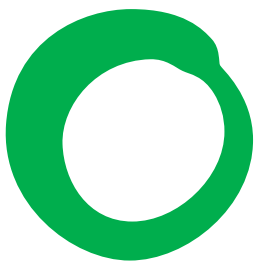




Big business in Bournemouth



**Friends of
the Earth**

Contents

Introduction	2
ASDA	7
BAA	9
BAE	11
Barclays	13
BNFL	15
Cadbury Schweppes	17
Hutchison	19
Tesco	21
CBI	23
Freedom to Fly	25
Water UK	27

Introduction

Last year's report by Friends of the Earth entitled *Who are the Ten Worst Corporations at Labour Party Conference 2002 and Why?*, and the subsequent presentation of the *Exposed Awards* to **BAA**, **Aventis**, **BNFL** and **Tesco**, generated a good deal of interest.¹ It is no surprise that the media, voters and even delegates at the Labour Party Conference in Blackpool wanted to know the truth behind the companies who - through their sponsorship of fringe events, receptions and exhibition stalls - are seeking special favours from the Labour Government.

For example, the aviation industry turned up in force the last time Labour came to Bournemouth for the 1999 Conference. There was scarcely a British airline, airport operator or trade association who wasn't visible in the exhibition hall, brochure or at fringe meetings - let alone what was happening behind the scenes. Was it just coincidence that less than three years later the Government published a consultation paper advocating a massive expansion of the aviation industry, representing a tripling of passenger numbers and up to thirty airport expansions across the UK?²

At the 2003 Labour Party Conference in Bournemouth, Friends of the Earth will again be exposing the most destructive companies and corporate lobbyists attending the Conference.

In *Big Business in Bournemouth* you will find information on what eight UK companies are doing around the world. They are involved in a host of controversial and destructive projects, and between them give a damning indictment of the way UK Plc does business:

The nominations for Friends of the Earth's 2003 *Exposed Awards* are:

- **ASDA** - a subsidiary of US multinational Wal-Mart, the biggest company in the world. The UK Competition Commission has found that big supermarkets engage in anti-competitive practices that operate against the public interest. Asda's policies and business strategy are consistently undermining the needs of people, farmers and the environment, and result in job losses every time a new supermarket is opened.
- **BAA** makes lots of promises about sustainability and environmental performance, but this is mostly pure "greenwash" (pretending to be green while in reality continuing with unsustainable business as usual). The company has broken promises made to local residents over not seeking a third runway at Heathrow, and is now aggressively lobbying for a massive expansion of the aviation industry against the interests of both people and the environment.
- **BAE Systems** is another master of greenwash having run a massive advertising campaign euphemistically describing itself as a "*global systems company*" which provides "*protection from the storm*". In fact, it is the world's second largest arms producer and manufactures many of the missiles (including those containing depleted uranium) that rain down upon the victims of war. Since last year's conference, BAE has benefited from the war in Iraq but has also been the subject of widely reported allegations of corruption over arms deals with Saudi Arabia.
- **BARCLAYS** is putting profits before Indonesian rainforests, indigenous peoples and one of Europe's most precious wilderness areas. Time and again, they have made promises and signed voluntary agreements to provide assurances that they will not invest in environmental destruction. Time and again, they have been exposed for breaking these promises.
- **BNFL** (British Nuclear Fuels Ltd) is exhibiting at the Labour Party conference, has taken a full page advert in the conference brochure and is cynically sponsoring a fringe meeting on "Tackling Climate Change - Can the World Wait for Renewables?" Since last year's party conference, its relentless high-level lobbying has enabled it to dump £3.8 billion worth of liabilities onto the UK taxpayer.
- **CADBURY-SCHWEPPE**S is sponsoring a fringe-debate on "Corporate Social Responsibility" despite concerns about pesticide residues in chocolate, its marketing of fatty, sugary products via schools and about worker exploitation. Its close connections to the CBI suggest its motivation in hosting the fringe debate is to lobby against legislation that would improve the social and

environmental performance of UK companies.

- **HUTCHISON-WHAMPOA** (who owns both **3 Mobile** and **Superdrug**) –is planning to co-host a private breakfast seminar at conference on “Democratising Health”. Ironically, the group is directly supporting the Burmese military regime through its operation of Rangoon Port despite calls by the UK Government, human rights groups and the Burmese people themselves, for companies not to operate in Burma. The company is also behind plans to build a new port in Harwich, Essex which would destroy precious wildlife sites and cause massive disruption for local residents.
- **TESCO** is co-hosting a fringe debate on “*Promising the Earth? Food, Farming and Rural Communities*”. But Tesco has broken previous promises, for example on the sourcing of tropical timber and its treatment of British farmers. The reality is that Tesco is putting its profits before the interests of its suppliers, farmers, people and the environment, both here and abroad, while making worthless promises in glossy brochures.

This year, in recognition of the real dinosaurs of the corporate sector, we have also made room for exposing the activities of some of the trade associations and corporate lobby groups attending Conference:

- The **CONFEDERATION OF BRITISH INDUSTRY (CBI)** is the UK’s most powerful industry lobby group. It is extremely backward in its approach to regulation, regularly lobbying against measures to protect the environment (eg the Climate Change Levy) and peoples’ rights.
- **FREEDOM TO FLY** is the aviation industry’s lead lobby group. Its arguments suggest that the “right to fly” is more important than the right to a clean and healthy environment, or the right to a good night’s sleep. It is aggressively pushing for a massive airport expansion and fighting any suggestion that airlines should be subject to similar tax and regulation paid by other transport.
- **WATER UK** is the association that represents the UK water and wastewater companies at national and European level. The UK water industry is one of the greatest sources of water pollution and Water UK’s members are repeat offenders in the Environment Agency’s annual report on corporate pollution.

These organisations carry out dirty work for companies, lobbying on behalf of companies for better corporate deals and against environmental and social measures, allowing the companies themselves to keep their hands clean and maintain an acceptable public image. The relationship between **BAA** and **Freedom to Fly** is a case in point.

Labour and Big Business

The relationship between sponsors/exhibitors and the Labour party is mutually beneficial. The Labour Party depends on commercial money for about a sixth of its total income (about £6 million a year). Most of this comes from the rental of stall space and other activities at the annual conference. Sponsors get to attend the conference, gaining easy access to decision makers and power structures. And by sponsoring fringe events discussing issues relating to improving the environment, social issues or human health, corporate sponsors can also present themselves as responsible, caring and interested while actually carrying on with unsustainable business as usual.

In fact, it is hard to find a multinational company that doesn’t *claim* to acting responsibly these days. Many pledge to follow voluntary codes of conduct and implement social, environment and human rights policies. They - and their big business lobby groups - argue that they do this voluntarily and that legislation will slow them down and tie them up with unnecessary administrative burdens. Instead they prefer to create “partnerships” with Governments to work towards (varying definitions of) sustainable development. These partnerships represent a surrendering of power away from Government and towards the corporate sector.

There has been an unprecedented and massive increase in the wealth and power of the world’s multinational corporations over the past 30 years. Multinationals have gained this wealth and power because governments (including and often led by the UK government) have systematically removed national and international legislation and “barriers” to trade, whilst failing to balance these new market opportunities with rules to prevent that exploitation of the environment and local communities.

This potent cocktail of greater power and weaker regulation is contributing to growing levels of damage to the environment and communities.

Friends of the Earth believes the only way to stop multinationals from putting profits before people and the environment is to introduce tighter legislation to force them to behave more responsibly here and abroad.

Labour means fairness?

If Labour genuinely means fairness – as this year’s Conference slogan declaims - then Labour must act to stop companies from behaving unfairly.

Labour must act to ensure a fair and new deal for people and the environment, and not just for corporations. The Government’s current position on Corporate Social Responsibility (CSR) – the idea that companies should behave responsibly towards all their stakeholders including affected communities and the environment – is that regulation is not needed. The Government believes that the way to persuade companies to behave more responsibly is to encourage them to adopt voluntary codes of conduct, voluntary policies, to set their own targets, and to monitor their own progress.

For example, in a keynote address to the CBI in October 2000, Tony Blair told business leaders:

“I am issuing a challenge, today, to all of the top 350 companies to be publishing annual environmental reports by the end of 2001.”³

But the Government’s own figures indicate that by the end of 2001 only 79 of the top 350 companies (23 per cent) had bothered to meet Blair’s challenge⁴. If this is the response of big business to the clearest and most basic of challenges issued by the top politician in the land, what hope for the more complex demands that might come from other politicians and the rest of society?

As another example, Stephen Timms, Minister for Corporate Social Responsibility, said in July this year

“...we think the way forward is through a framework which stimulates companies voluntarily to raise their performance beyond minimum legal standards”⁵

But he does not say anything about what the Government intends to do when companies committed to voluntary frameworks and standards, *in theory*, do not operate to these same standards *in practice* (as in the case of **Barclays** and the Equator Principles). Nor does the Minister say anything about what the Government intends to do about those companies that are simply not committed – either in theory or practice – to voluntary frameworks.

It is an obvious truth that when companies are legally committed *only* to maximising profits for their shareholders, voluntary codes will always lose out.

The Government should be telling us what they are going to do about bad business behaviour, not what they are going to do about those companies who are already genuinely committed.

Apart from being logically and intellectually deficient, the Government’s voluntary approach to CSR also represents hypocrisy and double standards. When it is financial institutions and rich shareholders that get hurt by corporate wrongdoing, no-one - not even George W Bush or Gordon Brown - seem to question that the way to stop it happening again is through regulation. Speaking after the Enron, Worldcom and Arthur Anderson scandals, the President said:

“Self-regulation is important, but it’s not enough. ...government can ensure that those who breach the trust of the American people are punished.

Too many corporations seem disconnected from the values of our country. These scandals have hurt the reputations of many good and honest companies. They have hurt the stock market. And worst of all, they are hurting millions of people who depend on the integrity of businesses for their livelihood and their retirement, for their peace of mind and their financial well-being.

When abuses like this begin to surface in the corporate world it is time to reaffirm the basic principles and rules that make capitalism work: truthful books and honest people and well-enforced laws against fraud and corruption.

We're moving corporate accounting out of the shadows so the investing public will have a true and fair and timely picture of assets and liabilities and income of publicly traded companies. Greater transparency will expose bad companies but, just as importantly, protect the reputations of the good ones”.

President George W Bush, 9 July, 2002

Similarly, the Chancellor of the Exchequer said:

“We should all adopt and monitor similar codes and standards for corporate governance and accounting and auditing, working with standard setters to develop stronger regulatory frameworks.”

Gordon Brown, 22 January, 2003

Nor do politicians seem to question that regulation is the way forward when they want to guarantee rights for corporations, such as the right to trade and the right of access to markets. Tony Blair has said:

“An open and rules-based trading system brings great opportunities and benefits.”

Prime Minister, 13 September 2000

(responding to a Performance and Innovation Unit report)

But when it comes to protecting the poorest and most vulnerable people, or the environment, from corporate wrongdoing the same politicians and their governments argue that somehow the voluntary approach will miraculously deliver.

