

Building on Quicksand

The Global Compact, democratic governance and Nestlé

Judith Richter

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IBFAN-GIFA

INTERNATIONAL BABY FOOD ACTION NETWORK
GENEVA INFANT FEEDING ASSOCIATION

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BERNE DECLARATION

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Founded more than 30 years ago, CETIM (Europe-Third World Centre) is an association that primarily acts as a centre of research and publication. It has Category I (general) consultative status with the UN's Economic and Social Council (ECOSOC). Its motto and assessment is :

*"There is no such thing as a developed and an under-developed world.
There is only a single, mal-developed world."*

International Baby Food Action Network (IBFAN) and Geneva Infant Feeding Association (GIFA)

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IBFAN was founded in 1979, after the Joint WHO/UNICEF Meeting on Infant and Young Child Feeding. The Network has grown to more than 200 member groups in over 100 countries. The Geneva Infant Feeding Association (GIFA) was also founded in 1979 to work in Geneva, Switzerland, and worldwide to protect, promote and support breastfeeding against the harmful marketing practices of the baby food industry. GIFA hosts the European Regional Coordinating Office of the International Baby Food Action Network (IBFAN).

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The Berne Declaration, a Swiss NGO founded in 1968, promotes more equitable, sustainable and democratic North-South relationships through research, public education and advocacy work. It monitors the role of Swiss corporations, banks and government agencies. It aims to address problems of unequal international trade and financial relationships, unsustainable consumption patterns and cultural prejudices and calls upon all Swiss actors – the private sector and the state, citizens and consumers – to assume their responsibilities in resolving them.

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Forewords

Transnational corporations (TNCs) have increased their presence and influence within the United Nations – a system, it should be stressed, of nation states – tremendously in recent years. After a lengthy period of hesitation and even criticism of the UN, the largest of these corporations – invariably those with worldwide ambitions and reach – persuaded themselves little by little that it was in their interest to work with the UN.

This corporate offensive was aided and abetted by many high-ranking UN officials. For instance, the previous UN Secretary General, Boutros Boutros Ghali, regarded TNCs as “privileged development partners”.

The more recalcitrant states and UN officials were more or less brought to heel – either brow beaten into silence or relegated to obscure posts. The budgetary blackmail repeatedly brought to bear on the UN by the United States, which regularly withheld its UN contributions, had an effect as well. “Budgetary crisis” became a watchword within the UN, justifying internal restructuring and the search for new sources of income. The TNCs turned up just at the right time, letting the UN know that they could be of assistance – subject to certain conditions.

This UN-TNC “marriage” quickly became the order of the day. The mainstream media presented globalization as inevitable and proclaimed the end of an era: all political will and initiative directed anywhere else besides furthering neo-liberal globalization became something of the past, while almost every politician fell into line. “Market forces” reigned supreme. Governments and public policymakers seemed powerless. In the face of such forces, the only way forward seemed to be to add to the momentum and “liberate market forces” still further.

CETIM has vehemently criticized this trend and accompanying mind-set. It has been unflinching in its denunciation of the UN’s “dialogue-with-civil-society” as a facade to promote its inappropriate and unbecoming partnership with the corporate sector. It has argued that “grassroots” civil society movements and associations representing the vast majority of those experiencing the negative effects of neo-liberal globalization must not be confused with “the-powers-that-be” civil society institutions, such as TNCs and their boards of directors or the International Chamber of Commerce. The latter, in the pursuit of maximum profits, want to commodify everything and impose their will upon the world by any and all means, availing themselves of the enormous power they wield – power than can nonetheless be resisted.

Even before the Global Compact’s official christening by UN Secretary-General Kofi Annan – who incidentally was acting without any legitimate mandate from the UN when he proposed the arrangement – CETIM denounced the Global Compact not only as a fraud and a sham, but also as a subversion of law and democracy. The liberation of market forces and the strengthening of democracy are *not* mutually supportive and complementary. They are mutually contradictory and destructive. The role of the UN is *not* to distribute medals to TNCs that make vague promises that they will not violate certain provisions of international law. The role of the UN is *not* to offer

corporations norms and standards “à la carte” – norms and standards already apply them. The UN’s task is to denounce those governments that have been too accommodating towards TNCs, to help governments to check the excessive activities of TNCs, to sanction them if needs be, and to reinforce or create the international instruments necessary to attain these goals.

It is up to civil society – *grassroots* civil society – to mobilize and to pressure governments and the UN so that these principles of law and of democracy are put into practice.

Driven by these convictions, we have supported to the best of our ability the publication of Judith Richter’s research on the Global Compact that is presented in this publication.

Centre Europe - Tiers-Monde
Europe - Third World Centre



From the moment that the UN’s Global Compact was launched in 1999, public interest NGOs have feared that the initiative might weaken rather than strengthen UN and NGO efforts to hold corporations accountable to the public for their practices. The International Baby Food Action Network (IBFAN) is one of these NGOs.

The Network was gravely worried that its work over more than 20 years to protect and promote infants’ health, especially by pressing for enforceable national regulation of the marketing of breastmilk substitutes, as required by the 1981 International Code, might be undermined by this high-level interaction between the UN and the private commercial sector.

Their fears were heightened when the Global Compact Office allowed known violators of some of the arrangement’s nine human rights, labour and environment principles to become Compact “partners”. IBFAN attempted to stop some manufacturers of breastmilk substitutes from being admitted to the arrangement because of their violations. The Network provided the Global Compact Office with evidence of how these companies, Nestlé in particular, continued to breach the International Code of Marketing of Breast-milk Substitutes, thereby harming the health and well-being of millions of infants the world over. IBFAN tried to ensure that the Global Compact Office was well informed about prospective partner companies and did not provide them with an opportunity to “bluewash” their possibly tarnished images and improve their reputations by association with the United Nations.

In recent years, any hope we might have had that our concerns were being carefully thought about and acted upon accordingly began to fade. It died completely when we learned in October 2002 that Nestlé had been admitted into Global Compact despite our evidence and that of other NGOs working in other critical areas of corporate

accountability. Not only were our concerns dismissed as stemming from just “a single issue”, thus implying that all the babies who have become sick or died because of the unethical marketing of breastmilk substitutes are unimportant. The Global Compact office also seems to have created a divide within the NGO community by claiming that groups such as ours misunderstand the nature of this innovative arrangement and thus are counterproductive in our criticisms.

Given this history, we feel that the time has come to present our case publicly and clearly to the NGO community, policymakers and the wider public so that they can form their own opinion and, we hope, support our vision of what constitutes democratic governance: that which ensures the accountability of the world’s major economic players – transnational corporations – to the peoples of the world.



IBFAN-GIFA

**INTERNATIONAL BABY FOOD ACTION NETWORK
GENEVA INFANT FEEDING ASSOCIATION**

Nestlé, the baby killer?” was one of the first campaigns the Berne Declaration became involved in back in the 1970s. Its aim was to bring to public attention the problems caused by the “Swiss” transnational’s aggressive marketing of breastmilk substitutes. Numerous examples documented by the International Baby Food Action Network (IBFAN) since then reveal that some of Nestlé’s business practices have not improved sufficiently in the past two decades. Moreover, baby food is not the only sector in which Nestlé has been accused of malpractice. Its practices in bottling and marketing water are now drawing critical public attention. Nevertheless, Nestlé tries to present itself as a model corporation. After all, it has signed up to the Global Compact, an arrangement between the United Nations and corporations ostensibly intended to improve corporate behaviour.

UN Secretary-General Kofi Annan proposed the Global Compact at the 1999 World Economic Forum, a gathering of business leaders held each year in the Swiss mountain town of Davos. Since the year 2000, the Berne Declaration has been organising an annual conference of its own: the “Public Eye on Davos”. These conferences aim to draw public attention to the dubious social and environmental records of transnational companies and to provide a critical analysis of corporate-driven globalization.

The “Public Eye on Davos” conferences have now exposed several cases of corporate malpractice. In January 2003, we invited the Chief Executive Officers (CEOs) of two Global Compact corporate members, John Browne of oil company BP and Phil Knight of sports company Nike, to discuss with workers and representatives of several local communities in which the companies operated and who were complaining of human rights violations. Both CEOs declined our invitation.

This unwillingness to participate in genuine dialogue would be less of a problem if workers and communities who feel their human rights are being violated by corporations had an international legal mechanism that they could use to complain about corporate behaviour and to seek redress. But so far, neither the UN nor its member states have been able or willing to establish and implement the necessary legal and administrative framework to ensure that human, social and environmental rights are respected by transnational corporations wherever they operate in the world.

The Global Compact does not solve these problems – and may even be exacerbating them. As members of civil society and defenders of human rights and democracy, we feel that it is important to draw attention to these issues, which Judith Richter does in this publication. She goes further, however, and points out the risks that the Global Compact poses to democratic decision making. We hope that her excellent analysis will be widely read and taken to heart.

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BERNE DECLARATION

Introduction

Birth of the Global Compact

“Strengthening the partnership between the United Nations and the private sector will be one of the priorities of my term as Secretary-General.”

UN Secretary-General Kofi Annan
Address to the World Economic Forum
1997

In 1999 at the World Economic Forum in Davos,¹ UN Secretary-General Kofi Annan proposed that business and the United Nations should “initiate a global compact of shared values and principles, which will give a human face to the global market.” (UN 1999) He suggested that companies embrace and enact nine universally accepted principles in the areas of human and labour rights and the environment (*see* Box 1 for details).

In his speech to corporate leaders at Davos, the UN Secretary-General stressed the fragility of ‘globalisation’. He explained that one reason why he had chosen the areas of human rights, labour standards and environmental practices was “because they are the ones where I fear that, if we do not act, there may be a threat to the open global market, and especially to the multilateral trade regime.” In January 1999 – the year that concluded with the historic WTO ministerial conference held in Seattle, USA – Annan drew corporate leaders’ attention to what he called the “enormous pressure from various interest groups to load the trade regime and investment agreement with restrictions aimed at reaching adequate standards in [the] three areas I have just mentioned.” (ibid) He said that it was legitimate for interest groups to raise the issue of social and environmental standards, but implied that the WTO was the wrong arena in which to address these concerns because they could introduce potential impediments to trade and investment flows.²

Annan suggested that there were two ways in which companies could help “promote these standards by other means.” The first was that they could “encourage States” to give United Nations agencies “the resources and authority” to promote peace and address labour, human rights and environmental concerns. The second was that companies could promote these values directly by implementing the nine core values into their own practices and spheres of influence. In return, the UN would “help make the case for and maintain an environment which favours trade and open markets.” (UN 1999)

The case that Annan presented was persuasive enough for some of the world’s most influential corporate leaders. In July 1999, the Global Compact was announced officially in a joint statement made by the UN Secretary-General and the President of the International Chamber of Commerce, Adnan Kassar. (UN/ICC 1999) In July 2000, it was declared operational and was officially launched once again at a high-level

event at UN headquarters in New York. (UN 2001: 2) Two months earlier, Kassar had issued the ICC's prime condition for support of the Compact: "There must be no suggestion of hedging the Global Compact with formal prescriptive rules. We would resist any tendency for this to happen." (ICC 2000) The ICC had also specified that the UN's September 2000 Millennium Assembly should "ensure that the United Nations takes the lead in supporting a rules-based open system of international trade and investment while opposing all forms of protectionism." (quoted in New 2000)

Critical questions

"The most powerful influences on corporate behaviour are external – government regulation, consumer pressure and civil society [and labour] activism. But the corporations argue that the best way ahead is less confrontational. Rather than having stronger regulations to contend with, they prefer to engage in corporate self-regulation or voluntary initiatives. And instead of waiting for NGOs and others to criticise them, they want to enter into partnerships."

UNRISD

Visible Hands – Taking Responsibility for Social Development
2000³

Over the past four years, a number of United Nations agencies, trade unions, non-governmental organisations and academic institutions have joined what the author of a

The Global Compact's Nine Principles

At the World Economic Forum, Davos, on 31 January 1999, UN Secretary-General Kofi Annan challenged world business leaders to "embrace and enact" the Global Compact, both in their individual corporate practices and by supporting appropriate public policies. These principles cover topics in **human rights**, **labour** and **environment**.

Human Rights

The Secretary-General asked world business to:

Principle 1: support and respect the protection of international human rights within their sphere of influence; and

Principle 2: make sure their own corporations are not complicit in human rights abuses.

Labour

The Secretary-General asked world business to uphold:

Principle 3: freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

The Secretary-General asked world business to:

Principle 7: support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Source: *The Global Compact: Nine Principles*; New York, UN Global Compact Office, <http://65.214.34.30/un/gc/unweb.nsf/content/thenine.htm>, accessed 22 September 2002

book commissioned by the Global Compact office describes as a “multi-stakeholder network, driven largely by the activities of its private and civil society participants.” She said that they had helped to establish the Global Compact as a “broad value framework to engage business in the work of the United Nations and to encourage corporate citizenship.” (Nelson 2002: 135)⁴ Since its official launch in 2000, the Global Compact Office has spread the initiative further by developing local, mini-Global Compacts and encouraging UN agencies and member states to catalyse or engage in public-private partnerships for development.

