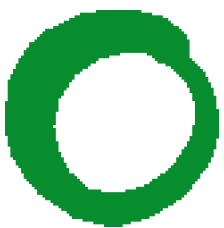




**Who are  
the 10 worst  
corporations  
at Labour Party  
conference  
2002 and why?**



**Friends of  
the Earth**



# Introduction

## Exposing Destructive Companies at Conference

Hundreds of companies and corporate lobbyists will be putting in an appearance at the Labour Party Annual Conference 2002. Many of the companies are sponsoring fringe events on a variety of issues. Others are sponsoring receptions and social events. More still are exhibiting.

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. By sponsoring fringe events discussing issues relating to improving the environment, social issues, human health etc, corporate sponsors can also present themselves as responsible, caring and interested.

In fact most multinational companies claim they are acting responsibly. Many pledge to follow voluntary codes of conduct and implement social, environment and human rights policies. They 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 contribute to an increasing shift of power away from Governments and towards the corporate sector.

In fact, 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 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. Many multinational companies are involved in horrific cases of environmental destruction and community devastation. Indeed, as this report exposes, **the multinational companies at Conference are involved in some of the most socially and environmentally destructive and controversial projects across the world.**

**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.**

If the corporate sector is to play a role in the move towards sustainability and become a positive force for change, the Government must act. 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. 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.

## Company Law Review – New Laws Needed

The Government's recent Company Law Review (CLR) represents the most extensive review of UK company law in nearly 150 years presenting 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. Yet 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 CORE coalition, are backing an alternative companies bill, the Corporate Responsibility (CORE) Bill, recently tabled in the House of Commons by Linda Perham MP (Ilford North). The CORE Bill showcases key areas that must be addressed in the forthcoming Companies Bill, highlighting the need for more transparency in company reporting in terms of economic, environmental and social impacts and for company directors to be accountable to wider group of affected individuals. The Bill has gained support from over 220 cross party MPs.

The CORE Bill embodies the following principles

- **Mandatory reporting:** Companies with a turnover greater than £5m must produce and publish reports on their economic, environmental and social impacts.
- **Stakeholder consultation:** Before embarking on major projects companies shall take reasonable steps to consult with and respond to affected stakeholders.
- **Directors' duties:** Directors be required to consider the impacts of their business.
- **Enforcement:** The creation of a Standards Board to set standards, monitor and ensure the effective implementation of the above.

It is increasingly accepted that voluntary approaches do not guarantee responsible corporate performance. The CORE Bill is the next step in translating the principles and ideals of the 'responsible company' into practice.

More information on the Bill is available at <http://www.corporate-responsibility.org/>



Alstom is an energy and transport infrastructure company. At the Conference, Alstom is sponsoring a fringe meeting in celebration of UK manufacturing excellence. The projects below, however, tell a different story.

### **Yusufeli Dam, Turkey - Breaking International Standards**

Alstom is leading the Electrical and Mechanical consortium for the Yusufeli dam and hydro-electric project which is planned to be built on the Çoruh river in North East Turkey. 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.

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.<sup>1</sup>

### **Three Gorges Dam - Still Controversial**

In 1997, Alstom won a contract (as part of a consortium with ABB, the Swedish-Swiss engineering giant) to supply 8 turbines to the controversial Three Gorges Dam project in China.<sup>2</sup> Alstom's share of the project was US\$212 million. Other Alstom companies involved include GEC-Alsthom Mecanica Pesada in Brazil and Tianjin GEC-Alsthom Hydro in China.<sup>3</sup>

The reservoir behind the proposed Three Gorges dam on the Yangtze river would drown 13 cities, 1,711 villages, 116 towns and 1,600 factories. A minimum of 1.3 million people (latest estimates put the figure at 1.9 million) would be forced to leave. The dam is official expected to cost \$25 billion - some unofficial estimates put the figure at \$75 billion<sup>4</sup> - and will create a reservoir 400 kilometres long. The dam was shelved in 1989, however, the project was revived and on 3 April 1992, the Chinese Congress approved the dam. In November 1998, building of the main 18,000 MW Three Gorges dam began after a coffer dam diverting the Yangtze river was closed.<sup>5</sup>

### **Bujagali Dam, Uganda – a “stench of corruption”?**

Alstom is involved in the Bujagali hydroelectric power project, a power plant on the Nile River in Uganda. Bujagali is a controversial project plagued by numerous concerns. The large dam will disrupt other economic activity in the project region, especially ecotourism. Thousands of people will be displaced, and rare species could be affected. In addition, long-term risks about the project, such as changing water cycles from possible climate change, have not been addressed. Bujagali has been widely questioned for the development benefits it is supposed to deliver--from governments to potential funders to international and local NGOs. Few Ugandans will be able to afford the energy.<sup>6</sup>

At a World bank meeting on the Bujagali Dam, it was said that “the problem with no competitive bidding is the stench of corruption. As the officials of the ECGD in the UK note, there should be a clear, open and transparent process with many people bidding for the project. This didn’t happen and that is the problem.”<sup>7</sup>