Is this because they genuinely believe that companies will respond to the voluntary challenges on social and environmental issues (when there is now plenty of evidence even from the most unlikely sources to suggest otherwise⁶) or is it actually that they care more about financial institutions and accountancy regulations than vulnerable communities and the environment?

Companies that are already behaving responsibly would have nothing to fear and everything to gain from new laws as their competitors would be forced to act equally responsibly avoiding a race to the bottom.

By failing to introduce proper legislation to hold corporations accountable for their actions and to stop corporate wrongdoings, governments are awarding destructive corporate practices and penalising good, environmentally and socially sound business.

Changes needed to UK Company Law

The Government's Company Law Review (CLR) represented the most extensive review of UK company law in nearly 150 years and presented the Government with a unique opportunity to create rules that would better control wide ranging impacts companies have on our lives - reflecting stakeholder concerns rather than short-term shareholder interests.

But the review failed to set out rules which would encourage companies to be more transparent and hold them accountable to a wider community of stakeholders. As a result of the inadequacies presented in the CLR's final report Friends of the Earth, with other organisations in The Corporate Responsibility Coalition (CORE) developed the Corporate Responsibility Bill (a Private Member's Bill) originally tabled in the House of Commons by Linda Perham MP (Ilford North). More information on the Bill is available at <http://www.corporate-responsibility.org>

The Corporate Responsibility Bill includes the following principles:

- **Mandatory reporting:** companies with a turnover greater than £5m would have to produce and publish reports on their economic, environmental and social impacts. If such legislation had been introduced by

Big Business in Bournemouth, Friends of the Earth, September 2003

Labour in 1997, it is highly unlikely that **Tesco** would have been selling garden furniture from illegally felling tropical timber in 2003.

- **Stakeholder consultation:** Before embarking on major projects companies would have to take reasonable steps to consult with and respond to affected stakeholders. If such legislation had been introduced by Labour in 1997, local communities would have greater power in stopping new **Asda** supermarkets opening up in their neighbourhoods in 2003, to the detriment of small local businesses and jobs.
- **Directors' duties:** Directors would be required to consider and take action to reduce significant negative social and environmental impacts of their business. If such legislation had been introduced by Labour in 1997, surely it would be much more difficult for the **BAA** to be pushing for a massive expansion of aviation – the most inefficient, most polluting form of transport.

These, and other principles included in the Corporate Responsibility Bill, would greatly change the way in which UKplc does business. Since the UK is the fourth largest economy in the world and the world's largest foreign direct investor, such legislation would greatly improve the lives of hundreds of millions of people around the world. The measures in the Corporate Responsibility Bill have already gained the support of over 300 MPs – the vast majority of which are from The Labour Party.

But it is the support of Government that matters. Will it listen to logic and its backbench Labour MPs, or will it just listen to big business and the vested interests so clearly on display in the exhibition hall at Labour Party Conference? Time will tell.



Craig Bennett
Corporate Accountability Campaigner
Friends of the Earth

September 2003

Big Business in Bournemouth was researched and written by Craig Bennett, Hannah Griffiths, Roger Higman, Eve Mitchell, Lisa Rimmer and Henry Tidy.



At Conference, Asda is supporting a fringe meeting entitled “*Company values, community needs: How well do they mix?*” The answer to this question depends partly, of course, on the company’s values. In Asda’s case, the answer is “*about as well as oil and water*”. Asda’s policies and business strategy are consistently undermining people’s needs in the communities where Asda stores open, the needs of the farming community and the needs of suppliers.

What is ASDA? Monopolies and Mergers

Asda is a subsidiary of US multinational Wal-Mart, the biggest company in the world.⁷ It is vying with Sainsbury’s to be the UK’s second largest supermarket and, with the Safeway take-over in the news, could become the UK’s largest retailer⁸. The Competition Commission examined this complex monopoly and found that big supermarkets engage in anti-competitive practices that operate against the public interest.⁹

Local Communities

The British Retail Forum has found that on average 276 jobs are lost for every large supermarket opening in the UK¹⁰. Asda-Wal-Mart has a particularly aggressive take-over policy, which is wiping out vulnerable local competition and jobs in the US. The company pursues ‘*a policy of consolidation*’ by opening stores in small towns, driving out competition, creating dependency and then moving the store to a larger town. In the US this has led to huge food and business deserts, particularly in small towns where local business is often completely destroyed.¹¹

In the UK Asda Wal-Mart is further exacerbating this problem by exploiting a loophole in planning rules to greatly expand its floorspace and is in the process of putting in 40 mezzanine floor extensions around the country. Although they can add the equivalent floorspace of a whole store, planning permission is not needed because these developments are internal to the building, and so the local authority and local community have no say about the development. Large scale mezzanine floor or basement extensions, like new stores, can have significant impacts on local communities and businesses.

Community opposition to Asda-Wal-Mart

Ralph Gonsalves, prime minister of St Vincent and the Grenadines, is concerned that Wal-Mart’s take-over of Asda has had a detrimental effect on the islands’ economy and warns that the Caribbean banana industry will suffer more as Wal-Mart makes further inroads into Britain. He believes this erosion of the traditional market could also escalate the Caribbean’s drugs problems and contribute to social pressures and tensions. ‘*What they are seeking to do is to drive everyone out of the market and then to raise the price. The people who supply Wal-Mart are paying people starvation wages in Central America and Latin America in conditions that no civilised country would accept.*’

Bernard Cornibert of the Windward Islands Banana Development and Exporting Company says that the banana industry is a microcosm of all that is wrong with Wal-Mart’s way of doing business. ‘*What we have seen is a direct result of what Asda and Wal-Mart are doing in the industry...This isn’t just about bananas, this is something that is happening to British farmers and other suppliers. Wal-Mart behaves irresponsibly in the way it drives down prices without regard to the consequences.*’

Charles Secrett from Kent Valley Growers has said:

“Supermarkets have had a devastating impact on our industry. They have virtually decimated what were rich, varied production areas by taking their business abroad. Growers have been de-skilled and de-tooled. Fewer and fewer crops are grown in the UK, which was once self-sufficient in fruit and vegetables”¹²

Farmers and suppliers

Smaller, independent local shops are more likely to buy their produce from smaller, local suppliers¹³ and smaller suppliers are threatened as local shops are put out of business. Wal-Mart-Asda uses market power to drive down supply costs, forcing farmers to sell produce at unsustainably low prices. A National Farmers Union survey found that for a basket of food costing £37 in supermarkets, farmers get only £11.¹⁴ In its quest for ever lower prices, Asda sources much food from abroad, worsening the situation for UK farmers. For example, at the height of the 2002 UK season, Asda sourced only 40 per cent of its apples from the UK. When retail prices for bananas are slashed the price cuts are passed down the supply chain. Bananalink has

reported that Del Monte now supplies bananas to Asda from the world's cheapest sources. Over half come from Cameroon, where wages, labour and environmental conditions are reported to be terrible. A growing proportion are from Del Monte's new plantations in Northeast Brazil where wages are also rock bottom.¹⁵

Workers' rights

In the UK, Ethical Consumer identified Asda-Wal-Mart as one of the two worst British supermarkets for workers' rights.¹⁶ Although Asda-Wal-Mart belongs to the Ethical Trading Initiative, which should ensure baseline standards for workers, there is no independent verification that they put this into practice.¹⁷ The code allows Wal-Mart to use products made by children of 14 or 15 and only 'prefers' that they work no longer than sixty hours a week.¹⁸

The environment

There are massive knock-on environmental impacts from supermarkets. Seventy-five per cent of shoppers go by car to shop at supermarkets even though for the majority of these it is less than 2 miles.¹⁹ The produce sold by Asda-Wal-Mart also clocks up many miles. A traditional Sunday lunch bought from Asda, could have travelled 25,000 miles if the roast chicken came from Thailand. By transporting so much produce around the world, Asda is likely to be contributing to the global climate change threat.

Consumers

Although these days most of us shop at supermarkets, a survey in 2001 found that only one in six shoppers trusted our supermarkets to sell safe food.²⁰ Consumers are especially concerned about the unsafe levels of pesticides in their food. Despite consumer's concerns, according to Government data, 48 per cent of Asda's fruit and vegetables contained pesticide residues between 1998 and 2001.

Asda-Wal-Mart greenwash

In line with the image the company is presenting at Conference, Asda-Wal-Mart tells us it is the "store of the community" and that it is "playing a positive part in all aspects of local life".^{21,22} The group promotes itself as a saviour of social injustice "we can help put life back in to areas of urban deprivation". Giant supermarkets that have been built in run-down urban areas like Hyson Green in Nottingham demonstrate that far from putting life back in to these areas; Asda-Wal-Mart is exacerbating the problems. Here, the supermarket has forced out local businesses and emptied the high street.

Asda-Wal-Mart dedicates a page of its website to promoting its environmental policy. Asda-Wal-Mart tells us that "Environmental management is a core business concept at ASDA." The company claim of having successfully "reduced supplier deliveries by 25% by collecting from suppliers with our vehicles after they have made store deliveries" saving "over 15,800 tonnes of CO2 emissions" seems pretty meaningless in the light of environmental damage caused by Asda-Wal-Mart's international trade and the car journeys it encourages its customers to make visiting its out of town stores.

Further Information and Links

A detailed briefing on supermarkets is available at http://www.foe.co.uk/resource/briefings/super_markets_corporate_bullies.pdf

¹ Available at: http://www.foe.co.uk/resource/reports/terrible_ten.pdf

² July 2002 Government consultation: *The Future Development of Air Transport in the United Kingdom*

³ "Richer and Greener" - Speech by The Prime Minister, to CBI / Green Alliance Conference on the Environment, Tuesday 24th October, 2000.

⁴ House of Lords written answers, 4th December 2001. Col. WA132.

⁵ Letter from Stephen Timms to an MP in response to a letter from a constituent, July 2003

⁶ OECD (2003) *Voluntary Approaches for Environmental Policy* OECD, Paris

⁷ Wal-Mart Annual Report 2002 and the Grocer Magazine

⁸ A decision on this takeover is likely to take place during the week of writing (w/c 22 Sept 2003)

⁹ Competition Commission Supermarkets report October 2000

¹⁰ Porter, S. and Raistrick, P. The Impact of Out-of-Centre Food Superstores on Local Retail Employment, The National Retail Planning Forum (1998)

¹¹ How Wal-Mart is destroying America, Bill Quinn 1998 Berkley, California

¹² The Guardian Weekend, September 2002

¹³ See for example Caroline Cranbrooks research on local food networks in East Suffolk, 1988

¹⁴ For beef, eggs, milk, bread, tomatoes and apples. September 2002

¹⁵ 'British Supermarkets driving the 'race to the bottom'' Banana Trade News Bulletin, July 2003, Bananalink

¹⁶ Ethical Consumer Jun/Jul 2001

¹⁷ Forthcoming Corporate Watch report on Asda

¹⁸ Forthcoming Corporate Watch report on Asda

¹⁹ Competition Commission: Supermarkets; A report on the supply of groceries from multiple store in the UK.