Yet questions about the Compact’s supposed benefits and risks, underlying rationale and about approach in practice continue to be raised.⁵ Two lines of questioning emerge from the interactions over these four years between the high-level UN Global Compact proponents and its critics:

- (1) Does the Global Compact really change corporate practices? More specifically, does it help shift corporate practices towards the better – or is it an arrangement that helps corporations continue to do business as usual while conferring on them additional protection from legally-binding regulation and public pressure?
- (2) What is the relationship between the Global Compact and global democratic governance? Does the Global Compact enhance or undermine efforts to promote democratic decision-making in a globalizing world?

Both lines of enquiry could be summarised as a single question: Does the Global Compact help to hold corporations accountable to the peoples’ of this world, or does it help corporations rule the world?

Structure of this booklet

This publication tackles these questions by means of several narratives.

Part One provides an overview of the key concerns and demands relating to the Compact that NGOs have raised. Many NGOs, particularly those focused on corporate accountability, social and environmental justice, and human rights, have asked specific questions of the Global Compact Office and high UN officials. It goes on to summarise the answers given by high-level UN Officials to these questions. A common response to critics has been that they misunderstand and even misrepresent the Global Compact. Proponents stress that the Compact is not a regulatory instrument nor a code of conduct, but a value-based platform designed to promote institutional learning. They describe the Global Compact initiative as complementary to regulatory and co-regulatory efforts - which states and NGOs may still wish to pursue. The officials appeal to critics not to undermine this novel partnership initiative. This section outlines why critics continue to evaluate the Global Compact as a co-regulatory initiative and raise questions as to whether the Global Compact undermines – rather than complements – more effective efforts to hold corporations accountable.

Part Two describes the presentation of Nestlé as a new high-level Global Compact affiliate and the presence of its Corporate Executive Officer as a keynote speaker at a major Global Compact Symposium. It summarises questions arising from this event and subsequent questions posed by NGOs to high-level UN officials about the actual mechanisms used by the Global Compact to scrutinize Global Compact partner companies. Answers to questions about the potential for restructuring the arrangement indicate that the initiative continues to rely essentially on the ‘goodwill’ and ‘enlightened self-interest’ of Nestlé and the other 1,000 or so Global Compact affiliate corporations to abide by Compact principles.

Part Three focuses on the relationship between Nestlé and the Global Compact. The extent to which the Global Compact can change corporate practices by relying on corporate goodwill is analysed by examining Nestlé’s words and deeds. To gain further insights into the relationship between the Global Compact and democracy, a spotlight is cast on the relationship between Nestlé and the UN both before and after the company became a Global Compact ‘participant.’⁶ Attention is drawn to how the Global Compact lends itself to promoting industry views, such as that business leaders are more trustworthy than their critics or that there is no need for any regulation stricter than that suggested by the Global Compact.

NGOs focusing on corporate accountability or human rights have been divided in recent years as to whether to call for a reform of the Global Compact initiative or its complete dissolution. Part Four, in conclusion, suggests which course of action might best ensure that the UN system and our governments fulfil their mandates and work in the interests of the peoples of this world.

PART ONE

NGOs and the Global Compact

“My organisation . . . worr[ies] that the rhetoric and verbal overtures to the NGO community are becoming more profuse and flowery, but our access to the United Nations is becoming more and more limited, and that simultaneous to this, the Corporate Sector are gaining more access to our international decision makers. WILPF also . . . feels [that the Global Compact] sent a very bad signal at a very crucial time. Was it tactically the right . . . move for the UN to put forth this relatively weak compact when the peoples of the world, and many governments in fact, were questioning globalisation and the antics of corporations like never before? My organisation is not alone in thinking that the UN should have taken up a stronger position because it has been under this roof that international laws and consensus agreements have been reached on wage, labour, environment and development conditions. They must not be relegated to the voluntary pile.”

Felicity Hill

Women’s International League for Peace and Freedom (WILPF)

2001⁷

First criticisms

Fundamental flaws

From its outset, the Global Compact has generated significant concerns among citizen groups promoting more socially and environmentally responsible corporate practices. Many such groups feared that the Global Compact would weaken rather than strengthen efforts to hold corporations publicly accountable and democratic decision-making during a time of neoliberal economic globalisation.

A trenchant initial critique came from CorpWatch (then known as Transnational Resource & Action Center - TRAC). “The Global Compact and its cousin partnerships at other UN agencies threaten the mission and integrity of the United Nations,” it warned in its 2000 report, *Tangled Up in Blue: Corporate Partnerships at the United Nations*. Rather than challenging corporations to behave in a more socially responsible manner, CorpWatch believed that the Compact was helping them to avoid their social responsibilities and to clean up their tarnished reputations and images, a process that could put the United Nation’s good name itself at risk. It argued that corporate influence at the UN was already substantial and that any new ‘partnership’ between the UN and the commercial sector was “leading down a slippery slope toward the partial privatisation and commercialisation of the UN system itself.” (Bruno and Karliner 2000)

The CorpWatch report pointed out four fundamental flaws of the Global Compact arrangement:

- It had no mechanisms to monitor or enforce corporate adherence to the nine core principles.
- The Global Compact Office had allowed known violators of some of these principles to become members of the Global Compact.
- It represents the wrong type of relationship between the UN and the business sector. “Clearly the UN must have interactions with corporations, as when they procure goods and services or to hold them accountable, but it should not aspire to ‘partnership’.”
- It runs the risk of image transfer. The Global Compact provides substantial opportunities for corporations to ‘bluewash’ their image by using the flag of the United Nations, thereby improving their image and reputation. (Bruno and Karliner 2000: 2)

Disentangling the UN from its business embrace

Citizen groups have made various attempts in the past few years to disentangle the high-level UN-business Global Compact ‘partnership’. Some have demanded a reform of the initiative, others its dissolution.

In January 2000, on the Global Compact’s first anniversary, an alliance of environment, human rights and social justice groups asked the UN Secretary-General to endorse a *Citizens’ Compact on the UN and Corporations*. Co-signatories to this alternative Compact pledged their “active support for a strengthening of the United Nations, financially and politically.” This Citizens’ Compact also encompassed nine principles designed to “safeguard the image, mission and credibility of the United Nations as it deals with the private sector.”⁸

The Citizens’ Compact included a demand for the UN to develop an effective legal framework governing corporate conduct.⁹ The document stated that United Nations agencies should “advise and offer assistance to corporations wishing to understand and improve their human rights and environmental behaviour,” but was categorical in insisting that “such assistance will not be considered a ‘partnership.’”^{10 11}

At a meeting of NGOs during the UN’s September 2000 Millennium Summit in New York, various groups and networks working on human rights, development and environmental issues (some of which had been involved in drafting the Citizen’s Compact) created the Alliance for a Corporate Free UN. The aim of this transnational citizen network is to “address undue corporate influence in the United Nations, and to support UN initiatives to hold corporations accountable on issues of human rights, labour rights and the environment.”

In January 2002, this Alliance asked the UN Secretary-General to “redesign the Global Compact” and to rename it the *Global Accountability Compact* to show that its aim is not only to bring corporate activities into line with universal values, but also to make the business sector effectively accountable to the public.

It suggested that the UN define the nine Global Compact principles further, redesign the arrangement to ensure that corporations abide by these principles (for instance, by opening the Compact up to public review), and demand officially of Global

Compact companies that they refrain from undermining the implementation of inter-governmental and multilateral environmental and social agreements.

The Alliance also asked the Global Compact Office to review the last 30 years of corporate activities (including the regulation of the infant food industry's marketing practices by means of the International Code of Marketing of Breastmilk Substitutes) and interactions between WHO and UNICEF and the commercial sector "to form a basis of a public evaluation of the advantages and disadvantages of the various forms of engagement with the private sector."

The Alliance requested that the UN Secretary-General clarify "that the Compact's purpose is not to advance business agenda regarding trade and investment rules."¹²

Excluding violators

Corporate accountability groups have repeatedly asked the UN to exclude from the arrangement those companies that violate the Global Compact principles.

For example, in July 2001, the Amsterdam-based Corporate Europe Observatory (CEO) asked the UN Secretary-General to "break the 'partnership' " with the International Chamber of Commerce (ICC), which had launched the operational phase of the Compact in July 2002, "before the UN's credibility suffers permanent damage." (CEO 2001: 1; 5) The ICC, one of the world's most powerful business lobby groups with over 7,000 corporate members, provided significant momentum for the Global Compact. CEO's review of ICC-UN interactions showed how the ICC had used the Compact in ways that conflict with the arrangement's ostensible core mission. For instance, the ICC continued to campaign against international treaties, such as the Basel Convention's ban on hazardous waste from richer (OECD) countries to developing and Eastern European (non-OECD) countries, even after signing up to the Global Compact. (CEO 2001: 4-5)

The CEO review illustrated how the ICC had lobbied hard to prevent the Global Compact from being binding on corporations and to keep non-business groups out of the arrangement (advocating instead that NGOs and trade unions should dialogue directly with individual corporations at the 'grassroots' level). (CEO 2001: 3)¹³

The CEO review also showed how, ironically, the International Chamber of Commerce had used the Global Compact to pull out of another UN initiative on corporate conduct. The ICC had been involved in a 'Multi-Stakeholder Review of Voluntary Initiatives' under the auspices of the UN's Commission for Sustainable Development (CSD). In March 2000, the ICC withdrew from this process – probably because the review would have confirmed what other reviews of 'voluntary' (legally-non binding) codes had already shown: that they are usually piecemeal and not particularly effective per se in increasing corporate social responsibility. The ICC explained in its letter of withdrawal that its resources "may be better allocated in other current initiatives we are undertaking with the United Nations." It mentioned as an example of such initiatives that it was "heavily engaged in the Secretary General's Global Compact project." (Cheltenham 2000; CEO 2001)

First reactions

Answers to criticisms

A recurrent response from Global Compact officials to the arrangement's critics has been that some members of the NGO community have not understood the Global Compact or have deliberately misrepresented it. (CorpWatch 2002: 5)

For example, when the International Baby Food Action Network (IBFAN) expressed its concern that infant food manufacturers such as Nestlé or Wyeth might try to become Global Compact members in order to gain political, PR and marketing advantages,¹⁴ the then UN Assistant Secretary-General and one of the main architects of the Global Compact, John G. Ruggie, responded by attaching a description of the Global Compact which “differs considerably from the characterization by the Transnational Resource and Action Centre (TRAC), on which you draw.” (Ruggie 2001a) This description stressed that:

“The Global Compact is not a regulatory instrument or code of conduct, but a value based platform designed to promote institutional learning. It utilizes the power of transparency and dialogue to identify and disseminate good practices based on universal principles.” (CG Office 2001)

IBFAN in turn responded that this description of the Global Compact had not allayed its concerns. This corporate watchdog group and others pointed out that, whatever the intentions of the United Nations, corporations might still use such a value-based learning platform to avoid complying with existing international regulatory instruments, such as the International Code of Marketing of Breastmilk Substitutes (an instrument formally adopted in 1981 by the World Health Assembly, the highest authority in international health policy making).

IBFAN also stressed that corporations might use the Global Compact to undermine any future attempts to regulate their behaviour and other efforts to curb corporate power such as public exposure and pressure. It illustrated this point with examples from 20 years and more experience of the infant food debate, pointing out what might happen if the Global Compact did not take greater care to monitor and publicise bad corporate practices and to prevent any misuse of the arrangement by industry. IBFAN said that Nestlé, for instance, could use its interactions within the Global Compact in a similar fashion to the way in which it had referred to ‘dialogues’ with UNICEF: as an implicit endorsement of its practices.¹⁵

Given various political power constellations, IBFAN asked for the UN's view as to whether the UN Global Compact would strengthen or weaken implementation of existing UN standards. (IBFAN-GIFA 2001)

Ruggie replied that his office would do its utmost to ensure that the “Global Compact will not provide merely PR opportunities for companies.” But he wrote that “apples and oranges get mixed” in some of IBFAN's questions:

“The Global Compact is not intended either as a substitute for effective

action by governments, or for codes of conduct that governments, civil society organisations and firms may or may not wish to negotiate . . . The Global Compact is simply something else, which we believe is *also* worth pursuing.” (Ruggie 2001b, original emphasis)

This “something else” comprised three elements, he said. First, a *learning forum* “where companies submit what they believe to be good practice (or set of practices) in translating their commitment to the general principles into concrete actions.” Ruggie said that these good practice examples would then be discussed among the corporate, NGO and labour participants in the Global Compact and United Nations partners and that the resulting ‘dialogue’ would be posted on the Global Compact website. Ruggie expressed the “hope” that this practice could “accumulate a set of practices that not only companies but also labour and NGOs agree are, indeed, ‘good practices’ and should be promoted. If we succeed, these broadly endorsed good practices should, over time, help drive out the bad ones through the power of transparency and competition.”

