmful to Nebraska's county's economic growth for the period 1979 to 2002.<sup>18</sup>

Further, Walmart stores destroy civic capacity in the communities in which they locate by driving out local entrepreneurs and community leaders.<sup>19</sup>

### *Increasing Poverty*

After carefully and comprehensively accounting for other local determinants of poverty, we find that the presence of Walmart unequivocally raised family poverty rates in US counties during the 1990s relative to places that had no such stores. This was true not only as a consequence of existing stores in a county in 1987, but it was also an independent outcome of the location of new stores between 1987 and 1998.<sup>20</sup>

### *Higher Prices*

Paradoxically, Walmart's pricing pressure on suppliers might actually lead to higher prices paid by consumers overall, because of a phenomenon called the "waterbed effect".<sup>21,22</sup> Briefly, the "waterbed

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<sup>15</sup> <http://www.indyweek.com/durham/2002-05-08/news.html>

<sup>16</sup> <http://www.indyweek.com/durham/2002-05-08/news.html>

<sup>17</sup> Walmart's Economic Footprint: A literature review prepared by Hunter College Center for Community Planning & Development and New York City Public Advocate Bill de Blasio

<sup>18</sup> The Effect of Walmart on the Economic Growth of Nebraska Counties Gibson Nene University of Nebraska - Lincoln

<sup>19</sup> Walmart and County-Wide Poverty - October 18, 2004 - AERS STAFF PAPER No. 371

Stephan J. Goetz and Hema Swaminathan - Department of Agricultural Economics and Rural Sociology

<sup>20</sup> Walmart and County-Wide Poverty - October 18, 2004 - AERS STAFF PAPER No. 371 Stephan J. Goetz and Hema Swaminathan - Department of Agricultural Economics and Rural Sociology

<sup>21</sup> Dobson, Paul, and Roman Inderst, "The Waterbed Effect: Where Buying and Selling Power Come Together," Wisconsin Law Review, Vol. 2008 No. 2, 2008.

<sup>22</sup> Inderst, Roman, and Tommaso M. Valletti, "Buyer Power and the "Waterbed Effect"," Center for Economic and International Studies Tor Vergata, Research Paper Series, Vol. 6, Issue 1, No. 107, January 2008, accessed at <http://ideas.repec.org/p/rtv/ceisrp/107.html>

effect” works as follows: suppose a large retailer and several smaller retailers have several suppliers in common, and that the large retailer negotiates favorable prices for itself from these suppliers, while the smaller retailers lack the capacity to do so. The suppliers will then have the incentive to raise prices charged to the smaller retailers to make up for the lost profits from sales to the large retailer. If the small retailers pass these increased costs on to consumers, then consumers overall may experience an increase in prices even if the large retailer passes its savings on to consumers.

### **3. Globalisation and Problematic Supplier Relations**

ELA CT is particularly concerned about the type of relationship Walmart traditionally has with suppliers. It appears to be an intrusive and unfair one.

For example, It also is not unheard of for Walmart to demand to examine the private financial records of a supplier, and to insist that its margins are too high and must be cut. And the smaller the supplier, one academic study shows, the greater the likelihood that it will be forced into damaging concessions.<sup>23</sup>

Carolina Mills, a 75-year-old North Carolina company that supplies thread, yarn, and textile finishing to apparel makers--half of which supply Walmart- grew steadily until 2000. But in the past three years, as its customers have gone either overseas or out of business, it has shrunk from 17 factories to 7, and from 2,600 employees to 1,200. Customers have begun to face imported clothing sold so cheaply to Walmart that they could not compete even if they paid their workers nothing. Its owner is quoted as saying “You can't buy anything if you're not employed. We are shopping ourselves out of jobs.”<sup>24</sup>

A person in the umbrella business learned that Walmart pressurises suppliers beyond survival. One year, because of costs, he went to Walmart and asked for a 5% price increase. "Walmart said, 'We were expecting a 5% decrease. We're off by 10%. Go back and sharpen your pencil.' " The umbrella man scrimped and came back with a 2% increase. "They said, 'We'll go with a Chinese manufacturer'--and he was out entirely."<sup>25</sup>

According to Charlie Kernaghan of the US National Labor Committee, 'In country after country, factories that produce for Walmart are the worst.' Moreover, Walmart's presence 'is actually lowering standards in China, slashing wages and benefits, imposing long mandatory overtime shifts, and tolerating the arbitrary firing of workers who even dare to discuss factory conditions.'<sup>16</sup>