²⁰ Good Housekeeping magazine 2001

²¹ DTI reports on Asda's "Store of the Community" initiative www.societyandbusiness.gov.uk/company/studies/asda.htm

²² www.asda.co.uk



BAA's Chief Executive Mike Clasper is speaking an aviation industry lobby group sponsored fringe meeting *Jobs, the economy and aviation*. BAA makes extravagant and misleading claims about aviation's contribution to jobs and the economy to justify further expansion of its environmentally damaging business.

What is BAA?

BAA describes itself as "*the world's leading airport company*".¹ BAA plc owns and operates seven UK airports including three in London. Of these, Heathrow, the jewel in BAA's crown, is the world's busiest international airport, processing 60 million passengers a year. BAA also has stakes in ten airports outside the UK and retail contracts at two airports in the USA. About 200 million people, one in six of the world's air passengers, travel through BAA's UK airports every year.²

But not content with being the world's most profitable airport company, BAA is intent on getting even bigger. In London alone BAA has an £8.4 billion programme to expand. Capital spending is set to rise steeply, from £700 million, for 2002/3 to over £1 billion a year for the next five years. About £3.2 billion will be dedicated to Heathrow Terminal 5, one of the UK's biggest construction projects. A further £3.4 billion will go on improvements to existing terminals. But BAA is set to suffer a debt downgrade by two main credit rating agencies.³

The phenomenal success of BAA's business comes at an unacceptably high environmental and social price. Airport operations and expansion contributes to climate change problems and air and road congestion, has a negative impact on rural economies and can mean loss of wildlife and countryside.

Jobs, the economy and aviation

BAA and the aviation industry do not hesitate to make extravagant claims regarding air travel's contribution to the UK economy. But these claims often misrepresent and exaggerate aviation's contribution to economic growth. There is no evidence that more runways are essential for the economy and little meaningful evidence is ever produced to back up these claims.

Indeed, the aviation industry's own report was unable to find a direct link between the development of aviation and the performance of the economy. The Contribution of Aviation to the UK Economy, by Oxford Economic Forecasting said: "*This does not mean that these additional jobs [from aviation] would not exist in the long run without the aviation sector*" and "*in the long run the overall level of employment is not determined so much by the level of demand from particular industries as by the supply of workers looking for a job*". A recent re-run of the Government's own computer model has shown that if the aviation industry's £9.2 billion subsidies from the public purse were ended, no new runways would be needed in the UK.

A Berkeley Hanover study in 2000 verified that the effect of bringing the growth in aviation under control would not be a net loss of jobs but would simply mean a different distribution of jobs around the UK; money not spent on air travel would be spent on other goods and services in the wider economy and would create jobs in those sectors. Far from being good for our local businesses, airport expansion often has a negative impact on vulnerable rural economies by providing a gateway for cheap overseas products such as fruit and vegetables that could have been produced locally.

UK tax payers subsidise airports and aviation

BAA and the rest of the aviation industry have successfully held on to a very privileged position as beneficiaries of huge subsidies. Airports are not regulated in terms of emissions in the same way that large industrial plants are, international aviation is not counted as part of any reduction target for fossil fuel emissions and large amounts of public cash are poured into supporting airports. Grants and soft loans from the EU fund airport expansions, new roads, motorway widening and new metro lines. For example the M25 widening near Heathrow has cost the public £100 million.

BAA's expansion plans are fuelled by its privileged position as part of the aviation industry in the UK. The multinational benefits both directly and indirectly because aviation pays no tax on fuel and receives large subsidies in the form of other tax breaks and state expenditure on infrastructure.⁴

BAA Lowlights

- BAA benefits both directly and indirectly because aviation pays no tax on fuel and receives large subsidies in the form of state expenditure on infrastructure.⁵
- Air travel emissions are responsible for 3.5 per cent of man-made climate change. If the industry continues to grow at its current rate this will rise to 15 per cent by 2050 and the UK would suffer a new airport the size of Heathrow every 5 years. Evidence already shows climate change is hitting Britain. Rising emissions are a likely cause. In the UK 2002 was among the warmest years since records began.
- At most of BAA's airports over 90 per cent of people get to and from the airport by car. Even at London Heathrow and Gatwick, where BAA is proud to boast of its public transport links, 65 per cent of passengers arrive in private vehicles. London Heathrow airport's new Terminal 5 will generate over 46,000 extra car trips every day across London and in the South East.
- According to the World Health Organisation, traffic pollution and the emissions from aircraft combined mean air pollution around airports is serious enough to damage people's health.
- BAA's Heathrow Terminal 5 will expose 250,000 more local residents to higher levels of toxic emissions. It will routinely breach the Government's air quality standards designed to protect people's health. Community-based noise exposure studies have shown that aircraft noise is linked to raised incidences of cardio-vascular diseases, hypertension and psychiatric conditions as well as damaging the learning ability of children and depressing IQ.⁶
- BAA repeatedly claimed that Heathrow Terminal 5 would not lead to a third runway but now claims three new runways are 'needed' in the South East and has made it clear that Heathrow offers a strong case for this on purely economic grounds.
- BAA's much praised investment in new rail access to Heathrow from across the UK has not formed part of its £8.4 billion investment programme. At the Heathrow Terminal 5 public inquiry BAA said that major rail services would be delivered if T5 planning approval were given. But the only rail access is the extension to the Heathrow Express and the tube line.

BAA greenwash

On its website and in press releases, BAA loses no opportunity to promote its environmental management performance policies. Despite all the controversies surrounding its airport expansion programme and the concerns of community and environmental groups, BAA was happy to nominate itself for the Business in the Community (BITC) group's corporate responsibility index. This business led, voluntary initiative, purports to give UK companies a chance to show *real commitment* to environmental and social issues.⁷ By awarding BAA a first in sector nomination and a score of 89.55 per cent with a "*placing amongst the very best in the country*" BITC undermines the scheme as a credible measure of corporate responsibility.

It is paradoxical that at the same time as demanding at least 3 new runways in the South East, BAA feels comfortable assuring us that its course of environmentally sustainable growth ensures "*effective protection of the environment*" and that among the environmental issues the company says it has considered are land take, noise and air pollution.⁸

BAA's demonstrable commitment to its own self-promotion has achieved its desired results and it has built up a reputation for its work on sustainability and reporting that is not matched by a commitment to real and lasting change. Much of BAA's work is superficially impressive but despite the efficacy of individual initiatives on waste, energy use, tree planting and donations to community schemes, nothing gets in the way of BAA's ambitions and lobbying for relentless airport expansion, regardless of local and global impacts.

Further information and links

A full Friends of the Earth briefing on BAA is available at:
http://www.foe.co.uk/resource/briefings/ukplc_baa.pdf

¹ BAA website: <http://www.baa.co.uk/> September 2002

² BAA website: www.baa.co.uk

³ BAA response to CAA final decision on airport charges. BAA press release Feb 2003 http://www.baa.co.uk/main/corporate/newsdesk_frame.html

⁴ *Flying into Trouble: 2002: The threat of airport growth* The Aviation Environment Federation, June 2002

⁵ *Flying into Trouble*: Op cit

⁶ World Health Organisation Studies (WHO), 1993

⁷ Business in the Community website: www.bitc.org.uk

⁸ BAA press release, *BAA calls for responsible growth of UK aviation* 12 May 2003



As in previous years BAE has a major stand at the Labour Party Conference

What is BAE systems?

BAE Systems (BAE) euphemistically describes itself as a “*global systems company*”.¹ In fact it is the world’s second largest arms producer, with military equipment accounting for over 70 per cent of total sales.² Small arms, ranging from pistols to machine guns and mortars, kill 500,000 people every year. Of four million war-related deaths in the 1990s, 90% were civilian, 80% of those were women and children³. BAE makes business out of war and violence – its share price rose rapidly after NATO started bombing Serbia in March 2001 and by a massive 30% within a few weeks of terrorist attacks in the US on 11 September 2001.

BAE and New Labour

BAE and The Labour Party continue to have a close relationship which goes beyond the thousands of pounds of donations from BAE to Labour and the party’s pension fund’s holding of BAE shares.^{4, 5} In April 2000, the Government chose Richard Lapthorne, former Vice Chairman of BAE, to set up its Working Age Agency. Peter Gershon, previously BAE’s Chief Operating Officer, was appointed head of the new Office of Government Commerce (OGC) in Feb 2000 a position which made him the highest-paid civil servant in the country. He had previously headed a review of Government procurement, which was the recommended that the Government should set up the OGC. In 2001 BAE had eight staff working for free on secondment inside the MOD.

The UK government’s financial and diplomatic support for BAE has been considerable. Prime Minister Tony Blair told Labour Party Conference in 2001 that “*The state of Africa is a scar on the conscience of the world*”. But the Government has chosen to “*heal*” that scar by presiding over a three fold increase in arms exports to Africa since 1997 – mostly to the benefit of BAE.⁶

BAE- how corrupt?

Since last year’s Conference, BAE has been rocked by ongoing scandals and has been in the headlines repeatedly; “*Fraud Office looks again at BAE*”, “*SFO considers inquiry into BAE slush fund claims*”⁷ and “*BAE faces corruption claims around world*”⁸.

On 11 September 2003 the Guardian reported that the Serious Fraud Office alleged that BAE had made secret bribes to shadowy figures in Saudi Arabia; all the more serious due to that country’s connections to terror networks:⁹ “*Sir Richard Evans, the chairman of Britain’s most powerful arms company, may have been personally complicit in the operation of a £20m “slush fund” designed to bribe Saudi officials, according to allegations contained in a letter by the head of the Serious Fraud Office.*”¹⁰

Killing supported by UK taxpayers

In 2000, the UK licensed military exports to 30 of the 40 most repressive regimes in the world and British weapons are being used in most of the world’s current conflicts. Although military exports account for only two per cent of exports, the arms companies claim almost 50 per cent of Export Credit Guarantee Department cover funding. Overall there is a net cost to the taxpayer of £763m per year¹¹.

Tanzania’s Air Traffic Control System

Controversy continues over the sale of £28M British-made military air control system by BAE to Tanzania, one of the world’s poorest countries. The contract was condemned by the World Bank. Tanzania has just eight military aircraft, a per capita income of just £170 a year, and a more suitable air system could be installed for a fraction of the price. The system is not believed to be suitable for many civilian aircraft, which would be its primary role due to Tanzania’s lack of an air force.¹² Despite opposition from Gordon Brown, Clare Short and many other Labour MPs, the DTI granted BAE export licences in December 2001.

Supporting Oppressive Regimes in Indonesia

During President Suharto’s regime there were reports that BAE Hawk fighters were used for internal repression in Indonesia where 200,000 East Timorians were killed by Government forces during decades of

occupation. Current president, Megawati Sukarnoputri, promised greater political freedoms and East Timorian independence but this May troops were sent to Aceh province to crush separatists. 20,000 people fled their homes and reports indicate BAE's Hawk Jets have once again been deployed by the Government.¹³

Arming India and Pakistan's conflict

BAE has aggressively pushed the sale of 60 Hawk jets worth £1 billion to India, at a time when, owing to India's dispute with Pakistan over Kashmir the region is very unstable with a threat of (potentially nuclear) war. Whilst Tony Blair expressed the hope that the UK "could have a calming influence" in the region, defence secretary Geoff Hoon pressed the Indian Government to make a quick decision on the Hawks¹⁴. The deal has been criticised in India, with accusations that "the UK is fleecing India over Hawks"¹⁵. Finally in September this year, following personal lobbying by Tony Blair, BAE clinched the contentious £1bn order¹⁶.