Second, UN-brokered *policy dialogues* between companies, labour and NGO ‘partners’ whose recommendations would be published. Third, *partnership projects* in which, among others, “global firms are linked up with real needs in the countries currently left behind by the forces of globalization”. And finally, cutting across the three elements, “*country level initiatives . . . to replicate the Global Compact* at local levels,” in particular ‘dialogues’ and specific projects.

Ruggie concluded in his response to IBFAN: “We respect the work you do and wish you well. But we would ask the same of you. Your efforts and ours are not competitive. And there is no good reason why an initiative like ours should undermine the validity of yours.” (all quotes, Ruggie 2001b)

Not a regulatory initiative

In its correspondence, website and various statements, the Global Compact Office continues to stress that the Global Compact is “not a regulatory initiative nor a code of conduct,” but an initiative that relies on ‘dialogue’, ‘transparency’ and the ability of business to learn in order to improve corporate practices. It repeatedly emphasizes that the Global Compact should be regarded as complementary to international regulation and other potential efforts for ‘voluntary’ co-regulation, such as codes of conduct. Implicitly or explicitly, the statements communicate the message that critics are mistaken in drawing public attention to the risk that the Global Compact ‘partnership’ with big (and more recently smaller) companies may undermine regulatory (and co-regulatory) efforts and may unduly increase corporate influence.

But those who have followed the Global Compact project from its beginnings stress that the Global Compact should be evaluated at least as a co-regulatory arrangement between business and the other societal actors who publicly support it, such as some NGOs and trade unions.

When the UN Secretary-General had proposed the Compact at the 1999 World Economic Forum, he asked world business to “embrace and enact” both in their

individual corporate practices and by supporting appropriate public policies nine universally agreed values and principles drawn from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the Rio Declaration of the 1992 UN Conference on Environment and Development. Annan had suggested that companies should consult with the United Nations High Commissioner for Human Rights, the International Labour Organization (ILO) and the United Nations Environment Programme (UNEP) to help them "incorporate agreed values and principles into your mission statements and practices." (UN 1999) Then UN High Commissioner on Human Rights, Mary Robinson, said she was ready to assist the business community in this endeavour, but stressed that:

"Statements of principal, ethical commitments and human rights policies are first steps. Next comes effective implementation. Monitoring systems are crucial because civil society will insist that corporations which make promises, keep those promises." (Robinson 1999)

At the launch of the Global Compact's operational phase in July 2000, Amnesty International's then Secretary-General, Pierre Sane, pointed to three indispensable pre-conditions for the Global Compact to be "effective, credible and win the trust of human rights organisations":

- that companies joining the Global Compact should make a public statement that they are open to independent monitoring;
- that the results of independent monitoring should be available to all 'stakeholders'; and
- that there should be a system of sanctions so that companies that violate the principles cannot continue to benefit from the 'partnership.' (quoted in Bruno and Karliner 2000: 5)

The Global Compact could have gone in this direction – but it did not. In 2002, during the run-up to the Johannesburg World Summit on Sustainable Development – the second "Earth Summit" – the Global Compact was presented as a model 'partnership' with the for-profit sector. Many citizen networks and groups, however, continued to point out that the Global Compact remained one of the weakest imaginable co-regulatory arrangements because:

- It had no public listing of all the companies that had enrolled as 'participants'.
- The Global Compact Office did not monitor whether and how companies implemented the nine principles throughout their operations.
- The Global Compact Office limited its role to "identifying individual good examples" and to 'encouraging' companies to "report on action taken in their annual reports or other relevant reporting mechanisms." (Kell 2002: 2) And while the Global Compact Office helped corporations improve their reputation

by publicizing their good deeds, it was left to the media, ethical shareholders, critical citizen and labour groups to perform the function of the ‘public eye’, that is, to name-and-shame those companies which visibly violate the letter and spirit of the Global Compact’s nine principles.

- The Global Compact had no publicly transparent mechanism to screen companies before they enrolled in the arrangement. Nor did it have any mechanisms to exclude publicly corporate participants that were subsequently found to be in breach of any of the nine principles or that were shown to work against important international agreements.¹⁶

The power – and lack – of transparency

Critics also pointed out that the Global Compact was not particularly transparent and that it was hampering rather than advancing public scrutiny of the commitment of its corporate members to integrate the nine core principles into their overall practices.

Since the Compact’s inception, it has been difficult for most of that time for outsiders to know just which corporations have committed themselves to doing so. Some time after July 2000, the Global Compact Office took the list of companies subscribing to the Global Compact off its website. It explained that this would prevent companies from using the Compact for free publicity and unwarranted image transfer.¹⁷

This may well be true. But an additional explanation might be that corporations had expressed their concerns that their identification as Global Compact parties exposed them to particular scrutiny from NGOs and the media. Whatever the reason behind the decision, critics continued to raise questions as to how this policy would prevent companies from portraying themselves as particularly responsible Global Compact supporters.

Critics also continued to point out that this membership policy was “an odd policy for an initiative that claims ‘transparency’ as one of its tools.” (CorpWatch 2002: 5) Given that the Global Compact Office has insisted that it has neither the mandate nor the resources to monitor Compact companies, its policy led to a curious situation. The Global Compact arrangement was constructed so that it relied only on the power of public opinion and ethical shareholder pressure to monitor and hold corporations to account – but the information needed for such monitoring was not made readily available.

It was only after journalists raised this issue at an October 2002 Symposium on the UN Global Compact and Swiss Business that the Executive Head of the Global Compact, Georg Kell, agreed to put the names of the Global Compact companies, then numbering around 700, on the Global Compact website.

PART TWO

Symposium on the Global Compact and Swiss Business

For the International Baby Food Action Network and other health, children rights and corporate accountability campaigners, the October 2002 Symposium on the United Nations Global Compact and Swiss Business was a turning point. On the one hand, the Global Compact subsequently became more transparent because it listed its affiliate companies on its website – journalists at the Symposium has asked the Global Compact’s Executive Head, Georg Kell, why he could not give them their names nor their exact number. On the other, this Symposium put an end to any hope that ‘dialogue’ between relevant UN officials and NGOs working on infant food issues would help to stop the acceptance into the Global Compact of Nestlé, a company with a long-standing reputation for corporate malpractice.

Nestlé on board

At the time of this Symposium, October 2002, IBFAN had corresponded for nearly two years with the UN officials responsible for the Global Compact. From their long-term monitoring of industry statements, campaigners knew that Nestlé was keen to have more impact on international politics through closer interactions with the UN.¹⁸ This knowledge, combined with that of the company’s practices, compelled IBFAN to explain repeatedly to UN officials why Nestlé’s acceptance into the Global Compact would probably undermine two decades of efforts to hold the company publicly accountable for its actions. It also led them to enquire repeatedly whether Nestlé had sought – and had received – a UN stamp of approval in the form of Global Compact affiliation.

In his first letter to IBFAN in January 2001 (quoted above), then UN Assistant-Secretary John Ruggie had asserted that: “[Neither] Wyeth nor Nestlé are involved in the Global Compact. Neither has shown any sign of being ‘anxious’ to participate, as you put it, nor have we sought their participation.” (Ruggie 2001)

Despite their continued correspondence, IBFAN was never informed directly that Nestlé had been accepted as a Global Compact affiliate. IBFAN learnt indirectly in early 2002 when it heard that UNDP in Malaysia had been told by the Global Compact Office that it could consider a ‘partnership’ project with Nestlé to promote youth entrepreneurship because the UN Secretary-General had allowed Nestlé to participate in the Compact.

The Global Compact Office’s Executive Head, Georg Kell, told IBFAN in March 2002 that he could no longer exchange letters with them because of his Office’s limited resources. He offered to have an in-depth discussion in person with representatives of IBFAN and the Alliance for a Corporate-free UN in New York. This meeting never

took place, however, because the Global Compact Office had not suggested a date by October 2002 when IBFAN learned that Nestlé CEO Peter Brabeck-Letmathe would feature as a key plenary speaker at the Symposium on the UN Global Compact and Swiss Business.¹⁹ The advertised aim of this Symposium was primarily to link the Global Compact with Swiss enterprises, but was also to discuss the “development dimension” of the Global Compact. In his keynote speech at the Symposium, Kell specifically mentioned Nestlé as one of four Swiss exemplary companies because of its socially responsible employment practices.²⁰

Kell’s highlighting Nestlé’s concern for its workers’ welfare and rights struck a discordant note to those in the audience who knew that the management at Nestlé’s international headquarters in Vevey, Switzerland, had just refused to see representatives of a Colombian labour organisation, despite pleas from various Swiss social movement and labour organisations to hear what they had to say. (CETIM 2003; ACTARESa 2003)²¹ In a short plenary discussion, members of the audience raised questions as to how Nestlé, a company for which NGOs had documented evidence over two decades as one of the main violators of the International Code of Marketing of Breastmilk Substitutes, could have become a Global Compact participant. Nestlé CEO Brabeck-Letmathe did not enter into discussion about the infant food issue, but simply expressed his hope that the Global Compact would provide a platform for more ‘constructive’ dialogue. Kell, meanwhile, described the questions from the floor as focusing on just a ‘single-issue’ whereas the Global Compact had much wider aims.

Publicising Nestlé’s Global Compact affiliation

Direct correspondence between IBFAN and the Global Compact Office did not result in an open dialogue about Nestlé’s potential Compact affiliation and its implication for regulation in the infant food arena. Thus IBFAN decided to let the broader public know about its concern and correspondence and to outline some of the questions raised at the Symposium as part of its efforts to raise broader questions about the UN’s promotion of the public-private partnership paradigm. (*see*, for example, Richter 2003: 44-46)

Pick-and-choose ethics? Selective dialogues?

The Global Compact requests companies “to support and respect the protection of international human rights within their sphere of influence”. The UN *Guidelines for Cooperation between the United Nations and the Business Community* explicitly state that:

“Business entities that are complicit in human rights abuses . . . or that otherwise do not meet relevant obligations or responsibilities by the United Nations are not eligible for partnership.” (UN 2000)

Given this emphasis – and given NGO complaints against Nestlé – how could the company have become such a high profile Global Compact member? Why did the Global Compact Office apparently ignore evidence from the International Baby Food

Action Network and the International Interagency Group on Breastfeeding Monitoring that Nestlé continues to violate the International Code of Marketing of Breastmilk Substitutes? Why did it ignore the link between implementation of the International Code and fulfilment of article No. 24 of the 1989 Convention on the Rights of the Child?²² How could the Global Compact Executive Head so easily dismiss those who pointed out that the unethical marketing methods of infant food manufacturers continue to put infant health and lives at risk, who stressed that WHO and UNICEF estimate that 1.5 million infants die each year because they are artificially fed rather than breastfed?²³ UNICEF's former Deputy-Executive Director, Stephen Lewis, had made the following link between commerciogenic malnutrition and human rights several years previously:

“Those who make claims about infant formula that intentionally undermine women's confidence in breastfeeding are not to be regarded as clever entrepreneurs just doing their job but as human rights violators of the worst kind.” (Lewis 1999: 4)

What aims? Whose aims?

In the October 2002 Global Compact Swiss Business Symposium, Georg Kell justified his dismissal of IBFAN concerns about Nestlé's participation in the Global Compact as stemming from a single 'issue' campaign, whereas the Global Compact had 'wider aims'. What are these wider aims?

The secondary aim of the Symposium was to discuss how to expand the scope of the Global Compact to encompass a 'development dimension.'²⁴ “Development,” Georg Kell informed the audience, “is largely about enabling private investment and entrepreneurship to secure sufficient and equitable growth for people to have hope for a better future.” His vision was “to make business into a strategic partner for development” and involve them, for example, in 'mini-Marshall plans' under the auspices of the Global Compact. Other objectives of a Global Compact with a 'development dimension' were that companies would pay their taxes and would invest in countries that have so far been left out of the process of economic globalisation. (all quotes Kell 2002)

How did Kell aim to persuade companies to go about this? At a minimum, how would the Global Compact encourage them not to exploit and marginalize countries still further? Kell stated that the contributions which companies could make to the economic development of poorer countries were based on the common “assumption that business, as an integral part of society has an interest in being part of the solution”. (Kell 2002: 6) But why then did Kell emphasize that 'doing the right thing' would not interfere with doing business? (Kell 2002: 2) And, more pertinently, why did the Conference Programme for the October 2002 Symposium summarise Kofi Annan's 1999 statement as a call “on business to work with the UN to adhere to a minimum set of common standards and principles in order to prevent a *backlash against economic and financial globalisation and to work towards sustainable development.*”²⁵

IBFAN-GIFA's 2003 publication, *We the Peoples' or 'We the Corporations'?* *Critical reflections on UN-business 'partnerships'* (Richter 2003), also raised concerns that, in the long term, the Global Compact initiative and its public-private 'partnership' project would help corporations cement 'sustainable development' along neoliberal lines that were friendly towards big business and would at the same time weaken efforts to hold corporations publicly accountable.