*A report on Pricewaterhouse's monitoring of a factory in China making Walmart products claimed that auditors missed serious problems, including the use of dangerous chemicals, management denial of collective bargaining, and violations of overtime laws.*

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<sup>23</sup> The Walmart you don't know – Fishman – Fast Company

<sup>24</sup> The Walmart you don't know – Fishman – Fast Company

<sup>25</sup> The Walmart you don't know – Fishman – Fast Company

*One auditor was said to have noted that he needn't ask about freedom of association, because 'there is no union in this factory'*<sup>26</sup>

Walmart has been notorious for a long time in the US as a bad employer at home and abroad. Walmart's vendor contracting record is especially troubling given its position as the largest retailer in the world. As a market leader, Walmart wields tremendous influence over its industry. The so-called Walmart human rights screening of contractors, its Code of Conduct and its implementation, do not seem to offer effective protection from human rights abuses. In July 2000, Walmart Canada was caught buying products from the military dictatorship of Burma (Myanmar). Walmart is attracted to sweatshop vendors.<sup>27</sup>

#### **4. Environmental Problems:**

##### *Greenwashing*

The Cornucopia Institute discovered that Walmart was labelling non-organic food as organic, misleading consumers in the process.<sup>28</sup> Walmart seeks to drive down the price of organic food in the marketplace by inventing a “new” organic—food from corporate agribusiness, factory-farms, and cheap imports of questionable quality from countries like China. Consumers choose organics because they are hungry for wholesome food produced with more meaning using environmentally sound agricultural practices—and representing economic-justice for family farmers. The vast majority of all organic farmers and food marketers operate with high organic integrity. Walmart’s interest in cashing in on organic’s stellar reputation—on the cheap—places ethical retailers, their suppliers, and organic farmers at a competitive disadvantage.<sup>29</sup>

##### *Supporting anti-green politicians*

Friends of the Earth and Corporate Ethics International released a report detailing Walmart’s political campaign spending. The report found that despite preaching lofty environmentally-friendly goals, Walmart continues to support political candidates who oppose environmental protection.<sup>30</sup>

##### *Toxic Toys*

Walmart has committed to phasing out PVC plastic in packaging and some products and last year announced plans to restrict some of the most toxic chemicals from their products. However, according

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<sup>26</sup> Corporate Watch UK

<sup>27</sup> Corporate Watch UK

<sup>28</sup> Id.

<sup>29</sup> Walmart’s Sustainability Initiative: A Community Critique

<sup>30</sup> “Walmart’s Political Contributions to Anti-Environment Candidates.” Corporate Ethics International and Friends of the Earth, January 2007. Online at: <http://www.foe.org/new/releases/january2007/REPORT%20WALMARTS%20POLITICAL%20CONTRIBUTIONS%20TO%20ANTIENVIRONMENT%20CANDIDATES%201%2022%2007.pdf>.

to the Center for Health, Environment and Justice, the company has not committed to eliminating toys made with phthalates and PVC plastic, despite the availability of safer alternatives.<sup>31</sup>

### *Water Pollution*

The sheer size of these giant stores and parking areas cause problems from increased traffic congestion to water pollution. Walmart supercenter stores span several acres, and the parking lots can be three times the size of the stores bringing the total footprint to more than 18 acres. Large parking lots contribute directly to non-point source water pollution, which is the leading cause of water pollution in the U.S. Each acre of impermeable parking surface produces runoff of 25,000 gallons of water during a 1 inch storm. By contrast, a one-acre undeveloped site only has runoff of 2,700 gallons during the same storm. Runoff from impermeable surfaces leads to erosion, flooding, and the flow of pollutants like oil, chemicals, bacteria and heavy metals into waterways.

In addition, Walmart has been the target of various government actions to enforce the Clean Water Act. Since 2001, Walmart has paid settlement costs and civil penalties totaling more than \$8 million resulting from federal Environmental Protection Agency storm water cases. This includes Walmart's payment of \$3.1 million in 2004 to settle Clean Water Act cases in 9 states.

The violations primarily involved pollution that flowed into storm drains on Walmart properties from construction work, improperly stored or handled fertilizer, pesticides, waste oils and other potentially hazardous products. Advertisement "There is a pattern of national disregard by Walmart in this area," said state Attorney General Richard Blumenthal.<sup>32</sup>

### *Supporting whale slaughter*

In 2002, Walmart purchased a 37% stake in Seiyu, Ltd., one of Japan's leading supermarket chains. Seiyu, Ltd. is a major distributor of whale, dolphin and porpoise (cetacean) products. Walmart and Seiyu are intimately connected through corporate governance. Five of Walmart's key executives sit on the Seiyu Board of Directors, including the President and Executive Vice President of Walmart's International Division.