Depleted Uranium in the Gulf

BAE Royal Ordnance were heavily involved in the manufacturing of depleted uranium missiles, which were used extensively in the Iraq Wars and Kosovo. There is widespread concern that depleted uranium from weapons is linked with child leukaemia cases in the Gulf.¹⁷

From Thatcher to Blair: Oil for Arms in Saudi Arabia

BAE received £2 billion a year from an arms-for-oil deal negotiated with Saudi Arabia in 1986, which includes 48 Tornado fighter planes ordered in 1993. The deal was examined by the National Audit Office but its report was never published. According to the Economist, BAE "not only supplies Saudi Arabia with fighter aircraft but virtually runs its airforce". Saudi Arabia has been described as a regime with a "persistent pattern of gross human rights abuses" by Amnesty International. Deals with Saudi Arabia have been made against a backdrop of bribes. Files record BAE handing over more than £8m to a front organisation called Robert Lee International [RLI] set up by BAE to "entertain" top Saudis.¹⁸

In July, the Parliamentary Ombudsman started an investigation into the 11 year suppression of a national Audit report into the Al Yamamah deal, which could uncover the truth of one of Britain most controversial arms trade scandals.¹⁹ And yet earlier this month it was revealed that BAE were once again in talks with the government of Saudi Arabia over an extension to the controversial £15 billion Al Yamamah contract²⁰

BAE Greenwash

BAE has taken its greenwash to a whole new level with its recent advertising campaign in which it describes itself as "the systems company innovating for a safer world" and as "securing the future for the next generation"²¹. It beggars belief considering BAE's profits come from the equipment of war – what kind of future does BAE think it is securing exactly? And who does BAE think it's kidding with this blatant spin?

¹ From BAE's website <http://www.baesystems.co.uk/aboutus/index.htm> September 2002

² Campaign Against the Arms Trade, BAE Systems Alternative Report 2002 available at <http://www.caat.org.uk/companies/BAES2002.pdf>

³ Small arms survey, GHS, IISS

⁴ The Guardian, March 20, 2002

⁵ www.punch.co.uk/Mo%20Archive/Punchsays_154.html

⁶ www.caat.org.uk/campaigns/clean-investment-campaign/baes-2002.php#introduction

⁷ The Guardian, September 12, 2003

⁸ The Guardian, June 14, 2003

⁹ Saudi Arabia's Links to Terrorism, A briefing by Laurent Murawiec, November 19, 2002

¹⁰ The Guardian September 11, 2003

¹¹ www.caat.org.uk/campaigns/shelling-out/briefing.php

¹² www.guardian.co.uk/armstrade/story/0,10674,762158,00.html

¹³ John Aglionby and Richard Norton-Taylor, Scorpions move in on rebels as Indonesia reneges on weapons pledge to Britain, The Guardian (June 24 2003) <http://www.guardian.co.uk/guardianpolitics/story/0,3605,983679,00.html>

¹⁴ Guardian 12/01/02 (From Campaign Against the Arms Trade, BAE Systems Alternative Report 2002 available at <http://www.caat.org.uk/companies/BAES2002.pdf>)

¹⁵ *Defence India, 03/03/02* (From Campaign Against the Arms Trade, BAE Systems Alternative Report 2002 available at <http://www.caat.org.uk/companies/BAES2002.pdf>)

¹⁶ The Guardian, September 3, 2003

¹⁷ www.eoslifework.co.uk/pdfs/DU2102A3b.pdf

¹⁸ The Guardian, September 11, 2003

¹⁹ The Guardian, June 24 2003

²⁰ Sunday Times, September 14, 2003 "BAE Lines up Saudi plane deal".

²¹ BAE's recent advertising campaign. See for example <http://www.baesystems.com/uk/saferworld/> accessed 26 September 2003

BARCLAYS

Barclays is co-hosting a fringe meeting at Conference on bridging the “*inequality divide*” at which its Community Affairs Director Martin Mosley is speaking. The company is also sponsoring the *Absolutely Equal* disco.

Friends of the Earth will be intrigued to hear Mr. Mosley explain how the total earnings of £1,920,000 made by Barclay’s Chief Executive Mr Matthew William Barrett in 2002 will help bridge the inequality divide. It will also be interesting to hear how such earnings can be justified against a background of social and environmental failures by Barclays.

Financing Indonesian forest destruction

Barclays has financed Asia Pulp and Paper (APP), a company that a 2001 Friends of the Earth report *Paper Tiger, Hidden Dragons* exposed as responsible for the destruction of large areas of Indonesian rainforests. Indonesia’s forests are home to millions of indigenous peoples and many endangered species such as the Sumatran tiger and Sumatran rhino. More than half of Indonesia’s forests have already been destroyed and an area of forest the size of Belgium is lost every year. Indonesian paper producers, including APP, are to blame for a significant amount of this destruction.¹

Yusufeli Dam, Turkey - Breaking International Standards

Barclays, along with Paribas, is arranging the financing for the Yusufeli dam and hydro-electric project, which is planned to be built on the Çoruh river in North East Turkey². Serious concerns have been raised over the dam’s environmental, human rights and cultural heritage impacts. Eighteen towns and villages, including the town of Yusufeli, would be completely or partially submerged by the dam, displacing 15,000 people from their homes and indirectly affecting up to a further 15,000 people. No resettlement plan has yet been made public and consultation has been minimal. Much cultural heritage would also be affected. The Yusufeli dam would also have negative impacts on the Çoruh river and its surrounding environment which currently remains largely undisturbed and is rich in wildlife.

An international fact finding mission to the region in 2002 found that the dam does not conform to international standards and guidelines of the World Bank or of the World Commission on Dams because an adequate resettlement plan does not exist, the environmental impact assessment has not been made public, affected people have not been consulted.³

The dam suffered a serious set-back at the end of 2002 when key construction companies AMEC and SPIE pulled out of the project following pressure from Friends of the Earth and other organisations.

Arranging finance for the destruction of Iceland’s central highlands

On 9 July a consortium of 19 banks agreed to a \$400 million revolving credit facility for Iceland’s National Power Company (Landsvirkjun) to facilitate the construction of the devastating Kárahnjúkar Hydropower Project. Barclays is one of the four mandated arrangers for the loan, with a share of \$31 million.⁴

The Kárahnjúkar project will be located near Europe’s largest glacier, Vatnajoekull. It is due to consist of 9 dams, 3 reservoirs, 7 channels and 16 tunnels. Almost all of the electricity generated will be used to power a new aluminium smelter on the Icelandic coast, processing bauxite shipped in from around the world.

The massive project will affect an area of almost 3,000 square kilometres, or about three per cent of Iceland’s land mass and if implemented it will have serious environmental impacts in addition to facing considerable geological, economic and legal risks. The affected area is home to rare vegetation and contains seal habitats, reindeer, fish and pink-footed geese. It is located near the world’s volcanically most active area. Experts are concerned that it has geological risks that haven’t been adequately assessed.

Barclays Greenwash

In June 2003, Barclays and ten other major banks launched “*The Equator Principles*” with a blaze of publicity. This impressive looking set of environmental and project finance standards is based on the social and environmental safeguard policies of the private finance arm of the World Bank. The banks endorsing the Principles have all committed to categorise projects based on their social and environmental sensitivity.

By signing up to these Principles, Barclays is attempting to cultivate an image of a company that takes the environment and social issues seriously. But Barclays involvement with the Karahnjukar project and related Fjardaal smelter appears to breach the Principles in a number of fundamental areas such as the protection of internationally significant ecosystems, acceptable pollution levels and the inadequate consideration of alternatives. Barclays endorsement of the Principles is also at odds with its refusal to disclose details of the projects they finance or to disclose the risk assessment policies they use to assess environmental risks.⁵

The title of Barclays’ 2002 corporate social responsibility report is “*Making Business Sense*” which gives a more reliable indication of where Barclays is putting its priorities. Despite the Company’s alacrity in signing up to the Equator Principles, it is “*business*” that takes precedent at Barclays as per usual. Financial profits before rainforests, indigenous peoples and rare wilderness areas, is still the order of the day.

Further information and links

For more information on how Barclays has funded rainforest destruction, see http://www.foe.co.uk/resource/briefings/barclays_finance_destruct.pdf

For more information on Asia Pulp and Paper, see http://www.foe.co.uk/campaigns/corporates/case_studies/app/index.html

To download a copy of Friends of the Earth’s detailed report Paper Tiger, Hidden Dragons on the responsibility of international financial institutions for Indonesian forest destruction http://www.foe.co.uk/resource/reports/paper_tiger_hidden_dragons.pdf

For more information on how the Karahnjukar Hydropower Project (KHP) on Iceland’s Central Highlands violates the Equator Principles, see <http://www.irn.org/programs/finance/index.asp?id=030718.violation.html>

¹ Finance Initiatives for Sustainable Development, *Friends of the Earth* briefing (2002)

² House of Commons, Trade and Industry Ninth Report, 20 March 2001

³ Friends of the Earth et al, Damning Indictment - How the Yusufeli Dam violate international standards and people's rights, September 2002.

⁴ International Rivers Network, “Violation of Equator Principles by the \$400m loan to Landsvirkjun, <http://www.irn.org/programs/finance/index.asp?id=030718.violation.html>

⁵ *ibid*



British Nuclear Fuels (BNFL) has taken out a full page advert in the Conference brochure and has a large exhibit promoting the “*dawning of a new era*” for BNFL. It is also co-hosting a fringe debate on the “*Future for Nuclear*” and cynically also hosting one on “*Tackling Climate Change – Can the World Wait for Renewables?*”

Nuclear Power

State-owned British Nuclear Fuels Ltd (BNFL) is involved in almost every aspect of nuclear power, from making fuel rods, through running power stations to reprocessing spent fuel and dismantling old nuclear reactors. It owns Britain’s ageing suite of Magnox nuclear reactors and the Sellafield reprocessing complex in Cumbria.

Political influence

In February, the Government published an Energy White Paper that aims to cut emissions of the global warming pollutant, carbon dioxide, by 60 per cent by 2050. The White Paper ruled out immediate plans to build nuclear power plants, in favour of renewable power and energy efficiency. BNFL had called for a new programme of nuclear reactors. It must have been gutted.

But BNFL is fighting back. Its Chairman, Hugh Collum, is slating the Government’s strategy. He uses recent power cuts to argue for more nuclear power. Yet the cuts were caused by a breakdown in distribution not by a shortage of power. He claims the potential for renewable energy is exaggerated and that fears over nuclear power are emotional.

As on so many occasions, BNFL’s message is blatantly disingenuous. Collum claims BNFL would have made a profit last year if Government proposals to transfer parts of it to a new Nuclear Decommissioning Authority had already taken place. Of course it would! The transfer involves BNFL off-loading £3.8 billion worth of liabilities onto the taxpayer. The liabilities are for the decontamination of its nuclear sites and the storage of its waste. Hugh Collum should hang his head in shame for the failure of BNFL to meet its liabilities – and the cost his company has imposed on the rest of us. Instead he argues for license to create more waste.