Global Compact NGOs speak up

"The Global Compact is not a regulatory body. However, it is the UN's most high profile engagement with the private sector and a personal initiative of the UN Secretary-General. As such, it must be seen to support core UN principles and values, which include the notion of accountability in relation to human rights. The Global Compact ought, therefore, at a minimum, support initiatives elsewhere in the UN to strengthen accountability in relation to the private sector's respect for human rights."

NGO letter to UN Deputy-Secretary General Louise Fréchette
April 2003²⁶

Besides corporations, the Global Compact has also managed to attract some high profile NGOs to become involved in the arrangement in various forms. Yet even some of those who have actively engaged with the Global Compact over the past two to three years, either as representatives of participant NGOs or as members of the Advisory Council, have begun to raise their critical concerns about the Compact. (Hobbs et al. 2003)

In April 2003, Jeremy Hobbs of Oxfam International, Irene Khan of Amnesty International, Michael Posner of the Lawyers Committee for Human Rights, and Kenneth Roth from Human Rights Watch, wrote to the UN Deputy Secretary-General, Louise Fréchette. While they emphasized their continued support for the broad goals of the Global Compact, they also expressed their "misgivings over some aspects of its operation and direction."

They stated that their continued participation in the Global Compact was the subject of some debate within their organisations. Tangible evidence of progress arising from the Global Compact was seen by some of their staff or colleagues as a prerequisite for their continued participation in the initiative.

They mentioned how difficult it had been to add "some mechanisms of accountability" to the social-learning based Global Compact, and they detailed why they believed some critics might be right to claim that accountability mechanisms had actually weakened over time.²⁷ They concluded by reasserting their belief that the Global Compact must find ways to strengthen methods of accountability for the private sector.

The signatories to this letter asked the UN Deputy Secretary-General for "leadership" on several issues:

- clear criteria to deal with cases where companies are alleged to breach the Global Compact Principles; and
- monitoring of a basic requirement that participating companies report annually on their compliance with the principles (and that, as a minimum, companies' annual reports should include information on their efforts to ensure that respect for those principles was adhered to throughout their operations).

They also asked that the Global Compact and its participating companies 'show leadership' on human rights principles – a request that included explicit support for the UN's Draft Norms on Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights (which have since been approved by the UN Sub-commission on the Promotion and Protection of Human Rights) and a suggestion to award large UN contracts only to companies which meet basic standards "as a powerful incentive for corporate responsibility."

In addition, they expressed concerns about the openness of the Global Compact to NGO participation. They queried why the Global Compact Revised Mission Statement of specified "four traits" for Civil Society Organisation (CSOs) participation – "though no such criteria are applied to other actors." These criteria are:

- "...willingness to engage with all sectors of society;
- the proven ability to make a substantive contribution;
- the ability to transcend a single-issue orientation; and
- the proof of a minimum level of transparency and accountability in matters like membership and funding." (quoted in Hobbs et al. 2003)²⁸

These criteria might exclude, for example, local human rights NGOs from participation. The criterion concerning single-issue would allow the Compact to exclude many of those networks and groups that have the most in-depth knowledge and experience of actual corporate behaviour and how it might be improved, such as IBFAN or Health Action International (HAI). It could also exclude NGOs monitoring specific companies or industry sectors.

The UN Deputy Secretary-General did address some of the concerns. For example, she promised that corporations would be asked to communicate in their annual reports or other public documents their progress towards implementing the Global Compact and its principles. She promised that, from 2004 onwards, the Global Compact would undertake an annual assessment of the quality of these reports.

Yet her letter leaves still many doubts about any will to restructure the Global Compact so that it could serve as an instrument for corporate accountability. For example, Fréchette stressed that the Global Compact was a "voluntary initiative" which is "meant to complement regulatory approaches" and whose "effectiveness depends on the willingness of its participants – business, labour and civil society – to invest time and effort to work together in a constructive manner." (Fréchette 2003: 1; 3)

She reformulated the NGOs' question about corporate breaches of Global Compact principles into one of addressing how to ensure "that individual participants do not abuse their association with the Compact or that their individual behaviour does not threaten the initiative's integrity." In response to this, Fréchette stated that:

"All participants who embrace the Compact have an interest in ensuring that the initiative is not used for purposes other than its stated goals."

This response seemed to belittle the original question about mechanisms to deal with breaches of the nine core principles. She did not make a distinction between corporations who might use the initiative for purposes other than its stated goals and other categories of Global Compact 'participants', such as human rights NGOs or labour organisations, which may be pressed by their members to substantiate claims that positive changes have been effected in practice and not just on paper.²⁹ (Fréchette 2003: 1)

Nestlé a Global Compact affiliate: How come?

Fréchette's answers match the replies IBFAN received a little later from the Global Compact's Executive Head, Georg Kell, in response to another two questions they had posed concerning Nestlé's affiliation with the Global Compact:

- (1) How did Nestlé become a Global Compact member? More specifically, what criteria and procedures informed the Global Compact's decision to accept Nestlé as an official Global Compact member?
- (2) What procedures are in place to allow public interest NGOs and concerned citizens to ask the Global Compact Office to assess whether a Global Compact member should be officially excluded from the initiative because of its actions? (IBFAN 2003)

Kell stressed once again that the Global Compact is "not a membership-based initiative that provides recognition to companies," nor "an initiative that provides benchmarks for corporate performance", but an "open network designed to promote learning, dialogue and action in pursuing nine universal principles supported by all governments."

He went on to explain that, in order to participate in this "voluntary initiative," a company has to or is expected to:

- send a letter from its Chief Executive Officer (endorsed by the board) to the UN Secretary-General expressing support for the Global Compact and its principles;
- set "in motion changes to business operations so that the Global Compact and its principles become part of strategy, culture and day-to-day operations";
- "publicly advocate the Global Compact and its principles via communication vehicles such as press releases, speeches, etc"; and

- (a recent addition) “publish in its annual report or similar corporate report (e.g. sustainability report) a description of the ways in which it is supporting the Global Compact and its nine principles.”

If this was Kell’s indirect answer to the first question, his response to the second question was yet more evasive. “[W]e are of course concerned about maintaining the integrity of the initiative and this issue remains an important item on the agenda,” he said. “Provisions will be made to manage instances in which companies are misusing their affiliation with the Global Compact. Further we do have internal measures in place regarding both the usage of the UN logo and the Global Compact Logo.”

In closing, Kell assured IBFAN how much the Global Compact Office appreciated the work of civil society organizations “as a critical voice and promoter of positive change.”(Kell 2003) ³⁰

Despite these polite words, this correspondence suggests that there is little willingness or opportunity to restructure the Global Compact arrangement so that corporations are pressured to match their words with their deeds. UN Global Compact supporters not only insist that the Global Compact experiment must continue: they also insist that it does so in its current form which relies almost entirely on the ‘goodwill’ of corporations and, moreover, gives them a good reputation by allowing them to publicise their affiliation with the Global Compact and the United Nations.

This highly-flawed corporate social responsibility model, which has no in-built check that its affiliates are actually implementing the nine principles into their business practices, or making efforts to do so, is now being replicated at national levels all over the world. In the process, the Global Compact is encouraging UN agencies and national governments to catalyse and/or engage in ‘partnership’ projects for sustainable development with the for-profit sector.

PART THREE

Nestlé and the Global Compact

“Nestlé firmly supports the principles of the United Nations Global Compact and is committed to reflecting these in its business practices.”

Peter Brabeck-Letmathe
Our Responsibility: UN Global Compact
2003³¹

Given the conditions for corporate Global Compact affiliation, and that the Global Compact Office “seeks wide participation”, it is not in fact surprising that Nestlé is now widely advertising its support for the arrangement.

The Global Compact is clearly an experimental initiative that rests on several assumptions. In his first progress report of July 2002, Executive Head George Kell said as follows:

“The Global Compact is an ambitious and unprecedented initiative and as the Compact continues to grow it must continue to credibly communicate to the potential participants that the *support for human rights, labour standards and protection of the environment is not an exercise in corporate altruism, but an expression of enlightened self-interest.*”³² (emphasis added)

One year later in his subsequent progress report, Kell’s description of the arrangement indicates its gradual shift from a corporate social responsibility effort to a policy and project initiative:

“The Global Compact remains an ambitious experiment – an experiment in the possibilities of multi-stakeholder cooperation and collective problem solving. From its inception, the Global Compact has operated on the premise that finding solutions to make markets more sustainable and inclusive can only be achieved if societal actors learn how to effectively work together. Further, the Global Compact is an innovative experiment as *it tests the assumption that self-enlightened motivation can indeed make a difference.*” (quoted in UN 2003: 1, emphasis added)

How is an experiment relying on the enlightened self-interest of large shareholder-owned companies working out in Nestlé’s case? What are the implications of building corporate social responsibility on a global scale and policy arrangement that is based primarily on the ‘goodwill’ of transnational corporations and trust in their ability and desire for ‘dialogue’ with and ‘learning’ from other actors in society – an arrangement that does not check for any consistency between corporate words and deeds?

To get something of an answer, the next section looks more closely at some of the business and political practices of this company (which is now not only one of the

world's top food companies but also the top-ranking bottled water supplier) before and after it became Global Compact member. It also explores the links between Nestlé and the UN leadership, and the way in which Nestlé has helped to foster – and now profits from – the idea of ‘partnership’ with the UN and other public institutions.

Nestlé, the International Chamber of Commerce and a business-friendly UN

“As part of his ‘quiet revolution’ to renew the United Nations for the twenty-first century, Secretary-General Kofi Annan is building a stronger relationship with the business community.”

UN website
The United Nations and Business: A Global Partnership
1999³³

“If we are to capture the promises of globalization while managing its adverse effects, we must learn to govern better, and we must learn how to better govern together.... The international public domain must be opened further to the participation of the many actors whose contributions are essential to managing the path of globalization.”

UN Secretary-General Kofi Annan
“We the Peoples’: The Role of the United Nations in the 21st Century”
2000³⁴

To assess the Global Compact ‘multi-stakeholder’ initiative properly, to examine its value and potential implications, the arrangement should be considered in a wider historical context rather than focusing solely on its structure and workings.

As those who have studied the history of international regulation of transnational corporations are well aware, transnational corporations have long resisted and undermined efforts to build a coherent and effective system of legally binding regulations on TNCs. In the 1960s and 1970s, newly-independent former colonies successfully lobbied for a UN mandate to help them work towards a more socially just New International Economic Order (NIEO). Their efforts included drafting an International Code of Conduct for Transnational Corporations. The International Code of Marketing of Breastmilk Substitutes was one of the few international codes that UN member states adopted under the aegis of the UN before corporations, with the help of key governments, managed to undermine and marginalize efforts to check the power of TNCs through the rule of international law.

The 1992 UN Conference on Environment and Development (UNCED) held in Rio de Janeiro, commonly known as the Earth Summit, was a decisive turning point in the long history of corporate resistance to international legally binding-regulation. In the run-up to the Summit, leaders of transnational corporations invested heavily in public relations and lobbying campaigns projecting an image of international business ‘changing course’. Soon after, the UN abandoned its draft International Code of Conduct

for Transnational Corporations. Ten years later, in the run-up to the 2002 World Summit on Sustainable Development (WSSD), or the Johannesburg Earth Summit, corporations refined this discourse further by calling on governments, the UN and the world's citizens to see business not as part of the problem but as 'part of the solution' – and thus to support the idea of 'partnerships' with industry (which might – or might not – include governments) as a complement to intergovernmental negotiations and action. The Global Compact was portrayed in Johannesburg – as elsewhere before and since – as proof of the substantial potential and successes of this 'partnership' model.³⁵

Thus the story of the Global Compact and Nestlé starts some time before the company's acceptance into the arrangement. The Global Compact in fact epitomises what has become the confluence of the interests of both key UN and business-leaders, the result of several years' PR efforts and lobbying. Nestlé has been a key promoter of the political paradigm advancing 'partnerships' between the UN and the world's big businesses.³⁶ It has been closely involved in disseminating the idea that there is no fundamental contradiction between profit-maximisation and respect for people's human and labour rights – including the right to socially just, environmentally sensitive development. Nestlé has also been very active in the past few years in promoting close interaction at the highest level between the United Nations and business.