Seiyu Ltd is one of the companies currently under international pressure from groups such as Greenpeace and the Environmental Investigation Agency to stop selling cetacean meat in their stores. The animals are killed barbarically and often illegally. The Japanese government has an alleged 'scientific whaling' policy; however, almost all the carcasses from this so-called research miraculously end up on supermarket shelves.

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<sup>31</sup> Walmart's Sustainability Initiative: A Community Critique

<sup>32</sup> [http://www.nhregister.com/site/news.cfm?newsid=15040280&BRD=1281&PAG=461&dept\\_id=517515&rfti=6](http://www.nhregister.com/site/news.cfm?newsid=15040280&BRD=1281&PAG=461&dept_id=517515&rfti=6)

### *Climate Change*

The company wants to cut what it says are the 20 million tons of greenhouse gases produced annually by its own operations around the globe. So far, so good. But what Walmart fails to remind the public is that it acknowledged in 2006 that the company's supply chain (the whole system of production and transport for the goods sold in Walmart) creates 220 million ton of greenhouse gases every year. That's more than 40 times the emissions the firm says it would like to eliminate.<sup>33</sup>

### Appendix A<sup>34</sup>

#### Walmart's History of Environmental Violations

##### **Connecticut Sues Walmart for Environmental Violations**

In May 2000, Connecticut Attorney General Richard Blumenthal announced a lawsuit against Walmart for environmental violations at eleven stores in Connecticut.<sup>119</sup> Multiple inspections by the Connecticut Department of Environmental Protection found that Walmart was illegally discharging storm water without a permit, had failed to develop a required storm water management plan, failed to provide necessary employee training, and failed to maintain water detention basins. The state would later amend the lawsuit to include additional violations – it was found that the retailer was operating without the appropriate permits needed for wastewater and vehicle maintenance activities, in addition to discharged wastewater from several dumpsters and garden centers. The number of stores in violation also doubled to 22.

In August 2005, the Connecticut Department of Environmental Protection and Attorney General's Office entered into a \$1.15 million settlement with Walmart for the above violations. Of the settlement, Attorney General Blumenthal said; "Walmart's environmental record here seems as low as its prices – proven violations at 22 stores in Connecticut. Big as it is, Walmart failed to get it right... We're holding Walmart accountable for systemic, repeated violations across the state."

##### **U.S. Justice Department and EPA Reach Settlement with Walmart**

In June 2001, the U.S. Justice Department and U.S. Environmental Protection Agency reached a settlement with Walmart to resolve claims that the retailer violated the Clean Water Act at 17 stores in Massachusetts, Oklahoma, Texas, and New Mexico.<sup>124</sup> It settled the first federal enforcement action against a company for multi-state violations of the Clean Water Act's storm water provisions in history. The settlement required Walmart to establish a \$4.5 million environmental management plan, and also included a \$1 million civil penalty. U.S. officials had alleged that Walmart and 10 of its contractors failed to comply with storm water regulations and illegally discharged pollution from several

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<sup>33</sup> Walmart's Sustainability Initiative: A Civil Society Critique

<sup>34</sup> Extract from "It's not easy being green" – Walmart watch - 2007

construction sites. In 1998, the EPA identified runoff and storm sewers as leading causes of impaired water quality in the United States.

In May 2004, Walmart settled a second federal lawsuit revolving around similar storm water violations. The \$3.1 million settlement involved 24 stores in nine states and was the largest of its type in history.

Despite the previous settlement in 2001, follow-up inspections at 24 stores revealed that violations continued, including discharges of sediment into sensitive waterways, failure to install and/or maintain sediment and erosion control devices, and failure to develop and/or implement a storm water pollution prevention plan.

### **Walmart Under Investigation for Illegally Transporting Hazardous Waste**

Environmental violations are clearly ongoing; Walmart is currently the target of criminal, civil and administrative investigations for possible violations of state and federal environmental and transportation laws. Walmart policy is to ship all unsold or returned products to return centers, where products are then sorted out for disposal, and often this involves transporting those products across state lines. The retailer is under investigation for ignoring laws designed to protect the public and the environment from hazardous chemicals that are potentially dangerous if not handled and disposed of correctly.