Abuse of power – who loses?

• Local communities lose

Nuclear plants have a long record of discharging radioactivity into the seas and air around them. The Irish Sea is now the most radioactive in the world, largely due to BNFL’s activities. Nuclear plants also have a long history of accidents. The Windscale fire in 1957, Three Mile Island in 1979 and the Chernobyl disaster in 1986 all hit the headlines, but four times a year the Health and Safety Executive reports a catalogue of smaller accidents and leaks. More recently concern has been expressed about the vulnerability of nuclear plants to terrorist attack. A study for the European Parliament said that a terrorist strike on Sellafield could, in theory, release enough radioactivity to kill one million people.

• The taxpayer loses

This spring, the Government published a draft bill to offload £3.8 billion worth of liabilities from BNFL to the taxpayer. Meanwhile, leaked letters from the European Commission to the UK show that the Government’s rescue plan for British Energy could cost the taxpayer another £4 billion. Liability for British’s Energy’s spent fuel is to be passed to BNFL and hence to all of us. Neither company has made sufficient provision for the clean up of their power stations or the storage of their waste

- **Future generations lose**

Nuclear power produces waste that is radioactive for thousands of years. The storage of this waste will be a burden for generations to come. BNFL does not even intend to dismantle the power stations it owns. It wants to leave them for up to 100 years for our great-grandchildren to take apart.

BNFL Greenwash

BNFL is at the heart of one of the most controversial and arguably most damaging industries in Britain. But a casual web-surfer exploring its website could easily mistake this nuclear fuel company for an altruistic non-profit making, charitable institution. A glance at BNFL's home page gives the unequivocal impression that social and environmental responsibilities are the company's primary reason for living. "*Our CSR journey*" is the reassuring motto emblazoned across the site in letters that dwarf even the company logo itself. Anyone interested is then led straight into a promotional video dressed up as a corporate social and environmental report. BNFL lingers on its environmental performance and loses no opportunity to present the nuclear industry as "*the only large scale reliable way of generating electricity while addressing the issue of global warming*". If only BNFL's energy solutions were as sophisticated as its PR, we might not be in the nuclear mess we find ourselves today.

Further information and links:

For a detailed Friends of the Earth report detailing how climate targets in the power sector can be met without replacing existing nuclear capacity see

http://www.foe.co.uk/resource/reports/climate_chnge_without_nuke.pdf



Cadbury Schweppes is sponsoring a debate on “*Corporate Social Responsibility: Is Britain’s way best?*” The Cadbury Schweppes representative will be sharing the stage with Digby Jones of the CBI (see also section on CBI). John Sunderland, Chairman of Cadbury Schweppes is currently Deputy President of the CBI and will become its President next May.¹

Mr John F Brock, Chief Operating Officer, earned £2,048,000 in 2002.² The average cocoa farmer earns a total of £50 a year.³

Risky lindane and other toxic pesticides

The pesticide lindane has been banned for agricultural and horticultural use in the EU because it fails to meet modern safety standards. In spring 2002 lindane was found in Cadbury’s *Dream* chocolate bars. Environmental youth group, Generation Earth, ran a campaign urging Cadbury to make all its products GM and pesticide free and delivered a petition to the company signed by more than 3,000 children from across the UK.

As a result of the pressure, Cadbury made promises that all the cocoa it sourced from Ghana would be produced without the use of lindane.^{4,5} Furthermore, Cadbury’s stated that it has worked with the Government of Ghana to stop the use of lindane in that country. What Cadbury didn’t publicise, however, was that in 2001 - just one year before - there was a campaign of mass spaying in Ghana. Lindane, which is persistent in the soil, was sprayed free of charge over cocoa farms as a way of using up stocks.⁶

Also, other toxic pesticides are still being used on cocoa plantations, exposing the workers to potential health risks.⁷ It is difficult to see how chocolate companies like Cadbury can be sure that their cocoa is not sprayed with particular pesticides like lindane as they don’t buy directly from the growers but via an extremely complex chocolate supply chain. An additional environmental concern is that the new varieties of high-yield cocoa require much heavier doses of pesticides than traditional varieties and as the pests become resistant, farmers move on and clear new rainforest.⁸

Child labour

According to a Human Rights Watch report cocoa production in West Africa employs 284,000 children, of whom 153,000 apply pesticides to crops. The average cocoa farmer earns a total of £50 a year from cocoa, the same amount the average Briton spends on eating chocolate.⁹ Cadbury says “*We believe that good values and good business go hand in hand.*” The words sound reasonable but the Cadbury’s cocoa trading record doesn’t inspire trust.

Selling products with GM ingredients

Consumer pressure has led Cadbury to withdraw GM ingredients from UK chocolate products. Cadbury says it only uses non-GM ingredients, additives and flavours but in the rest of the world they “*respect local markets*” and are therefore still using GM ingredients in products in many countries worldwide.¹⁰

Children to eat two million kg of fat – to get fit

The Food Commission has been investigating a government endorsed a commercial scheme to promote fatty, sugary snacks to primary and secondary school children. In May 2003, Cadbury launched a major marketing drive, *Get Active!* to encourage children to exchange chocolate wrappers for school sports equipment. The initiative is being run in partnership with the Youth Sports Trust, a registered charity which aims to increase children’s participation in sport. To save up for the top item on offer - a set of volleyball net posts - a school will need to encourage pupils to spend over £2,000 on chocolate, consuming nearly one-and-a-quarter million calories.

With growing concerns about children’s health, and major efforts underway to help children learn to enjoy healthier food, the Government’s sports ministry has failed to make the link between good diet, good health and sporting achievement. Instead, in a near-obsessional quest to attract private finance into the education system, they have fallen into the trap of believing that any source of funding for school equipment is acceptable.¹¹

Cadbury Greenwash

Cadbury makes great claims for its social and environmental policies. In Cadbury's Social Responsibility Report 2002, John Sunderland says Cadbury has "*a clear commitment to the communities we live and work in and to the environment we all share.*" Despite this, people are concerned about chemicals in its products and about worker exploitation. It is a startling paradox that while Cadbury is prepared to ensure it presents Mr Brock with a £2 million pay cheque, the company can't ensure its chocolate products aren't produced by exploiting farmers.

¹ www.cadburyschweppes.com/EN/MediaCentre/PressReleases/130503_JMS_DP_CBI.htm

² www.manifest.co.uk/manifest_i

³ Jane Lawson, Chocs away; *Ethical Consumer magazine* (November 2002)

⁴ Dreaming of a Lindane Free Christmas *Friends of the Earth* press release December 2002

⁵ Letter from Cadbury's to Friends of the Earth, 11 December 2002

⁶ The Dependency Syndrome: Pesticide use by African smallholders, PAN UK, 2003

⁷ <http://www.epa.gov/pesticides/reregistration/lindane/lindanesummary4phaseV.pdf>.

⁸ Jane Lawson, Chocs away; *Ethical Consumer magazine* (November 2002)

⁹ *ibid*

¹⁰ www.cadburyschweppes.com

¹¹ Cadbury wants children to eat two million kg of fat - to get fit. The food Commission
http://www.foodcomm.org.uk/cadbury_03.htm

Hutchison Whampoa Limited



superdrug

At Conference Hutchison Whampoa subsidiary, Superdrug, is planning to co-host a private breakfast seminar with the respected independent think tank Demos, entitled “*Democratising Health*” and focussing on empowering consumers.¹ Another Hutchison Whampoa subsidiary, the video mobile network, 3, is also at Conference, exhibiting products and sponsoring a reception entitled “*Think while you drink*” as part of the Social Market Foundation’s think tank’s fringe programme. Its guest of honour is protest singer, Billy Bragg.¹

Do Billy Bragg and Demos know that in another part of the world, yet another Hutchison Whampoa subsidiary, Hutchison Port Holdings (HPH), is supporting one of the world’s most brutal, disempowering and undemocratic regimes through its continued interests in Burma’s Rangoon port? While Superdrug is promoting its concerns about health outcomes in Bournemouth; one in ten babies die before their first birthday in Burma and over half the population has no access to health services.² While Billy is drinking and thinking with 3 mobile, people in Burma are being imprisoned for up to 5 years for possession of an unregistered mobile phone. The result is that few people outside the members of the military regime and their families are allowed a mobile phone in Burma.³

Closer to home, another Hutchison subsidiary, Hutchison Port UK Ltd is intent on destroying valuable UK wildlife habitats in order to build a massive container port at Bathside in Harwich.⁴ Is the Essex born singer, Billy Bragg, aware of the links between his mobile phone sponsored drinks reception and the threatened bird habitats on his home county’s coastline?

What is Hutchison Whampoa Ltd?

Although few people in the UK are familiar with Hutchison Whampoa Limited (HWL), this multinational conglomerate is one of the largest companies listed on the Hong Kong Stock Exchange. It operates in over 35 countries in business areas as diverse as ports, telecommunications; property, hotels, retail, manufacturing, energy and infrastructure.⁵ Among its subsidiaries are some familiar UK brands including Harwich Port Limited, the mobile phone company, “3” and the high street pharmacy, Superdrug.⁶

What is Hutchison Port Holdings Ltd?

Hutchison Port Holdings (HPH) is a flagship company of Hutchinson Whampoa Ltd and acts as a subsidiary of the diversified Hutchison Whampoa Limited (HWL). Hutchinson Port Holdings is also the mother company of Hutchison Port UK Limited (HPUKL) that owns Harwich International Port, Felixstowe port and Thamesport. It also operates Myanmar International Terminals Thilawa (MITT), a major port in Rangoon, Burma.⁷

Supporting Burma’s military regime

Hutchison Port Holdings has been responsible for the development and management of one of Rangoon’s major port facilities in Burma since 1997. During this time the company has been supporting one of the most brutal regimes in the world as Burma is charged by the United Nations of committing a crime against humanity for its use of slave labour. The regime is also internationally condemned for refusing to transfer power to the National League for Democracy Party. Although this party was legally elected to Government in 1990 with a landslide of 82 per cent of the seats, the military junta has never relinquished political power.⁸ While the regime spends millions on arms and the population, lives in poverty and fear, Hutchison is undaunted. It persists in operating the port in Rangoon, saying “*Government-led reforms, introduced since 1998 have rapidly transformed the economic outlook of the nation*”.⁹ But Burma’s economy is in crisis.¹⁰

Aung San Suu Kyi, leader of the National League for Democracy Party and Nobel Peace Laureate has called for companies to pull out of Burma and cut the lifeline to the regime. By ignoring her pleas and the clear

¹ Last week, Demos indicated to The Burma Campaign that this private breakfast has been “postponed”. It is unclear whether it had been postponed until after conference, and whether this was connected to unfavourable coverage in *Private Eye*.

views of the international community, the international investments provided by companies such as Hutchison, are supporting a regime that continues to torture and oppress the Burmese people.¹¹

Concreting over wildlife havens

Hutchison Ports UK Limited on behalf of Harwich Port Limited (HIPL) has applied to build what would be the second largest container port in Britain at Bathside Bay in Harwich, Essex. But in order to create this vast construction, Hutchison proposes to concrete over a Site of Special Scientific Interest (SSSI) and to destroy the habitats of internationally significant numbers of wading birds and wildfowl. Redshank, black-tailed godwits, dunlin, turnstones and ring plover all frequent Bathside Bay.¹²

The plans are opposed by an impressive array of environmental conservation and pressure groups but Hutchison is as unmoved by their opposition as it is to the destruction of this valuable wildlife area. Among the groups objecting to the port are The Royal Society for the Protection of Birds (RSPB), The Council for the Protection of Rural England (CPRE), Friends of the Earth and a number of local community and activist groups. In addition to the central worry about the loss of 65 hectares (161 acres) of salt marsh and mudflats are fears about the damage to Harwich town and the complete Stour estuarial system. English Nature, the Government's statutory scientific advisers on nature conservation, have also expressed opposition to the port.