UN staff member Sandrine Tesner, who, with the cooperation of Georg Kell, wrote a book on *UN-Business Partnerships*, pinpoints 1997 as a decisive turning point in UN-business relations. Before that, she says, the UN had long been caught in a detrimental and inimical relationship with business. In February 1997, however, a few months after his election to UN Secretary-General, Kofi Annan went to the World Economic Forum in Davos and stated publicly that there was now a "new universal understanding that market forces are essential for sustainable development" and that market capitalism faced "no major ideological rival." (quoted in Tesner with Kell 2000: 33) A few months later, in July 1997, Annan:

"unveiled a long-awaited reform proposal that was the result of a team headed by Maurice Strong . . . former CEO of several large corporations, who had headed the preparations of the Rio Conference a few years earlier. While the report did not devote a specific section to the UN-business relationships, it emphasized the role of civil society as not only a disseminator of information or provider of services but also as a shaper of policy. Civil society referred to nongovernmental organisations, academic and research institutions, parliamentarians, and corporations.^[37] Indeed the report stated openly that the relationship of the UN system with the business community was 'of particular importance.'" (Tesner with Kell, p.33)

Also in 1997, Nestlé CEO Helmut Maucher took over the helm of the International Chamber of Commerce (ICC). He urged governments and the UN to work with business to establish a framework for the global economy. Under the title "Ruling by Consent", he said in a *Financial Times* opinion piece:

“Governments have to understand that business is not just another pressure group but a resource that will help them set the right rules. The International Chamber of Commerce . . . is the obvious partner from the business side for this intensified dialogue with governments.^[38] With its long-established links with the UN system, the WTO and other intergovernmental organisations it is uniquely placed to make the business viewpoint heard in the decision-making bodies that count in today’s world.

“Under my presidency, the ICC is resolved to take the lead in asserting the business viewpoint more strongly in the Council of Nations . . . One of our first steps has been to convene a formal dialogue between the ICC and the many important organisations based in Geneva . . . and to bring together the heads of international companies and the leaders of international organisations so that the business experience is channelled into the decision-making process for the global economy.” (Maucher 1997)

Maucher found it “encouraging to note that UN Secretary-General Kofi Annan has welcomed the ICC initiative to establish mechanisms for closer consultations between the United Nations and business.” (Maucher 1997) One year later, Maucher asserted in the same newspaper that this strategy had already produced visible results:

“We have established the ICC as the preferred dialogue partner for business with the United Nations and other international institutions.” (quoted in Williams 1998)

And indeed, the *Financial Times* credited Maucher with getting “global institutions listening to the once fusty International Chamber of Commerce.” (Williams 1998) Not long after Maucher handed the ICC presidency over to the Lebanese banker, Adnan Knassar, the ICC became one of the first, widely publicised supporters of the UN Secretary-General’s Global Compact by welcoming the initiative in the July 1999 joint press-release.

Just before leaving the ICC presidency, Maucher added another strand to the UN-business partnership strategy. In the name of democracy, he called for closer investigation into who “finances these pressure groups.” He said that some senior UN officials were still trapped by their old prejudices that business interests clash with UN goals, but that they should listen to business rather than pressure groups when helping countries shape global economic rules. And as he added reassuringly:

“The ICC can speak with a certain moral authority because we’re not pushing a particular business interest . . . We’re not going to governments and pushing them to sell more Nescafé. If you have good arguments and no hidden agenda you have a chance of being listened to.” (quoted in Williams 1998)

Nestlé's business practices: words versus deeds

“To get people to trust you, you have to prove to them that you are trustworthy . . . Trust is built over a period of time . . . through consistency in word and deed.”

Peter Brabeck-Letmathe
Beyond Corporate Image: The Search for Trust
November 1999³⁹

“As we move ahead in the 21st century, we believe that a business strategy based on high-quality food and beverage products can only be maintained by business practices based on the principles of long term sustainable development.”

Peter Brabeck-Letmathe
Nestlé CEO
May 2002⁴⁰

Given the close involvement of Nestlé's leadership in bringing about the policy paradigm of 'partnership' with corporations, it is interesting how long it took for Nestlé to become a visible Global Compact affiliate. Perhaps the company wanted to wait and see how the arrangement would develop and whether those involved would be able to keep calls for more effective co-regulatory arrangements at bay? Or perhaps some of the non-corporate Global Compact participants had pointed out that high-level Nestlé involvement might in fact jeopardise the credibility of the whole initiative?

It is not publicly recorded when Nestlé became an official Global Compact member. But it is known that in March 2002, the food transnational stated in its newly-revised *Nestlé Corporate Business Principles*, “Nestlé has pledged support to the Global Compact . . . All nine of the Global Compact Principles are now reflected in the *Nestlé Corporate Business Principles*.” (Brabeck-Letmathe, 2002a)

Two months later, the company published *The Nestlé Sustainability Review*. This glossy 48-page document, which was widely distributed during the run-up to the Johannesburg Earth Summit, referred prominently to *The Nestlé Corporate Business Principles*. It stressed that they had been translated into over 40 languages and that “all Nestlé managers are required to know and abide by them.” (Nestlé 2002: 4; 5 original emphasis). The sustainability report itself was presented as an “attempt to describe how we practice and implement the principles of sustainable development where we have a direct influence and impact on economies, societies and environments.”⁴¹ (Brabeck-Letmathe 2002b)

Today, Nestlé's website asserts in a message from its CEO on *Our Responsibility: The Global Compact*: “Nestlé firmly supports the principles of the United Nations Global Compact and is committed to reflecting these in its business practices.” At the same time, it specifies that the Global Compact “is based on the recognition that development and poverty reduction . . . can only come from efficient and profitable

business”. It stresses that the Compact should not be understood as “a regulatory regime or a code of conduct but [as] a forward-looking forum for the exchange of good practices in order to achieve actual progress in creating a more prosperous and sustainable world.” (Brabeck-Letmathe 2003)

Do Nestlé’s actions match its words and its public allegiance to UN principles? The following stories from Ethiopia, Pakistan, Brazil and the United States about some of the company’s business and political practices may begin to provide something of an answer.

Nestlé’s contribution to sustainable development in Ethiopia

“At Nestlé we define sustainable development as the process of increasing the world’s access to higher quality food while contributing to long term social and economic development, and preserving the environment for future generations.”

The Nestlé Sustainability Review
May 2002⁴²

“[One day] we are going to be asked: what have you done to fight hunger in developing countries?”

Peter Brabeck-Letmathe
Beyond Corporate Image: The Search for Trust
1999⁴³

A few months after Nestlé featured so prominently at the October 2002 Global Compact Symposium – a symposium which had invited corporations to become ‘strategic partners for development’ – the company made international headlines when it claimed US\$6 million from Ethiopia, one of the world’s poorest countries, in compensation for the country’s former military government nationalising a local meat processing plant 27 years before.

On 18 December 2002, the UK development agency, Oxfam, demonstrated in front of the Nestlé’s UK offices to demands that the company reconsider its claim. According to Oxfam, the Ethiopian government had offered to pay Nestlé about US\$1.5 million, a figure based on the exchange rate at the time between the dollar and the Ethiopian birr. Nestlé, however, was pushing for a sum based on the exchange rate at the time of nationalisation.⁴⁴

Oxfam had to point out what seemed obvious to many observers: that the country could ill afford such a payment when more than 11 million Ethiopians were starving and it was facing its worst famine in 20 years. “We think it is extraordinary that Nestlé is trying to claim \$6 million from a country suffering such severe deprivation,” said Sophia Tickell, senior policy adviser at Oxfam. “Six million dollars could provide clean water to more than 4 million people in Ethiopia or build 6,500 wells in this

drought-ravaged country.” (quoted in Crooks & Daneshkhu 2002)

Yet standing by its demand was “a matter of principle,” a spokesperson for Nestlé said. “In the interest of continued flows of foreign direct investment which is critical for developing countries, it is highly desirable that conflicts are resolved according to international law and in a spirit of fairness.” (quoted in Denny 2002)

Nestlé emphasized that the talks which had resulted in the company’s claim had, in fact, been initiated by the Ethiopian government itself as part of a World Bank-brokered effort to settle similar compensation claims from some 50 other foreign firms. What is strange is why Nestlé was insisting on compensation at all, given that it was an Ethiopian branch of a German company that Nestlé did not even own at the time of nationalisation.⁴⁵ Nestlé, however, claimed not only that it was fair for Ethiopia to pay the world’s largest food transnational, but also that doing so would benefit the country. “A successful resolution will re-establish the confidence of international investors, which will be to the benefit of the Ethiopian government, ” Nestlé said (BBC 2003). But it is difficult to see how paying out US\$6 million could really benefit the people of a country where three-quarters of the population live on less than \$2 a day, almost half the children are underweight, and whose economy has suffered in recent years from war, a three-year drought and the worldwide collapse in the price of coffee, which accounts for 60 per cent of its export earnings.

One wonders whether the company had heard the points made by groups such as Oxfam. “Drought is threatening many farmers with the prospect of famine,” said Sophia Tickell, Oxfam’s senior policy adviser. “Nestlé, by contrast continues to thrive. The company does not need \$6m. It is a highly profitable company which could easily live up to its commitment to ‘help fight hunger in developing countries’ by writing off this claim. At the very least Nestlé ought to be accepting the settlement offered by the Ethiopian government.” (quoted in Denny 2003)

A top PR adviser and reputation management specialist, John Mahony, who was a former chief executive of leading public relations firm Edelman London and now running his own consultancy, ReputationInc, joined the fray. Interviewed for a widely-publicised article in a UK daily newspaper, *The Guardian*, he called Nestlé’s insistence on payment from the Ethiopian government a huge public relations blunder that could have been avoided. He said that the Swiss food giant should give the money back to the Ethiopian people to help combat the famine. (Day 2002)

Nestlé has never quite managed to shake off its long-standing reputation for aggressively promoting infant formula in poverty-stricken countries, even though it has worked hard to do so. Given its experience, how could it have made such a mistake? Had it not learnt any lessons from its infant formula encounters? Had it not carried out a reputation risk assessment before getting embroiled in an international media battle, wondered Mahony. “Nestlé should have agreed what they were going to do with the fund in advance. It is unacceptable in this climate to receive the money and return it to shareholders,” he told *The Guardian*. “They should have agreed to take the compensation offered and give it to a non-governmental organisation to return to the Ethiopian people.” (quoted in Day 2002)

After Oxfam had called on the public to put pressure on Nestlé by flooding its headquarters with protest emails, and after the company's Swiss headquarters had held an emergency meeting, Nestlé's Chief Executive Officer made a public statement. "We do think it's important for the long-term welfare of the people of Africa that their governments demonstrate a capacity to comply with international law", reiterated Peter Brabeck-Letmathe in a statement issued on 23 December 2002. Given the desperate situation in Ethiopia, however, he pledged in the spirit of Christmas that the company would "devote any money received from this settlement to both public and private efforts to relieve hunger in Ethiopia." (quoted in Baby Milk Action, 2003)

One month and 40,000 protest emails later, Nestlé announced that it had agreed to settle at US\$1.5 million and to donate the money to humanitarian organisations providing emergency food aid. In future, it would, moreover, explore ways to help Ethiopia create longer-term food security and access to water – or as its announcement put it: "as the world's largest food company and largest bottled water company, Nestlé has extensive experience in sourcing water. These efforts are part of Nestlé's long-term commitment to create sustainable economic development and reduce hunger in Africa." (Nestlé 2003)

Better proof of the company's commitment to peoples' right to food and a socially just and sustainable development might have been its abandoning its compensation claim altogether, refraining from veiled threats of non-investment, and pledging to pay higher product prices to Ethiopian's coffee growers.

Nestlé and water

"Nestlé recognises that responsible water management of world-wide water resources is an absolute necessity."

"Water is essential for nutrition. Nestlé, through its Perrier Vittel Company, provides a wide range of pure, safe, wholesome and convenient bottled waters of high quality to meet the increasing and varied needs of consumers throughout the world. Protection of springs and their surroundings is of primary importance in this endeavour."

The Nestlé Water Policy
March 2002⁴⁶

Nestlé might have 'extensive experience in sourcing water', but would sharing such experience with Ethiopia make up for its taking money from the country's democratically-elected government and rechannelling it as financial donations to food aid and other charities with the appearance of corporate philanthropy?

The company may well portray any of its projects in Ethiopia as examples of its contribution to the worldwide struggle to promote and fulfil people's universal human right to access to safe drinking water. At issue, however, is not whether Nestlé is good at finding or pumping water. The question is whether the way in which the company

exploits and commodifies water harms people and the environment. A few examples from Pakistan, Brazil and the United States illustrate some potential answers.