To this point, it is believed that Walmart has used uncertified trucks to transport potentially hazardous waste originating in California to a return center in Las Vegas, Nevada. This transportation could potentially violate state law in Nevada and California, in addition to federal statutes:

1. **California State law** – California requires companies to pay fees for hazardous waste disposal and use designated hazardous materials trucks to transport it. The California Attorney General's Office as well as the Los Angeles County State's Attorney have begun investigations to determine if Walmart has avoided paying disposal fees and unlawfully used its own trucks to transport hazardous waste.
2. **Nevada State law** – Under Nevada law, the Las Vegas Walmart return center is only legally permitted to accept waste originating within Nevada's boundaries. The Nevada Attorney General is currently investigating whether Walmart violated this law by transporting potentially hazardous waste from California across the border into Nevada to dispose of at the Las Vegas return center.
3. **Federal violations** – The U.S. Attorney for the Central and Northern District of California has notified the company of pending investigations into possible violations of several federal statutes. These include the Resource Conservation and Recovery Act, the Hazardous Materials Transportation Act, and The Clean Water Act.

### **California Orders Walmart to Pay Pesticide Fines**

Earlier this year, the California Department of Pesticide Regulation (“DPR”) informed Walmart it must pay more than \$1.2 million in fines and fees related to pesticide sales. In 2005, the DPR announced a preliminary investigation of Walmart, and found unlicensed pesticide products and unpaid mill fees. The mill fees are an environmental fee – a 2.1 cent-per-dollar assessment on the first sale of pesticides in the state – that supports pesticide enforcement, health and safety, and other DPR environmental programs. According to the California DPR, Walmart refused to pay mill fees on more than \$57 million in pesticide sales.

### **Settlement Resolves Ozone-Depletion Violations of the Clean Air Act**

In January 2004, the Justice Department and the EPA announced a settlement with Walmart Stores and Sam’s Club for violations of the Clean Air Act. Walmart agreed to pay \$400,000 in civil penalties for selling refrigerants that contained ozone-depleting substances at Sam’s club stores in eleven states. It was alleged that Sam’s Club stores were selling the refrigerants to customers not certified to use or handle such refrigerants.

### **Storm Water Violations in Puerto Rico**

Walmart was recently fined \$24,000 in penalties for not preventing rain water from washing sediment and pollution into waterways at a construction site in Caguas, Puerto Rico. Walmart once again violated the Clean Water Act by failing to obtain the appropriate permits, failing to develop a plan to control storm water pollution, and failing to prepare and maintain inspection records. As part of the settlement agreement, Walmart also must provide at least \$98,000 for the preservation of land in a threatened region of the San Juan Bay Estuary Watershed, to be maintained as an environmentally protected area.

### **Illinois Fines Walmart for Environmental Violations**

Illinois Attorney General Lisa Madigan and the Illinois Environmental Protection Agency announced in February 2006 civil penalties of \$75,000 against the retailer for violations during the construction of a supercenter in Antioch, IL. Walmart’s erosion control measures were incapable of containing storm water on the construction site, resulting in overflow that eventually ended in neighboring wetlands and East Loon Lake, both of which are part of the Fox River watershed. It was also alleged that additional water pollution hazards had been created by dirt and silt running into the wetlands from clay building materials, and that Walmart failed to provide the IEPA with reports required under the terms of the National Pollution Discharge Elimination System storm water permit granted prior to construction beginning.

### **Georgia Fines Walmart for Contaminating Atlanta Water**

In 2004, the Environmental Protection Division of the Georgia Department of Natural Resources fined Walmart for failing to implement required erosion, sedimentation and pollution control plans. Walmart

was found to have violated the Georgia Water Quality Control Act (including Surface Water Allocation) and was fined \$160,000.

Issues with Walmart and water quality stretch back nearly a decade. In 1998, the Pennsylvania Department of Environmental Protection levied \$100,000 in civil penalties against the company for violating erosion and sedimentation regulations and practices as well as wetlands violations in Wayne County, Pennsylvania. As a result of the Wayne County violations, three separate stop-work orders were issued at the construction site, and a hold was placed on all new permits for Walmart construction sites throughout the Commonwealth of Pennsylvania.

### **Storage Tank Violations in Florida**

In 2004, Florida fined Walmart \$765,000 for violating petroleum storage tank laws at its auto service centers. In 2003, the Florida Department of Environmental Protection began investigating all of Walmart's petroleum storage tanks within the state for possible violations. Beginning in 1998, owners of land with above-ground storage tanks were required to register with state environmental inspectors and prove they have the financial resources to clean up any spills or leaks that might occur.

According to the Walmart consent order, the retailer failed to register its above-ground fuel tanks with the state and didn't install devices that prevent overflows, among other problems. Walmart also did not perform monthly monitoring, lacked current technologies to prevent overflows, blocked state inspectors from reviewing maintenance records, and failed to submit proper insurance documentation.