Threatening quality of life

The proposed port would be approximately the same size as the whole of the old Harwich town and only separated from people's homes by the width of a road and a railway line. The proposal has caused particular controversy because of the disturbance to the local community.¹³ No other port in Europe is anywhere near as close to housing and local residents are concerned that twenty four hours a day, three hundred and sixty-five days a year, the port would bring noise and light pollution, yet more contamination, polluting fuel spillages, leaks and oil dumping.

Not in the public interest

Hutchison's claims that Harwich and the UK need an extra container port at Bathside are also undermined by a number of other port proposals in the UK. Two rival schemes for container port expansion are Dibden Bay on Southampton Water (Owned by Associated British Ports) and the London Gateway on the Thames (owned by P&O ports). If they all went ahead it is highly questionable whether there would be enough business to sustain them. Their simultaneous development would result in severe over-capacity – not to mention appalling environmental damage.

Hutchison greenwash

Hutchison Ports UK Ltd doesn't report systematically on its environmental and social impacts and doesn't make any mention of these responsibilities on their main website. But in a website dedicated to the Harwich International Port it misses no opportunity to promote the Bathside Development claiming that "*Harwich International Ports is committed to proceeding with the development in an environmentally responsible way*". The company is keen to demonstrate how it will mitigate the environmental damage this port will cause. But if Hutchison was serious about its commitment to the environment it would withdraw the Bathside port application. There is no responsible way to destroy these valuable wildlife habitats.

Meanwhile, Hutchison defends its operations in Burma. In a letter to the International Labour Organisation (ILO) in 2001 it claims to be an "*ethical employer*" that provides every individual with "*fair employment terms*". In the light of the atrocities taking place in this country, it is clear that companies like Hutchison cannot be trusted to voluntarily take their social and environmental responsibilities seriously.¹⁴

¹ www.demos.co.uk/

² www.undp.org/

³ www.burmacampaign.org.uk/dirty_list/hutchison.html

⁴ www.hipct.co.uk/content/home/main.asp

⁵ <http://www.hutchison-whampoa.com/>

⁶ www.hutchison-whampoa.com/

⁷ <http://www.hutchison-whampoa.com/>

⁸ www.burmacampaign.org.uk

⁹ www.hph.com.hk/business/ports/asia/myanmar.htm

¹⁰ www.burmacampaign.org.uk

¹¹ www.burmacampaign.org.uk

¹² www.hipct.co.uk/content/home/main.asp

¹³ John Fairhall, Port in a storm, *The Guardian*, (2003)

¹⁴ www.global-unions.org/burma/replies/Hutchison



Tesco is one of the most prominent companies at Conference, sponsoring the Constituency Delegates' Welcome Reception. Tesco is also co-running a fringe debate "*Promising the Earth? Food, Farming and Rural Communities*". What will Tesco be promising the earth, exactly?

In Friends of the Earth's experience, whether it is to do with tropical timber or British farmers, Tesco is good at making promises, but not so good at keeping them. Tesco could do worse than stick to the promises it has already made about "*backing British Agriculture*".¹

What is Tesco?

Supermarkets are all powerful in the food chain in the UK with the top six controlling around 70 per cent of the grocery market, and Tesco is the largest supermarket in Britain with between 22.7 and 25.8 per cent of grocery trade expenditure. The company has hit the headlines recently as it reported a 17 per cent rise in sales over the past year², with 12 per cent of everything spent on the UK's high streets now being spent in Tesco. This rise has come largely through the company's move into non-food products, its expansion overseas and in the UK, and its provision of services such as banking. Tesco's ability to beat down the competition by boasting low prices is also key in the company maintaining its market share.³ But at what cost is this happening? Tesco can use its huge market share to force down payments to suppliers and to source goods from all over the world, regardless of the environmental and social consequences of doing so.

Promising the Earth? - Illegal wood sales

In June an investigation by Friends of the Earth revealed that Tesco has been selling garden furniture made from illegally sourced Indonesian timber. It has been illegal to export Indonesian logs since October 2001, when the Indonesian Government introduced a log export ban in a desperate attempt to control escalating levels of illegal logging. As a result of this exposure, Tesco has been expelled from the "95+Group", an influential ethical trading initiative run by the WWF, as the supermarket refused to give assurances that it would stop using illegally sourced rainforest timber. According to the Independent on Sunday city sources suggest that Tesco could now be dropped from their ethical share investment schemes.⁴

Promising the Earth? - Environmental impacts

There are massive knock-on environmental impacts from supermarkets. Seventy-five per cent of shoppers go by car to shop at supermarkets even though for the majority of these it is less than 2 miles.⁵ The produce sold by Tesco also clocks up many miles. A traditional Sunday lunch, could have travelled 25,000 miles if the roast chicken came from Thailand. By transporting so much produce around the world, Tesco is likely to be contributing to the global climate change threat.

Failing to support UK farmers

In October 2002 at the height of the UK apple season a Friends of the Earth survey found that less than half of apples on Tesco shelves were UK sourced. Friends of the Earth's February 2003 survey on the Supermarket Code of Practice (which was meant to redress the balance between the biggest supermarkets and their suppliers) found that for farmers little had changed. The big four supermarkets, including Tesco, were still using the same unfair trading practices that the Code was meant to stop.⁶

Unfair trade

Bananalink estimates that Tesco makes about one million pounds profit per week from banana sales, enough to employ 30,000 full-time banana plantation workers at a living wage (which would be about twice what they're paid currently). Banana plantation workers earn just a penny for every pound's worth of bananas sold in Tesco, which isn't enough to feed their families. Meanwhile Tesco takes 40 pence. The UK importer/ripeners are barely breaking even just to stay as a Tesco supplier. If banana suppliers make a mistake in the packaging requirements or date, they have to pay Tesco £25,000 ("*Emergency Product Withdrawals*"). Tesco demands payments from its suppliers to cover the costs of its compliance with the Ethical Trading Initiative. According to a letter leaked to 'The Grocer', Tesco demands £69.50 per quarter per supplying site, a demand which, according to one supplier hits smaller businesses hardest since they are more likely to have

Big Business in Bournemouth, Friends of the Earth, September 2003

a number of sites.⁷ It would take a fruit farm worker in South Africa, earning the current daily rate of pay, 15 centuries to earn the annual £1.9 million salary of deputy chairman, David Reid.⁸

Destroying communities

The British Retail Planning Forum found that every time a large supermarket opens, on average 276 jobs are lost and it has been estimated that a supermarket opening will cause the closure of village shops within a seven mile radius. Supermarkets tend to import food into the region, whereas smaller food shops tend to buy food from nearby farmers and producers. In a survey in Ludlow, more than 80 per cent of food shops sold some local produce, and for many it was a large proportion of their sales. Meanwhile for supermarket giants like Tesco local sourcing is more likely to be a niche market only.

Tesco Greenwash

Tesco tells us “*Tesco is committed to protecting the environment, using its commercial strength to put robust principles into practice*”⁹, Tesco is also “*committed to reducing its energy consumption and emission of greenhouse gases responsible for climate change.*” And specifically “*committed to save 74,000 tonnes of greenhouse gases over five years*”¹⁰. Tesco has also been looking at the emissions produced by its delivery lorries. But Tesco is ignoring the vital point that the business of unnecessarily transporting food around the world is significantly contributing to increased carbon dioxide emissions. For example baby carrots from South Africa travel 9622 km by plane. Two kg of these carrots would result in emissions of 10,969 grammes of carbon dioxide.

On biodiversity, Tesco says “*we believe that it is important to ensure that our food is attractive and good to eat, and that it is produced in a manner that helps the environment for future generations*”¹¹. This principle, it appears, does not apply to other products such as garden furniture, which Tesco is happy to sell even when the timber has been sourced illegally.

Tesco is a member of the Ethical Trading Initiative (ETI). As mentioned above, Tesco demands payments from its suppliers to cover the costs of its compliance with the Ethical Trading Initiative. Yet the practice, of which Tesco is accused, of not paying suppliers a living wage contravenes the ETI.

Tesco tells us “*Every little helps*”. But beneath the spin Tesco isn’t looking so helpful.

Further information and links

A full Friends of the Earth briefing on Tesco is available at:
http://www.foe.co.uk/resource/briefings/tesco_exposed.pdf

A detailed briefing on supermarkets is available at
http://www.foe.co.uk/resource/briefings/super_markets_corporate_bullies.pdf

¹ Tesco website www.tescofarming.com

² Tesco Plc, Interim Statement of Results 24 weeks ended 9 August 2003, "More Customers Choose Tesco" 16 September 2003

³ See for example “Is there no stopping the Tesco success story?” *The Independent* 17 September 2003 and “from Barbie to Prozac, Tesco piles it high and sells 12% of all we buy” *The Guardian* 17 September 2003

⁴ Severin Carrell, Green group ejects Tesco over illegal wood. *The Independent on Sunday* (August 2003)

⁵ Competition Commission: Supermarkets; A report on the supply of groceries from multiple stores in the UK.

⁶ Tesco: Exposed op cit

⁷ *ibid*

⁸ Tesco Sells Garden Furniture Made From Illegal Indonesian Timber Press release, *Friends of the Earth* (June 2003)

⁹ Environment section of Tesco website <http://www.tesco.com/everylittlehelps/> accessed on 18/9/03

¹⁰ *Ibid*

¹¹ Tesco and Biodiversity on the Environment section of Tesco website <http://www.tesco.com/everylittlehelps/> accessed on 18/9/03



The Confederation of British Industry is represented at conference by its Director General Digby Jones, fresh back from the World Trade Organisation Ministerial meeting in Mexico where he pushed for sweeping new rights for big business as a member of the UK government delegation. He will speak at fringe meetings including *Corporate Social Responsibility: Is Britain's Way Best?*; the *Small Business Question Time* and *British Manufacturing and the Euro*.

What is the CBI?

The Confederation of British Industry (CBI) is the UK's most powerful industry lobby group. It is extremely backward in its approach to regulation, regularly lobbying against measures to protect the environment or to give people more rights. The CBI closely guards its secret membership (against the wishes of International Chamber of Commerce head Maria Livanos Cattai), which prevents voters knowing precisely whom is lobbying for what.¹

Lobbying against environmental protection

The CBI views its efforts as a "*continuing...struggle with the ever-growing cumulative cost of environmental legislation covering areas such climate change, pollution and water*".² Rather than seizing the initiative to drive the UK into a leadership position, it is lobbying hard on several fronts against environmental protection measures.