Twelve years ago, Nestlé bought the French mineral-water company, Perrier, and thus entered the league of bottled-water sellers. “We knew water will become the most important raw material in the 21st century,” explained corporate spokesperson, Hans-Jörg Renk. “The growth rates in this area are higher than in others.” Nestlé has since bought company after company and water source after water source. At the same time, it has changed its marketing strategy. As one of its marketing brochures puts it, Nestlé turned from being a “specialist for mineral-water” into a “global player on the water market.” It now fills up plastic bottles in 107 places and sells them under 77 different trade names. In 2002, with 17% of the world’s bottled water market and a turnover of 7.7 billion Swiss Francs (about US\$6 billion), Nestlé became the top-ranking bottled water company. (Stern 2003)⁴⁷

But while the company continues to sell genuine mineral-waters such as Perrier or San Pellegrino, more and more of its turnover is now based on the sale of ordinary table water. To expand into emerging and developing countries, the company created a special brand of bottled water, Pure Life, which it introduced in Brazil, Egypt, China, India, Pakistan, Turkey and Uzbekistan, to name just a few destinations. Its European equivalent is sold under the name Aquarel. The corporate concept underlying these mega brands is ‘multi-source water’ – waters from varied sources that all undergo the same treatment: mineral extraction followed by a standardised mineral combination addition.

In the past few years, increasing concerns have been raised about the negative aspects of this transnational business in ‘blue gold’. What marketing methods are employed to persuade consumers with access to perfectly safe tap water to buy expensive bottled water? Will the sales of bottled-water to the better-off decrease pressure on public authorities to make safe drinking water available to the more than one billion people who lack such access? What might the overall effects be of transnational corporations using local freshwater sources to fill and sell billions of bottles?

These concerns are based on stories involving beverage transnationals emerging from all over the world; just three of them from are summarised below.

Marketing disguised as public information in Pakistan

“Nestlé, in cooperation with health authorities, promotes to consumers the importance of using safe water for food and drink preparation,” states the company’s business principles, “as part of [the company’s] broader commitment towards the good of the community.” (Nestlé 2002a:18)

But the ‘information’ campaigns described by the *Asian Wall Street Journal* to introduce Pure Life to Pakistan in 1999 suggest that such activities are designed to play on people’s worries about the quality and safety of drinking water as part of a wider marketing strategy.

Two months preceding the product launch, a marketing company in Pakistan, which

was subsequently revealed to have been hired by Nestlé, held various seminars on water at which officials from various Pakistani health institutions criticised municipal water plants and described local bottled-waters as health threatening. At the time, it was not clear that Nestlé was behind these ‘public information’ events. Six months after its launch in the country, Pure Life had gained over half the bottled water market. Nestlé was later heavily criticised for its aggressive, manipulative campaign. A spokesperson promised better behaviour in future country launches of Pure Life. (Stern 2003)

A PR campaign in Brazil

Several reports from areas in which Nestlé owns or exploits water sources suggest that it is difficult or intimidating for local people who are concerned about the way the company is using their water to raise their concerns directly. Yet people have managed to do so and to join hands with people elsewhere if needs be to regain control over local water sources.

Citizens from the Brazilian city of São Lourenço, for instance, say that Nestlé has caused environmental havoc by pumping out too much water. One of the city’s nine precious mineral water sources has dried up, they claim, and the mineral composition of the others has changed. They fear that the other water sources will dry out soon as well, which would be catastrophic from an environmental perspective and for the local economy.

São Lourenço is in a region known as Circuito das Àguas, which harbours one of the world’s richest sources of mineral water. These waters were discovered at the end of the 19th century and the fame of their healing properties led to the creation of Water Parcs in São Lourenço and four small neighbouring cities.

São Lourenço’s Water Parc has always been privately owned. This did not create any problems, say the citizens, until Nestlé acquired it when it bought up the previous owner, French company Perrier. Nestlé continued the sales of Perrier’s local mineral water brand. But in addition, recognising São Lourenço’s ideal location between Brazil’s mega-cities of São Paulo, Belo Horizonte and Rio de Janeiro, it opened up a much bigger water plant next to the original one. Since 1996, more than 30,000 litres⁴⁸ have been pumped every day from this well which is more than 150 metres deep. The water from the new well is rich in iron and dark in colour once bottled. The company recognised that, even though it was of good quality, consumers would not buy it. Nestlé’s solution? Demineralise and re-mineralise the mineral water and sell it under its Pure Life trademark.

When Nestlé ignored their concerns about the water’s overexploitation (and other problematic business practices),⁴⁹ São Lourenço’s inhabitants organised themselves into a “movement of citizens of the waters”. They held a public hearing with local Nestlé representatives, catalysed a public inquiry and eventually filed a court case.

Nestlé responded with a high-profile PR campaign. When Brazil’s new president, Luiz Inácio “Lula” da Silva attended the 2002 World Economic Forum in

Davos, Nestlé CEO Peter Brabeck-Letmathe pledged his company's support for Lula's campaign against hunger in Brazil. The Brazilian media have since carried regular prominent stories about Nestlé's generous donations of powdered milk to the country's much publicised Zero Hunger campaign.

These activities prompted one of the citizen movement's co-founders, Franklin Frederik, to come to Nestlé's home country of Switzerland to publicise what was happening in Brazil. "If we lead the struggle only in Brazil, we have no chance," he said. "The big newspapers of my country do not report about us, probably out of fear, they could anger an important advertising client." Only international pressure can compel Nestlé to stop producing Pure Life in São Lourenço before the Water Parc has dried out irrevocably, he says. If Nestlé were to do so, tourism – the city's main source of income – would easily revive. There would not be many jobs lost at the Pure Life plant as it is highly automated. Moreover, "any grand hotel of São Lourenço employs more people than Nestlé."⁵⁰

Free public water and misleading advertising in the United States

Criticisms about Nestlé's water business have also come from the United States, where annual growth rates for bottled water have reached 10 percent in recent years. Nestlé has now managed to take the lead over its competitors, Pepsi and Coca Cola.

In Michigan, citizens are calling upon the State Governor, Jennifer Granholm, to withdraw Nestlé's permission to pump groundwater because they feel it is not right that the company can just buy a plot of land, pump out as much water as it likes, and even get tax rebates for doing so.

The trouble started in May 2002, when Nestlé put up a pumping-station at Michigan Lake and starting piping the water through a 20-kilometre pipe to the small town of Stanwood, where it now fills two million plastic bottles every day. The water is sold under the name of Ice Mountain Natural Spring Water in nine other US States. The previous Michigan Governor, John Engler, not only allowed Nestlé to build the pumping-station for just US\$85⁵¹ – the fee everyone has to pay to dig a well on their property – he also gave it millions of dollars of tax rebates. (Reber Amman 2003)

Citizens have been protesting ever since. Some have organised themselves into the Michigan Citizens for Water Conservation and have lodged a court case against Nestlé, claiming that the intensive pumping is having negative impacts on the environment. They say that the water level of the Little Muskegon River, whose source is being tapped by Nestlé, has dropped.

But for them, the issues are more fundamental. "This is about the question whether or not water can be private property," says the initiative's lawyer, Scott Howard. "Should an enterprise be allowed to take a natural resource, such as water, and package and sell it all over the country – without paying for it?" This, he argues, is not customary for the logging or mineral industries which usually have to pay substantial fees when they cut forests or extract metals and coal. (quoted in Hossli, 2003: 28) Nestlé spokesperson Jane Lazgin has denied that the pumping-station has any negative effects on the environment. For her, the dispute is about interpreting the State's laws. Nestlé is just

using a raw material from its private property to produce a product, she said, just like a farmer or a beer-brewer, and thus its practices do not amount to water privatisation. (Reber Amman 2003)

It is not just in Michigan, however, that Nestlé has run into water difficulties. It is currently facing citizens' resistance in at least five (Stern 2003), if not eight, other US States.

In June 2003, citizens filed a class-action suit against Nestlé Waters North America at the Connecticut Superior Court. The suit argues that Nestlé falsely advertised its Poland Spring brand as spring water when in fact, "it is neither natural nor spring water" and much of it "comes from sources of a lesser quality than some tap water." It is also accused of charging premium prices for its water that it promoted as "found deep in the woods of Maine" and "exceptionally well protected by nature." According to the complaint, the original Poland Spring, once the site of a small bottling company, has not flowed since 1967. The actual sources of Nestlé's Poland Spring water are man-made wells located up to 30 miles away from the original source, some of which are surrounded by asphalt parking lots or are potentially dangerously contaminated, say the plaintiffs.

Similar law suits have been filed with the New Jersey Superior Court and the Massachusetts Superior Court (Hagens Berman)⁵².

In response, Nestlé's headquarters maintain that the objections to their water business have come only from small groups – and that their objections are unfounded anyway. (Stern 2003)⁵³

Nestlé's political practices

Misrepresenting infant food obligations

"Nestlé is a founding member of the International Association of Infant Food Manufacturers (IFM) . . . which was formed to encourage highly responsible marketing standards for the infant food industry."

Infant Food and Nutrition,
Nestlé Corporate Business Principles
May 2002⁵⁴

Nestlé's responses to its US water critics are similar to those it has made in the infant food debate. Nestlé argues, for instance, that allegations of its unethical marketing practices are the fabrication of small and incorrigible 'anti'-corporate groups. It contends that many others acknowledge that Nestlé has fundamentally changed its practices since the 1970s when media images of dying babies generated one of the most widely-publicised consumer boycotts in corporate history and prompted policy makers to establish international rules to curtail the marketing practices of infant food manufacturers. Today, Nestlé excuses any wrongdoings with statements admitting that, in a company of 220,000 employees, mistakes do happen – in other words, it indirectly asserts that there is nothing systematic about the company violating the

principles and spirit of the 1981 International Code of Marketing of Breast-milk Substitutes.

As PR textbooks and the media continue to point out, Nestlé has taken great pains to shake off its ‘baby killer’ image. But the space that it devotes on its website, in its Corporate Business Principles and in other documents to the infant food debate indicate that this reputation continues to haunt the transnational.

Nestlé’s *Sustainability Review*, for example, claims that the company ensures that its marketing practices conform to *national* implementation of the International Code and that “in addition, in all developing countries . . . Nestlé voluntarily applies [the Code] in its entirety.” (Nestlé 2002: 41). This may sound progressive to those who do not know the International Code and its accompanying political debate. But in fact, the statement indicates not a step forwards but a big leap backwards. The International Code specifies that:

“independently of any other measure taken for implementation of this Code, manufacturers and distributors should regard themselves as responsible for monitoring their marketing practices according to the principles and aim of this Code, and for taking steps to ensure that their conduct, at every level, conforms to them.” (Article 11.1.3.) Yet Nestlé depicts Code compliance as voluntary expressing a particular sense of corporate social responsibility towards the infants ‘in developing countries.’

Moreover, it has continued to violate the International Code, and to promote its infant foods in ways that put the health and lives of infants at risk, both before and after it was admitted into the Global Compact.⁵⁵ It has continued to undermine attempts to set up meaningful national legislation based on the Code. For instance, it has promoted a model of national implementation of the International Code as based on ‘voluntary’ agreements (rather than legally-binding measures) between governments and infant food manufacturers. It has tried to claim its ‘rightful’ place on committees responsible for monitoring and enforcing the Code. Acceptance of Nestlé into the Global Compact may well be regarded in many circles as a seal of approval of its statements about its change of heart – while at the same time helping the company to undermine implementation of the International Code in national law.

Engineering trust – and sowing distrust

“Today, the real leadership challenge is winning trust. It applies to all constituencies that a corporation is in contact with – to shareholders, employees, suppliers, customers, the authorities. Each and everyone of them is crucial for the long-term success of a corporation [...]”

“[T]rust is the foundation of leadership . . . We can manage business without trust for some time. However, we will not achieve long-term positive results unless . . . we can convince our customers and partners that doing so responds to their needs. In this sense, trust is really a recipe for success, for a continued

long-term creation of wealth that will in the end contribute to improving the standard of living for all mankind.”

Peter Brabeck-Letmathe
1999

All these reports may explain why not only citizens but also some of those government and UN officials who know about Nestlé’s business and political practices over the past 20 to 30 years are concerned about an initiative that relies on Nestlé’s words and publications rather than its actions. Many of them are concerned about the way in which the Global Compact can enhance a positive corporate image. They are also concerned about the way in which the Global Compact lends itself to endorsing the idea that we should ‘trust’ business and distrust ‘confrontational’ critics.

Many corporations have long promoted such a selective notion of trust. Peter Brabeck-Letmathe was just following tradition when he addressed the Oxford University European’s Affairs Society in 1999 on how to go *Beyond Corporate Image*. ‘Trust’, he claimed, was the fundamental ingredient in the world’s largest food company’s recipe for success. His ‘trust’ speech, which features prominently on Nestlé’s website, stressed that:

“Trust is created slowly. It stems from consistency between word and deed, from carefully argued positions and from the willingness to adapt to new situations and learn. It also comes from the courage to say things clearly and straightforwardly . . . and if such is the case, to say if things have gone wrong.” (Brabeck-Letmathe 1999).