The CBI is, at best, irresponsible and short-sighted in its approach to the climate change implications of greenhouse gas emissions. Instead of encouraging business to adopt sustainable technologies, the CBI continues to support old-style growth for its own sake and to protect its more powerful members' vested interests. For example:

- it opposes the Climate Change Levy (a tax on businesses for their greenhouse emissions), which encourages greater energy efficiency and could help wean the UK off fossil fuels and on to energy efficiency technologies;³
- as a founder member of *Freedom to Fly* (see below), it is trying 'to speed up the approval of major infrastructure projects...for projects like Heathrow Terminal 5,' despite huge local protest and global environmental implications;⁴
- it continues to push for more roads and counts among its "victories" that, "*continued CBI pressure has been reflected in government spending (2001/2)...the Highways Agency budget for roads is £1.5bn, an increase of 12%*".⁵ While Europe forges ahead with an integrated rail network, the CBI helps reduce the competitiveness of rail transport by "*securing reductions in fuel duty (£1.6bn) and vehicle excise duty, especially for lorries (£0.3bn)*".^{6 7}
- it also lobbied against laws to hold companies liable for pollution, including oil spills such as the *Prestige* disaster in Spain last year.

Furthermore, Digby Jones's belief that, "*regulation is not best placed to deal with complex contractual issues because its focus is on the rules, not the spirit of the wording*," also holds back forward-thinking companies who fear being undercut by competitors who don't share their "spirit".⁸

Lobbying from "the driving seat"

The CBI impedes proper business accountability by favouring voluntary "corporate social responsibility" initiatives, which companies can and do ignore, while simultaneously undermining the rights of communities. It "*secured...a framework of guidelines and voluntary accreditation for consumer codes of conduct for e-business...[that] prevent the need for regulation*".⁹ It goes out of its way to protect business bosses, and '*secured several safeguards...in the Criminal Justice and Police Bill...which [otherwise?] would have resulted in UK directors being prosecuted in the US*'¹⁰ for corporate wrongdoing. The CBI was instrumental in the creation of "business planning zones" in which business does not need to apply for planning permission, utterly undermining communities' rights to oppose new developments, and amendments to the Noise Directive were dropped following their lobbying.^{11 12} The CBI's view of democratic government is clear: '*The CBI will ensure that business is in the driving seat of any alternative government proposals to improve and regenerate local areas.*'¹³

Scare-mongering

The CBI makes heavy use of scare-mongering - repetitive rhetoric about loss of competitiveness and jobs, most of which are economically bogus. Even former CBI Director General Adair Turner knows there is no evidence that environmental regulation harms an economy's job-creation capacity, or its growth. He says, "Government action is essential...Companies cannot sign up unilaterally to environmental standards if doing so will leave them undercut by others...government action can sometimes helpfully remove from businesses the complexity of a responsibility which they are ill-equipped to meet."¹⁴

Pushing for an unequal world trade system

The CBI's cosy relationship with the UK government puts it on the delegation to the World Trade Organisation. There it helped to secure a new round of negotiations of 'real potential gains' for British Business while pressing the government to ignore calls for a more equitable system.¹⁵ It seems to want its cake and eat it, as in stark contrast to its stated beliefs in free trade, the CBI lobbies in favour of UK export subsidies and has resisted moves to reform the Export Credit Guarantee Department which uses taxpayers money to underwrite (usually environmentally destructive) commercial investments abroad.¹⁶

Undermining workers' rights and pension provision

The CBI's own words on workers' rights speak for themselves. "{A}fter concerted CBI lobbying, the government proposal for a statutory right to part-time working for parents of young children had been dropped...given that approximately 300,000 women take maternity leave each year, the scale of the potential issue was significant."¹⁷ "The CBI is increasingly active in lobbying at a European Union level...[and] ensured that the EU Charter of Fundamental Rights is only a statement of principles, not a legally binding set of rights. We also worked to ensure that it [the charter] didn't extend...into areas like collective bargaining and right to strike". "[T]he CBI successfully persuaded the government not to introduce a statutory requirement on employers to undertake equal pay audits, as sought by the Equal Opportunities Commission." On pensions, they're not much better: 'lobbying secured the abolition of the minimum funding requirement (MFR) for occupational pensions, saving companies in the region of £1bn.'¹⁸

Links and Further Information

Friends of the Earth Press releases on the CBI:

- CBI Dossier – what's wrong with the CBI?
http://www.foe.co.uk/resource/press_releases/20021124223216.html
- CBI and Green taxes: http://www.foe.co.uk/resource/press_releases/20020412000303.html

The CBI website contains valuable information about its policies <http://www.cbi.org.uk/>

¹ Response to question from FOE at WTO NGO briefing, 12 September 2003

² CBI, CBI steps up fight over EU chemicals law, 8 August 2003

³ *The Guardian* 4 April 2003 <http://politics.guardian.co.uk/economics/story/0,11268,929656,00.html>

⁴ *The Sunday Business*, 2nd February 2003

⁵ CBI, Achievements for Business, July 2001

⁶ <http://europa.eu.int/en/agenda/ten/ten.html>

⁷ CBI, Achievements for Business, July 2001

⁸ *The Scotsman*, Evening News, 30 Apr 2003

⁹ CBI, Achievements for Business, July 2001

¹⁰ CBI, Achievements for Business, July 2001

¹¹ CBI, Achievements for Business, May 2002

¹² CBI, Achievements for Business, May 2002

¹³ CBI, Achievements for Business, July 2001

¹⁴ Adair Turner, former director general of CBI, Government's Business Response to the Forum for the Future Report, 25th November 2002

¹⁵ CBI website. www.cbi.org.uk/achievements2002

¹⁶ CBI website. www.cbi.org.uk/achievements 2002

¹⁷ CBI, Achievements for Business, July 2001



Freedom to Fly is at conference 2003, lobbying the government hard to allow airport expansion and preserve their tax-subsidies. They are joint-hosting a fringe meeting with the Airport Operators Association entitled "*Jobs, the economy and aviation*".

What is Freedom to Fly?

Freedom to Fly is a lobbying organisation, launched in January 2002, which pushes for airport expansion. Freedom to Fly's backers include British Airways, Virgin Atlantic, BAA, the CBI and the TGWU. Freedom to Fly, which acts as a front for the sector, is headed by the Labour consultancy queen Baroness Dean and is run by John Prescott's former advisor Joe Irvin and Mike Craven, who runs a lobbying firm whose main client is British Airways.¹ The Advisory Committee on Business Appointments which sets out the principles by which ministerial appointments to public bodies should be made², expressed 'unease' over Irvin's new job.³ British Airways remains one of the government's favourite airlines for generously helping it out with its euro campaign. Meanwhile, Manchester Airport has been a regular sponsor of the Labour party conference. Stephen Hardwick, chief lobbyist for BAA, which owns Heathrow and Gatwick, has also worked for the Labour Party.⁴

Between February 2001 and September 2002, the British Airports Authority made in-kind political donations of more than £1.1m. Manchester Airport made in-kind donations of £174,000 to Labour. It also gave £30,000 in cash last year to the Labour party.⁵

Lobbying of the Labour Government by the aviation industry has clearly been effective, but the resulting bias has not gone unnoticed. The House of Commons Environmental Audit Committee, for example, was "*highly critical*" about the way in which the Department for Transport (DfT) had over-estimated the economic importance of air transport and scathing about the way in which the DfT had downplayed the environment costs associated with growth from 180 million passengers today through to 500 million by 2030.⁶

What is the issue?

Aviation has a number of impacts on the environment, including local air pollution (NO_x, HC, toxics, etc.), climate change (CO₂, NO_x, contrails, SO₂,) and noise. The impacts of aviation on climate change are mostly exempt from any regulation. In addition, aviation is exempt from kerosene taxation, thus contributing to imbalances in the transport system as a whole.

In order to combat climate change, the industrialised countries reached an agreement, under the Kyoto Protocol, to reduce their greenhouse gas emissions to about 5% below 1990 levels between 2008 and 2012. While domestic aviation emissions are accounted for in these countries' emissions totals, emissions from international aviation are not (see Kyoto Protocol, Decision 2/CP3). Aviation currently produces 3.5% of total artificial greenhouse warming, which is as much as the total contribution of the UK to global warming. Aviation's total human-induced climate change impact could represent as much as 15% by 2050, aviation's CO₂ emissions will have increased by 588% between 1992 and 2050, and its NO_x pollution by 411%, if no measures are taken to reduce these emissions, even after accounting for expected technological improvements, according to the IPCC Special Report on Aviation and the Global Atmosphere (adopted in April 1999).⁷

At a local level, uncontrolled aviation expansion would harm human health, increase disruption in terms of noise and congestion and loss of Greenfield space⁸ and increasing the risk of damaging floods, for example in the Thames Valley.⁹

Even the British Chamber of Commerce has warned that "*The government is in danger of causing serious economic and environmental damage by providing too much capacity before we know it is necessary*".¹⁰

What is wrong with Freedom to Fly?

Freedom to Fly presents itself as a champion of flying, as though flying was a fundamental human freedom that they fight to protect. Even their logo is ingenious, 'Freedom to Fly' written in green against blue clouds. In fact, Freedom to Fly lobbies hard on behalf of the vested interests of industry members to protect their profits and not on behalf of the general public, local communities or the environment.¹¹

Despite the "stark warning" from the House of Commons Environmental Audit Committee that government forecasts for air transport will 'wreck' and 'destroy' the Energy White Paper and the UK's Kyoto commitments, Freedom to Fly continues to lobby to protect their vested interests. The Committee's *From Planes to Trains* report estimates that around 38 million trips a year could be shifted from the South East's airports to trains by 2020.¹² It has been estimated that 70% of European air trips are less than 1000 kilometres, so there is huge scope for transfer to alternatives.¹³

'The aviation sector continues to receive a number of distortionary tax exemptions and subsidies that may favour its growth over other kinds of economic activities'¹⁴. Freedom to Fly continues to lobby against taxation on aircraft fuel and VAT on their activities depriving government of at least £8bn in tax revenues. This would pay for 180,000 additional teachers, nurses or policemen, a tax refund of £557p.a to every person on the average wage (£25,000p.a), £940million would pay for the planned extensions to the West Midland Metro, £2billion would pay for the Thameslink 2000 rail upgrade, £1.5billion would pay for an upgrade to Manchester's rail network, £650million would pay for all the public transport improvements recommended in the Tyneside multi-modal study, including the re-opening of 2 lines to passenger trains.

This also penalises British tourism by subsidising holidays abroad. British holiday makers spend £11bn more abroad than visitors to the UK spend here. According to IPPR the aviation industry should face higher taxes to help curb the environmental impact of aircraft pollution.¹⁵

Numerous medical experts are calling for the Department of Health to be involved in the assessment process, thereby including the harm to health and subsequent costs incurred by massive airport expansion. For example, government proposals for expanding Stansted would, if implemented, mean the airport would grow from nearly 16m passengers per year as at present to 129m by 2030, with a fivefold increase in the number of planes - including 270 jumbo jets and double decker airbuses - taking off and landing at the airport every day. It would be like creating the equivalent of two Heathrow's with open countryside eaten up at an alarming rate to provide an enlarged airport, warehousing, hotels, houses and roads. Almost a quarter of a million extra cars per day would travel to the airport with even one extra runway compared to the 40,000 per day at the moment.¹⁶ All this, if the government fails to develop a sustainable transport alternative, will be repeated across the UK.

However for the moment, due to the aviation industry's ferocious lobbying, *Freedom to Fly* is being given a higher priority by the government than our freedom to breathe clean air and sleep at night and our long-term right to a stable future climate.

If you want to hear more about the alternative to an unsustainable aviation strategy, AirportWatch and GNER are holding a fringe meeting 'Flying out of control? Is there an alternative to aviation growth?' on Monday 29 September, 6.30pm at the Cumberland hotel.

¹ The Guardian Friday March 28, 2003

² www.archive.official-documents.co.uk/document/cm42/4221/4221-02.htm#50

³ Political storm over 'improper' post of former transport adviser, Observer, July 28, 2002

⁴ <http://www.freedom2fly.com/index2.html>

⁵ The Guardian, April 1, 2003

⁶ www.airportwatch.org.uk/home

⁷ Aviation and its impacts on the Global Atmosphere, <http://www.aef.org.uk/icsa/pp2.htm>

⁸ <http://www.greenparty.org.uk/reports/2001/aviation/aviationdownsides.htm>

⁹ The Guardian, September 16, 2003

¹⁰ Businesses and unions lobby for funding for extra airport capacity, Financial Times; Dec 02, 2002

¹¹ www.stopstanstedexpansion.com/press077.html

¹² Environmental Audit Committee, 24 July 2003, Budget 2003 and Aviation

¹³ <http://www.greenparty.org.uk/reports/2001/aviation/aviationdownsides.htm>

¹⁴ Sustainable aviation 2030, IPPR www.ippr.org.uk/research/files/team20/project19/s_a_2030_discuss.pdf

¹⁵ Press Association Monday May 19, 2003

¹⁶ www.stopstanstedexpansion.com/press052.html



What is Water UK?

Water UK is the association that represents the UK water and wastewater companies at national and European level. Water UK is “*determined that the views of the water industry should be fully represented and... takes a leading role in influencing decision-making at all levels*”¹ At the Conference, Water UK is hosting a fringe meeting *Water at the right price*. Chief Executive Pamela Taylor is also speaking at a fringe meeting *Valuing the water environment – how does society meet the challenge*.

Water at the right price?

Water UK is busy lobbying in relation to the forthcoming Ofwat price review, which will set limits on the prices that water companies can charge during the period 2005–2010. Pamela Taylor, Water UK’s Chief Executive says that “*a harsh review in 1999 left the companies with an insufficient return relative to the risks of investing in the sector*”² and Water UK believes “*the 2004 price review must not ignore tensions in company balance sheets or future financeability*”.³ Yet the UK water industry has historically been criticised for the high salaries paid to their Directors.⁴ For example, in 2002 Thames Water Chief Executive, Bill Alexander’s was paid £1.4m.⁵

Although Water UK specifically lobbies to achieve better profits for its members here in the UK, it is important to note the context within which this is happening. The water industry is globalised with many of the UK’s water companies being owned by one of the huge service companies – for example Thames Water is owned by RWE, Vivendi owns Folkestone and Dover Water, South Staffordshire Water and Three Valleys Water, and Suez owns Essex and Suffolk and Northumbrian Water. Future possibilities for these water companies’ to expand exist largely overseas in countries that are opening up their water markets for example as a condition of debt re-structuring or under World Trade Organisation rules. Water companies may therefore want to raise capital here in the UK in the short term in order to compete on this global market and expand in the longer term. Water companies operating in developing countries – often the counties where the market is being opened up to water companies – have regularly been criticised for price hikes beyond affordability and for delivering a poor service.⁶

Valuing the water environment?

On 12 September 2003 the Environment Agency⁷, the Countryside Council for Wales and English Nature published their “*priorities for the environment that require action by water companies*”⁸ to protect the UK environment, to meet legal requirements and to promote sustainable development. On 23 September, the Environment Agency followed this up with damning data about the state of the UK’s rivers. One in five of the UK’s rivers designated as Sites of Special Scientific Interest - the UK’s top national conservation status - are failing to achieve top water quality classifications as a result of pollution.⁹ River quality is one of the government’s 15 headline indicators for quality of life. The first report acts as a challenge to Ofwat and the water industry to put the environment at the top of the agenda in the forthcoming price review. The second provides plenty of information on why further action by the water industry is needed.

Water UK says “*we are custodians of the environment*” and “*we will...act as an exemplar to others*” in environmental matters.¹⁰ Yet its initial response to the report is disappointing - the group raised financial concerns couched in careful language. For example it questioned “*whether all the proposals are really necessary*” and said it “*will want to look at the relative urgency and value for money of these proposals*”.¹¹

Water UK was also actively involved in lobbying against key clauses in the recent Water Bill. It was unsuccessful in its opposition to a key clause to bring old so called ‘Licences of Right’ in line with modern licences. The old licences pose a threat to freshwater biodiversity in the UK as they allow water companies to extract unsustainable levels of water from UK rivers, damaging wildlife and long-term water supplies. The Bill proposes a time limit for these licences, so they can be reviewed and reduced to sustainable volumes if necessary. The lobbyists, however, won the battle to stop all existing licences from being transformed into the new time limited licences.

Water UK’s members – repeat pollution offenders

The water industry is ironically one of the main sources of water pollution in the UK. Water companies feature heavily and regularly in the Environment Agency’s annual report on corporate pollution.¹² The report for 2002 states “*the water industry was responsible for more than one in six serious pollution incidents affecting water. Whilst these fell from 161 to 150 in 2002, this was still 23 per cent more than in 2000*”.¹³

Thames Water is a repeat pollution offender, and has been prosecuted by the Environment Agency 10 times in 2002 with total fines of £135,000; 5 times in 2001 with total fines of £57,600; 6 times in 2000, with total fines of £288,000 - the company fined most for environmental pollution; 8 times in 1999, with total fines of £71,250 - the company with the most prosecutions and third highest fines.

Anglian Water is a repeat pollution offender and has been prosecuted by the Environment Agency 12 times in 2002 with total fines of £285,000 (and was also fined £200,000 as a result of a private prosecution, making it the most fined water company in this year); 4 times in 2001 with total fines of £59,000; 4 times in 2000, with total fines of £36,500 - the fourth most prosecuted company; 8 times in 1999 with total fines of £79,000 - the most prosecuted company with the 4th highest fines.

Southern Water is a repeat pollution offender and has been prosecuted by the Environment Agency 6 times in 2002 with total fines of £21,000; 3 times in 2001 with total fines of £18,500; 10 times in 2000, with total fines of £45,000 making it the company prosecuted the most times for environmental pollution; 6 times in 1999 with total fines of £25,000 - the company with the fourth most court appearances in.

United Utilities Water is a repeat pollution offender, it was prosecuted by the Environment Agency a massive 29 times in 2002 with total fines of £327,500; 12 times in 2001 with total fines of £70,500.

South West Water is a repeat pollution offender and it was prosecuted by the Environment Agency 14 times in 2002 with total fines of £46,000; 4 times in 2000 with total fines of £16,500; twice in 1999 with total fines of £6,000.

Yorkshire Water Services is a repeat pollution offender, it was prosecuted by the Environment Agency 5 times in 2002 with total fines of £31,500; 10 times in 2001 with total fines of £52,000; 5 times in 2000, with total fines of £6,000.

Dwr Cymru Cyfyndedig is a repeat pollution offender, it was prosecuted by the Environment Agency 8 times in 2002 with total fines of £26,500; 4 times in 2001 with total fines of £23,500; 10 times in 2000, with total fines of £27,000 - the company with the second most court appearances; 7 times in 1999 with total fines of £14,250 - the company with the fourth most prosecuted offences.

Wessex Water is a repeat pollution offender and has been prosecuted by the Environment Agency 4 times in 2002 with total fines of £18,000; 3 times in 2001 with total fines of £10,000; 8 times in 2000, with total fines of £27,000 - the company with the third most prosecuted offences.

Further information and links

A Friends of the Earth briefing on water companies is available at:

http://www.foe.co.uk/resource/briefings/dirty_water.pdf

A detailed briefing on the General Agreement on Trade in Services (GATS) and water issues is available at:

http://www.foe.co.uk/resource/briefings/gats_stealing_water.pdf

¹ Water UK website <http://www.water.org.uk/index.php?cat=1-17> accessed on 23 September 2003

² Pamela Taylor speaking at Water UK City Conference 15 January 2003

³ Water UK, The 2004 price review must not ignore tensions in company balance sheets or future finance ability, Philip Fletcher – Regulating for Sustainability 7 November 2001

⁴ see for example <http://news.bbc.co.uk/1/hi/english/static/waterweek/issues05.html>

⁵ The Guardian, Lobby groups query Thames Water pay, by Terry Macalister August 6, 2002

⁶ See Public Services International research Unit www.psir.org and Friends of the Earth briefings for more details

⁷ The Environment Agency, amongst other things, is responsible for ensuring that the UK water companies properly manage the environmental impacts of their industry and that the environment is protected and improved. The Office of Water Services (Ofwat) ensures customers get value for money.

⁸ Environment Agency with English Nature and the Countryside Council for Wales, A Good Deal for Water, Sept 2003

⁹ Environment Agency, We can not afford to neglect our most important rivers, 23 September 2003

¹⁰ Water UK website <http://www.water.org.uk/index.php?cat=3-425> 2003 Protecting the environment – Water UK business theme, 2 April 2001, accessed on 23 September

¹¹ Water UK, Environmental Agencies Water Proposals, 12 September 2003

¹² All the preceding figures on water companies' pollution offences and prosecutions are from the following reports:

2002 figures: Environment Agency, Spotlight on Business Environmental Performance 2002, July 2003 2001 figures: Environment Agency, Spotlight on Business Environmental Performance 2001, July 2002

2000 figures: Environment Agency, Spotlight on Business Environmental Performance 2000, 2001

1999 figures: Environment Agency, Spotlight on Business Environmental Performance 1999, 2000

¹³ Environment Agency, Spotlight on Business Environmental Performance 2002, July 2003

Friends of the Earth inspires solutions to environmental problems, which make life better for people

Friends of the Earth is:


- the United Kingdom's most influential national environmental campaigning organisation**
- the most extensive environmental network in the world, with almost one million supporters across five continents and over 60 national organisations worldwide**
- a unique network of campaigning local groups, working in over 200 communities throughout England, Wales and Northern Ireland**
- dependent on individuals for over 90 per cent of its income.**

Friends of the Earth

26-28 Underwood Street, London N1 7JQ

Tel: 020 7490 1555 Fax: 020 7490 0881 Email: info@foe.co.uk Website: www.foe.co.uk

Friends of the Earth Limited company number 1012357

 Printed on paper made from 100 per cent post-consumer waste

September 2003