Brabeck-Letmathe outlined why he believed Nestlé deserved such trust and claimed that its size – twice that of its nearest competitor and a sales figure of 72 billion Swiss Francs – proved that consumers had such trust in it. He expressed his appreciation of Nestlé’s shareholders and consumers because, due to their “natural disposition” to trust their own judgement, they “were not likely to be stampeded into a campaign because a pressure group has suddenly discovered some alleged irregularity somewhere.”

He gave his opinion on the extent to which pressure groups could be trusted. “Campaign groups, such as Greenpeace,” he said, “owe much of their undeniable public punch . . . to a skill in creating and exploiting media events which do not always convey factually correct information.”⁵⁶ He conceded that “such groups often perform a valuable role as whistle blowers,” but warned that “they also play a propagandist role, which plays on consumer fears by selected presentation of facts and opinions to suit their case.” Moreover, he claimed:

“Pressure groups exploit the climate [of free expression] and attempt to mobilize public sentiment against companies or even try to dictate corporate conduct through threats [for example, of boycotts] . . . There are also attempts to undermine trust in companies, institutions, and, as occurred in Seattle, in our free market society.” (all quotes Brabeck-Letmathe 1999)

He was glad to affirm that the sometimes “acrimonious debates,” in particular those catalysed by the proponents of legally-enforceable effective controls on the marketing of breastmilk substitutes and by the company’s stance on genetically engineered food, had not damaged the company’s reputation.

The Global Compact as a vehicle for industry views

Since it joined the Global Compact, Nestlé has displayed an interesting interpretation of the arrangement, knowledge of which may well lessen people’s trust in the company’s – and the Global Compact’s and the United Nations’ – professed concern for their well-being and interests. At the October 2002 Global Compact and Swiss Business Symposium, Brabeck-Letmathe gave a speech on the *UN Global Compact and Nestlé’s Experience on Corporate Responsibility for Development*. “Nestlé has a responsibility for long-term development of countries where it has operational companies” he said, but qualified that “our greatest social impact is not through funding [philanthropic] projects, but poverty reduction through our basic business development.”⁵⁷ (Brabeck-Letmathe 2002:c, original emphasis)

He shared his reflections on how the Global Compact could help Nestlé to fulfil this responsibility for development in an increasingly complex business environment. Depicting “the proliferation of multiple guides and guidelines [as] counterproductive,” he expressed a wish to refer not to “detailed rules”, but to “focus on essentials.”

To ensure that a few essential principles are really universal, Brabeck-Letmathe urged “more dialogue with the people concerned.” He felt that the Global Compact was an important tool in achieving this. “The Global Compact was defined by UN Secretary Kofi Annan as a platform for dialogue; dialogue with the people concerned,” he said. “The Global Compact taken seriously is mainly supposed to help to actually improve the situation of people in the developing world, not to please observers in the West.” (all quotes in Brabeck-Letmathe 2002c)

Nestlé’s Assistant Vice-President of Economic and International Relations, Herbert Oberhänsli, echoed many of these statements a month later in a webletter from the Evian Group, a think-tank founded to channel business views on global trade and the market to the appropriate ears.⁵⁸ He, too, felt that, to strengthen its contribution to development, Nestlé should, above all: “focus on what [it] knows best; for companies that is normally the business itself.” He said that it should use “dialogue rather than guidelines, a dialogue with people who are actually concerned.” (Oberhänsli 2002)

As with many other transnational corporations, Nestlé has long tried to persuade others that legal regulation of its practices is not really useful or needed. The company has a long history of using divide-and-rule tactics to undermine pressure from more vocal NGOs and UN agencies. Defining whose views should be listened to and whose ignored or dismissed is part of that strategy. Many observers are worried that the Global Compact will help to make this strategy more efficient through the increasingly close contacts it fosters between top public officials and leading corporate figures.

Indeed, industry views on the most appropriate regulation and its distinction

between constructive and confrontational, legitimate and illegitimate ‘dialogue’ partners are now mirrored in many statements from those whose mandate is to work in the public interest. For example, Switzerland’s Secretary of State, David Syz, stated in his keynote address at the October 2002 Global Compact and Swiss Business Symposium that a focus on adherence to the nine principles is “more likely to bring about positive results than confrontation,” echoing many corporate arguments:

“Critics of the UN Global Compact have pointed out that it lacks the necessary mechanisms to ensure enforcement. This reflects a misunderstanding of today’s global realities. We live in a world in which the traditional domination, hierarchical, command-and-control model is hopelessly inadequate to cope with the speed at which a knowledge-driven global economy and interconnected society evolves and changes. The UN Global Compact challenges us to behave in a more mature and responsible way. As society matures, it needs less – rather than more sanctions – because it bases its behaviour on shared values. People that are bent on seeing corporations as fundamentally evil will disagree with such an argument. More optimistic people – and I am one of them – consider corporations as fundamentally good, even if they unarguably make mistakes, and see the wisdom of co-operation and partnerships.” (Syz 2002: 2-3)

Global Compact supporters have called on the arrangement’s NGO affiliates to stay in the initiative – or at least not to disturb it with their criticisms – by arguing that the Compact is not meant to substitute for stricter, enforceable regulatory approaches or other means to hold corporations accountable. (UN 2001) But it is worrying that by 2002, when “the Global Compact still need[ed] to prove its ability to force the pace of corporate reform,” that it had become “just about the only game in town.” (Utting 2002b: 90 and Utting, 2000a: 645)

“A basic concern with UN-TNC [corporate social responsibility] partnerships in general is that they reflect a shift in approach whereby lukewarm voluntary initiatives have crowded out important mechanisms and institutional arrangements involving new forms of international law, oversight or monitoring of TNC activities, mediation or arbitration of disputes, and critical research into regulatory alternatives and the social, environmental and developmental impacts of TNCs.” (Utting 2002a: 645)

The list is long of all the instances in which the Global Compact has been used to marginalize critical voices and to undermine efforts for more effective ways of holding transnational corporations accountable, while at the same time promoting a restructuring of the world and public institutions along neoliberal lines. One example was its presentation at the New York UN Millennium Summit and the UN General Assembly in 2000, and Johannesburg Earth Summit in 2002 as a model ‘public-private partnership’ or ‘multi-stakeholder-initiative’.

Another is corporate use of the Global Compact to undermine any hint of

regulation that might be a little more than the Global Compact's non-committal allegiance to its nine principles. In August 2003, for instance, the UN Sub-Commission on the Promotion and Protection of Human Rights unanimously adopted the UN Draft Norms on the Responsibilities of Transnational Corporations and other Business Enterprises with Regard to Human Rights. These draft norms bring together a range of legal obligations on corporations, drawn from existing human rights, labour rights and environmental standards. The letter from the four NGOs associated with the Global Compact called for a closer link between the Compact and these standards.

But international business associations have criticised the document for calling on companies to be "subject to periodic monitoring and verification by the UN", something they say is at odds with the 'voluntary' spirit embodied in the UN's Global Compact initiative. (Birchall 2003). The International Chamber of Commerce and the International Organisation of Employers described the proposed draft norms as "counterproductive to the UN's ongoing efforts to encourage companies to support and observe human rights norms by participating in the Global Compact." They said that the draft norms "risk inviting negative reaction from business, at a time when companies are increasingly engaging into voluntary initiatives to promote responsible business conduct." (ICC/IOE 2003) Thomas Niles, president of the US Council for International Business, called the norms "totally duplicate and unnecessary." (quoted in Balch 2003)

The media have predicted stiff resistance from international business and from the United States government when these norms for business are submitted to the full 53 Human Rights Commission for approval in March 2004. Efforts to transform norms for business into legally binding international legislation would undoubtedly trigger far more resistance.

PART FOUR

Dissolving the Global Compact

“Intergovernmental policy making in today’s global economy is in the hands of the major industrial powers and the international institutions they control . . . Their rule making may create a secure environment for open markets, but there are no countervailing powers to protect human rights and promote human development.”

UNDP *Human Development Report: Globalization with a Human Face*
1999⁵⁹

“It is . . . crucial that governments protect the integrity of the spirit and letter of the UN embodied in ‘We the peoples’ [opening phrase of the UN Founding Charter] . . . by ensuring a corporate free UN.”

“[We] strongly call on governments to support a growing citizens’ campaign that demands the dissolution of the Global Compact.”

Asia-Pacific People’s Forum on Sustainable Development
2001⁶⁰

This publication has asked whether the Global Compact helps to hold corporations publicly accountable – or whether instead it helps corporations rule the world. It has examined the arrangement’s value in terms of its potential to change business practices and the links between the Global Compact and democratic decision-making and processes.

The publication has summarised questions addressed to UN officials and outlined some suggestions for reform and alternatives. There has long been a difference of opinion within the NGO community over the ultimate value and impact of the Global Compact. Yet many NGOs within and outside the arrangement are united in their opinion that the Global Compact needs to make further changes if it wants to make a visible positive impact on the practices of its corporate affiliates.

Scrutiny of Nestlé’s involvement in the Global Compact confirms the opinion of many that the Compact is more or less useless as an instrument to hold corporations publicly accountable. It also confirms fears that the Global Compact is in fact gravely threatening because companies can use it in many ways to enhance their reputation through image transfer, to ward off or undermine legally-binding regulation, to marginalize critics and to gain greater influence over decision-makers through the worldwide replication of the Global Compact as a learning model and project partnership.

After several years of debate, there is little indication that the UN promoters of the Global Compact are willing to re-evaluate this high-level experiment. Part of this reluctance can probably be explained by the fear that doing so would cause corporations to leave the arrangement.

Scrutiny of the Compact’s constantly-changing details and arrangements and of

how corporations use it, however, risks detracting attention from the fundamental ‘flaw’ of this high-level UN-sanctioned experiment: the Global Compact is based on and propagates the credo that there is no fundamental contradiction between profit-maximization and the will and ability to ‘voluntarily’ respect human rights and foster human development and democratic decision-making.

Relying on corporate self-interest while refraining from any meaningful checks on actual corporate practices is akin to building on quicksand. Replication of the Global Compact model all over the world risks creating new networks of elite governance, entrenching corporate-led neoliberal globalisation and eroding democratic structures.

A number of NGOs have pointed out that, by actively promoting neoliberal economic globalisation and closer association between the UN and corporations, UN leaders have overstepped their mandates. This, they say, is profoundly contradicts democratic values, undermines the roles of both states and the United Nations, and leaves the world’s citizens at the mercy of transnational corporations. While UN agencies and member states are reduced to being just one of many ‘stakeholders’ and ‘partners’ in world politics, corporations are being elevated to the rank of privileged ‘partners’ in global policy making. (*see*, for example, CETIM & AAJ 1998; Cataldi 2003, Martens 2003)⁶¹ As an NGO alliance put it in a statement to the United Nation’s Human-Rights Sub-Commission in 2000.

“In 1978, the non-governmental organisation Declaration de Berne published a booklet entitled ‘The Infiltration of the UN System by Multinational Corporations.’ Based on solid documentation the booklet describes the activities carried out by important transnational corporations (Brown-Bovery, Nestlé, Sulzer, Ciba-Geigy, Hoffmann-La Roche, Sandoz, Massey Ferguson, etc.) with the view to influencing the decisions taken by different bodies of the United Nations system. At present, ‘infiltration’ is no longer necessary because the doors of the United Nations are being widely opened to transnational corporations in accordance with the general pattern of granting decision making power to the big economic and financial conglomerates. While taking away such power from its legitimate owners – the States and the peoples – the United Nations engages in a policy [which] is detrimental to the civil, political, social, cultural and economic rights to the great majority of the world population.” (CETIM et al. 2000)

As already mentioned, the NGO community has long been split over whether to demand reform or dissolution of the Global Compact. A critical task today is to work for the protection and promotion of human rights and a socially-just world. One way of doing so is to demand with one voice that the Global Compact be disbanded and to remind UN leaders of their mandate to assist states in checking corporate power by establishing legally-binding frameworks for transnational corporations. As the Commission of Global Governance said nearly ten years ago, one of the major tasks in democratizing global governance is to subject “the rule of arbitrary power – economic, political, or military – to the rule of law within global society.” (CGG 1995: 5)

Endnotes

¹ The World Economic Forum is an annual gathering, usually in Davos, Switzerland, of prominent business figures that prides itself on setting global policy agenda. It describes itself as “the leading interface for global business/government interaction” which aims to create “partnerships between and among business, political, intellectual and other leaders of society to define, discuss and advance key issues on the global agenda.” (See www.webforum.org, accessed 14 December 2001.) According to political scientist Samuel P. Huntington, “Davos people control virtually all international institutions, many of the world’s governments and the bulk of the world’s economic and military capabilities.” (Huntington 1999)

² Many citizen action groups might agree with the Secretary-General’s view that social and other standards should be negotiated under UN agencies rather than the WTO. But many would stress at the same time that the current WTO trade regime is socially unjust and that its decision-making structures are profoundly undemocratic and biased in favour of rich countries and transnational corporations. See, for example, Curtis 2001.

³ p.85.

⁴ The bulk of this book *Building partnerships: Cooperation between the United Nations and the private sector*, is based on the UN Secretary-General’s report to the General Assembly “Cooperation between the United Nations and all relevant partners, in particular the private sector,” under an agenda item headed “Towards Global Partnerships” (A/56/323), November 2001. The author, Jane Nelson, director of policy and research of the UK-based Prince of Wales International Business Leaders Forum, elaborated the text further in order to provide a more detailed “practitioners handbook” and overview of the different relationships between the UN system and the private sector.

⁵ See, for example, Bruno and Karliner 2002; Lara Cataldi 2002; Kerkow et al. 2003.

⁶ The term given to corporations which enrol into the Global Compact has varied over time in the Global Compact Office’s publications. For reasons of convenience, this publication uses ‘members’, ‘participants’, ‘affiliates,’ and/or corporate ‘partners’ as synonyms for companies which have officially pledged adherence to the nine universal principles.

⁷ Quoted in Global Policy Forum 2001.

⁸ *Citizens’ Compact on the United Nations and Corporations* and list of signatories, reproduced in Bruno and Karliner 2002, pp.142-145, and www.corpwatch.org or www.earthrights.org/un.

⁹ It also asked the UN to look for ways to ensure that multilateral agencies such as the International Monetary Fund (IMF), the World Bank and the World Trade Organisation (WTO) adhered to the principles and goals of the UN charter.

¹⁰ Although the term ‘public-private partnership’ is now frequently used in UN literature, there is no single agreed-upon UN definition as to what it is. Nelson tried to distinguish between ‘partnership’- and other collaborative relationships with the for-profit sector. She suggested that one key-feature is the “shared process of decision making . . . In the most strategic partnerships, the partners will work together at all levels and stages, from the design of the initiative to the implementation and evaluation.” (See Nelson 2002: 11; 47)

Yet this is precisely what critics see as the problem caused by the widespread promotion of this paradigm as the policy innovation of the New Millennium. The paradigm of ‘partnership’ with the private sector usually implies that interaction should be based from the outset on ‘trust’ and ‘mutual benefit’, and that the partnership is a ‘win-win’ situation for all concerned (or even ‘win-win-win’ situation, depending on the number of sectors involved). The paradigm tends to blur fundamental differences between interests, roles and power resources of the various actors involved in these relationships. The call for ‘trust’ in transnational corporation and business association ‘partners’ tends to drown out voices calling for an honest assessment about ‘who-wins-what’ and ‘who-loses-what’ in these supposedly trusting interactions. In addition, it tends to silence voices calling for effective safeguards to ensure that public interests are not traded-off in the various relationships currently subsumed under the term public-private partnership (PPP) and/or multi-stakeholder initiatives. (See, for example, Richter 2003, pp.11-6; Ollila 2003)

¹¹ One weakness of the Citizens’ Charter is its principle 8, which states that “In cases where corporations wish to make a donation, the money will go to programs that have no connection to commercial projects for that company.” Some citizen groups have not signed the document because they were concerned that this clause does not sufficiently address the risks posed by corporate funding of the UN system.

¹² For a description of the Alliance for a Corporate Free UN and the letters to Kofi Annan and Nitin Desai, see, for example, Bruno and Karliner (2000, pp.146 ff) and www.corpwatch.org or www.earthrights.org/un.

¹³ While the ICC was successful in the former, it did not manage to keep non-business groups out of the Global Compact. For a list of the NGOs and trade unions which are now part of the Global Compact, see the Global Compact Website, www.unglobalcompact.org.

¹⁴ IBFAN letter to UNICEF Executive Director Carol Bellamy, 15 December 2000.

¹⁵ For more details on Nestlé’s strategies to undermine efforts towards international regulation of TNCs, see “Corporate Conduct: Managing International Issues – Engineering of Consent” in Richter 2001, pp.144-177. (For the use of ‘dialogues’ in corporate strategic PR, see id., pp.159-162.) See also Richter 2002.

¹⁶ Peter Utting, research co-ordinator of UNRISD’s project on corporate and social responsibility, summarised the flaws of the ‘social learning’ theory and ‘best practice’ approach as follows: “they tend to ignore key pressures and institutional contexts that encourage companies to raise standards, divert attention away from ‘bad practice,’ and ignore fundamental structural and other factors that encourage corporate irresponsibility.” (Utting 2002a: 644) For more information on the flaws of attempting to drive out ‘bad’ business practices by focussing on ‘good’ ones, see, for example, Bruno and Karliner 2002.

¹⁷ UN Assistant Secretary-General, Michael W. Doyle, wrote to GIFA/IBFAN in January 2002: “Our current policy is not to make public lists of companies who pledge to embrace the Compact and its principles precisely because we do not (and cannot) monitor all their actions. Taking a stand on human and labour rights is an important first step. We certainly want to encourage this but clearly it is not good enough. We do not wish to recognize merely an intention and therefore we have as our current policy not to make public the list of companies. Instead, we encourage companies to share practical examples [of good practice] through the learning forum and to engage in dialogue and

projects. It is only through action that we can go public with examples in association with company names.” (16 January 2002)

¹⁸ Back in 1982, the PR executive, the late Raphael Pagan Jr., had set out a comprehensive strategy for Nestlé and other TNCs to work against international regulation. His advice included organising “effective NGOs, and gaining representation for them at every possible UN agency”. By NGOs, Pagan meant international business associations such as the International Infant Food Manufacturers’ Association (IFM). He advised companies to work with national and international civil servants “not to defeat all regulation, but to create a regulation that legitimises and channels our rights, opportunities and contributions” and to separate what he called “fanatic” activist leaders from those who are “decent concerned people”. (For more details on the strategy, *see*, for example, Richter 2001, pp.148-9; *see also* Rundall 2000)

¹⁹ Nestlé was also a co-sponsor of this Symposium. In response to Kell’s invitation to critics to come to New York, the Alliance replied that they would not be able to do this, IBFAN-GIFA asked Kell to let them know when he would be in Europe so that they could meet him there. They were never informed, however, that he would be in Geneva in October 2002 for this Symposium.

²⁰ Kell’s written speech omits this mention. *See* Kell 2002.

²¹ For more details, *see also* the Intervention of Stephan Suhner, Arbeitskreis Schweiz-Kolumbien during Nestlé’s shareholder meeting in April 2003 and the response by Carlos E. Represas, Nestlé’s Latin American representative, www.kolumbien-aktuell.ch.

²² *See*, for example, UNICEF 2002b.

²³ “Babies who are breastfed have fewer illnesses and are better nourished than those who are fed other drinks and foods. If all babies were fed only breastmilk for the first six months of life, the lives of an estimated 1.5 million infants would be saved every year and the health and development of millions of others would be greatly improved [. . .] Using breastmilk substitutes, such as infant formula or animal’s milk, can be a threat to infants’ health.” (UNICEF 2002a, p.39)

²⁴ The Symposium was subtitled: *Making Global Responsibility Work for Business and Development*.

²⁵ www.r0.unctad.org/gcandswissbusiness/, accessed 13 November 2002, emphasis added.

²⁶ Hobbs et al. 2003.

²⁷ For details, *see* Hobbs et al. 2003.

²⁸ For more details, *see* the exchange of letters on the Global Compact Website, www.unglobalcompact.org.

²⁹ Another problem with the statement is that the stated goals of the Global Compact are not at all clear and that they seem to be constantly changing.

³⁰ For full text of the letters, *see* www.ibfan.org.

³¹ Nestle website, www.nestle.com.

³² Global Compact Releases First Progress Report, http://65.214.34.30/un/gc/unweb.nsf/content/GC_Progress_071202.htm, accessed 5 December 2002.

³³ www.un.org/partners/business/fact, accessed 5 March 1999.

³⁴ pp.12, 13.

³⁵ See, for example, Bruno & Karliner 2002; CEO 2002; NGLS 2002. For a summary of the history of international regulation, see also Richter 2001, pp.6-27.

³⁶ See, for example, “The Corporate Cooptation of the United Nations” in Balanyá, B. et al. 2000: pp 166-174.

³⁷ Classification of corporations as civil society is highly unusual and runs counter to accepted social and political science definitions.

³⁸ The previous year (1996) at the UNCTAD Global Investment Forum, Nestlé’s then executive vice-president, Peter Brabeck-Letmathe, had argued that business should have a privileged position in setting the global economic framework: “business and its organizations should not be lumped together with the many single-issue NGOs, but accepted as interlocutors of different stature, as the engineers of wealth.” (Brabeck-Letmathe 1996: 3)

³⁹ Brabeck-Letmathe 1999.

⁴⁰ Brabeck-Letmathe, foreword to *The Nestlé Sustainability Review 2002*, p.3.

⁴¹ The Swiss ethical investment organisation, ACTARES, has evaluated the sustainability reports of six Swiss corporations (ABB, Credit Suisse, Holcim, Nestlé, Novartis and Swiss Re) along the guidelines of the Global Reporting Initiative (GRI). Nestlé’s report and that of Swiss Re were ranked bottom. The evaluators concluded with a general note of caution about the limitations of such reports: “a good report does not guarantee that the company respects the principles of sustainable development. Sustainable development reports will have fulfilled their objective of [bringing about] sustainable development only when the actual quality of the company’s management matches that in the report.” (ACTARES 2003b, author’s translation from the French)

⁴² p.2.

⁴³ This quote is in the context of Brabeck-Letmathe’s defence of the development and sales of genetically engineered food.

⁴⁴ For more details about why this amount was so high, see Baby Milk Action 2003.

⁴⁵ Nestlé acquired the German Schweisfurth Group in 1986, whose Ethiopian subsidiary had been nationalised in 1975, nine years before this takeover. The loss would surely have been written off by the time Nestlé bought Schweisfurth.

⁴⁶ Reproduced in *The Nestlé Corporate Business Principles*, March 2002, pp.17-18. Pdf version available on Nestlé’s website: www.Nestlé.com.

⁴⁷ Much of the information about Nestlé’s involvement in water (including figures and quotes) are based on the excellent background article by Daniel Stern 2003.

- ⁴⁸ The amount is not clear. It could be much more than 30,000 litres (personal communication, Franklin Frederik, 2003).
- ⁴⁹ For more details, *see* Déclaration de Berne 2003.
- ⁵⁰ Information and quotes from Déclaration de Berne 2003; and Stern 2003.
- ⁵¹ Figures vary. The magazine *Cash* puts the fee at US\$75 and the quantity of water being bottled at 3 million litres per day. (Hossli 2003)
- ⁵² For additional information, *see* www.bottledwaterfraud.com.
- ⁵³ According to Stern, Nestlé is probably rather worried about the effectiveness of small but determined citizen initiatives. Two years ago, Nestlé wanted to exploit the drinking water source of the small Swiss town of Bevaix in the Canton of Neuchâtel. Its plan was to sell the water as Aquarel, the European equivalent of Pure Life, which is sold in nine European countries. But when the European citizen's movement Attac heard about the plans, they and numerous citizens lodged complaints with the Canton's authorities, and Nestlé withdrew its request. (Stern 2003)
- ⁵⁴ p.8.
- ⁵⁵ For regular up-dates on the marketing practices of Nestlé and other infant food manufacturers, *see* the bi-annual *Breaking the Code* monitoring reports by IBFAN's International Code Documentation Centre (ICDC) and Baby Milk Action's website on the Campaign for Ethical Marketing (CEM), both at www.ibfan.org, section on CodeWatch. For a recent example of Nestlé's marketing practices in Botswana, *see* www.babymilkaction.org/CEM/compjune03.html#2) *See also* Aguayo et al. (2003); IGBM (1997); and the chapter "Corporate conduct: socially responsible marketing?" in Richter, J. 2001: 98-122.
- ⁵⁶ The company view of the infant food debate and the issue of genetically engineered food make interesting reading. For another analysis of the infant food debate, in particular of the process in which Nestlé tried to use governments and WHO to 'prove' its Code compliance and to discredit infant food campaigners, *see*, for example, Richter 2001, pp.164-168. For a concise argumentation why genetically modified foods will not help solve the problems of hunger and malnutrition, *see*, for example, Wijeratna, A. 2003.
- ⁵⁷ The Nestlé Review on Sustainable Development, he said, was the document outlining the company's vision of what constitutes the company's long-term responsibility for a sustainable development.
- ⁵⁸ *See* the website of the Evian Group: www.eviangroup.org.
- ⁵⁹ p.34.
- ⁶⁰ Quoted in CorpWatch 2002, pp.2,4.
- ⁶¹ Many of these NGOs have expressed their opinions and concerns in arenas other than direct debate with Global Compact supporters or in languages other than English. These NGOs are often overlooked in analyses summarising NGO views of the Global Compact.

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