### **Itaipu and Tucuruí Dams, Brazil - Drowning forests, displacing people**

In the 1980s, Alstom supplied 4 turbines for the Itaipu Dam on the Brazil/Paraguay border<sup>8</sup> and in 2000 it supplied a further two new generating units. Itaipu is the world’s most powerful and most expensive dam. Itaipu drowned a large area of Atlantic forest, the fastest disappearing forest type in Brazil. Many of the 42,000 people displaced by the dam moved to resettlement schemes in Amazonia, with disastrous effects for themselves and for the indigenous peoples and forests of the region. The reservoir has caused the local spread of bilharzia, a debilitating water-borne disease, previously unknown in the area.<sup>9</sup>

Tucuruí, another dam for which Alstom supplied turbines, flooded more than 2,000 square kilometres of rainforest, displaced 24,000 people and led to the virtual elimination of several indigenous groups. Rotting vegetation in the reservoir turned its water toxic, creating a serious health hazard both around the reservoir and downstream. The reservoir also provided mosquitoes with an ideal breeding ground, creating a local mosquito plague.<sup>10</sup>



Aventis Crop Science, now Bayer Crop Science, is the only company seeking to license GM oilseed rape and fodder maize seeds in the UK. Now primarily a pharmaceutical company, it is sponsoring the Cancer Groups' Reception, the Driving Up Standards in Cancer Care fringe meeting and the Fabian fringe meeting on reforming the NHS at the Labour Party Conference.

### **Pushing GM food, flouting regulations – but with impunity?**

One of the most vocal advocates of GM crop commercialisation in the UK, Aventis has an appalling track record that speaks for itself:

- **In August 2002 Aventis seed used for spring oilseed rape Farm Scale Trials (FST) was found to be contaminated with other GM varieties which the company did not have authorisation to use.** The results of the DEFRA and GM Inspectorate investigation into this latest debacle are still to be announced. Friends of the Earth expect the full weight of the law to fall on the shoulders of those responsible.

- **Hardly their first legal pickle, in December 2001 Aventis let the stubble from four oilseed rape trials re-sprout and flower. Friends of the Earth reported this to DEFRA as a potential breach of their release consent.** The Government's GM inspectorate and DEFRA let them off on a technicality.

- **In 2000 Aventis' Starlink gene was found in maize-based foods in US supermarkets despite the fact that the GM material was not cleared as safe for human consumption.** Grain handlers were not informed that the gene was only authorized by the USFDA for animal feed and allowed Starlink maize to be mixed with non-GM maize. Hundreds of products had to be pulled from shelves, and Kellogg's had to close their factory for a fortnight to clean up the mess. Court actions against Aventis are still in progress. It is no wonder Bayer declined to accept liability for Starlink fallout when they bought Aventis Crop Science.

- **Aventis only reluctantly agreed to take part in the FST program in the first place, which prevents them from commercially growing GM crops until the trials are completed and evaluated.** Before the trials Aventis were pushing their GM crops hard. In 1998 they nearly got EU Marketing Consent for GM oilseed rape amid English Nature's growing concern about the lack of good data on the indirect and long-term affects of on wildlife. Consent was stopped by a last-minute change of heart by the authorities – in France.

- The Pesticide Safety Directorate have granted experimental consent to use Aventis' Liberty herbicide on winter GM oilseed rape FSTs. The chemical was previously barred from winter use because of concerns about contaminating water supplies in heavy rains. **When Friends of the Earth got permission to see the data underpinning this approval, Aventis commenced court action claiming the data is "commercially sensitive". This case is the subject of a formal judicial review between Aventis and DEFRA. The hearing will take place in early 2003.**

- **Friends of the Earth research found untested Aventis GM material for sale in human food in the UK.** Our research near an FST site found honey bees had travelled 4.5km to collect pollen, bringing them easily within range of GM crops. We also found Aventis' GM oilseed rape pollen in retail honey samples.

- Over 200 public objections about the trial of Chandall GM maize forced the risk assessment dossier out into the light. **Aventis' shoddy science was exposed - including the now infamous study in which GM-fed chickens had twice the death rate of those fed conventional maize.** Scientists at Bristol University heavily criticised Aventis' science.<sup>11</sup>



BAA describes itself as “the world’s leading airport company”.<sup>12</sup> BAA is sponsoring a 70s/80s disco and is exhibiting at the conference.

### **Lobbying and Greenwash - Rearranging Deckchairs on the Titanic?**

BAA believes that “aviation has a vital role in facilitating a range of sustainability objectives for the UK”<sup>13</sup>. But air travel has huge local to global impacts and, globally, is the fastest growing source of man made climate change. The most respected study on the issue<sup>14</sup> shows that continued growth will leave the air travel sector responsible for up to 15% of all climate change emissions. BAA advises people concerned about climate change to “walk short distances instead of taking the car”<sup>15</sup> and to “use public transport”<sup>16</sup>. Sound advice. What it fails to mention, however, is that one passenger’s journey by air from the UK to the US produces as much carbon dioxide as the average UK motorist produces in a year. Is BAA missing the point?

BAA is a member of the pro-aviation expansion Freedom to Fly coalition which passes off constant airport and air travel growth as being sustainable and peddles the myth that all the effects can be ‘mitigated’. BAA claims to advance sustainability have no effect its airport expansion ambitions. If BAA finds it too hard to be open with the public about its expansion plans it relies on hiding behind its fellow expansionists in the unholy alliance that is the Freedom to Fly coalition.

BAA has built for itself a reputation for its work on sustainability and reporting. The reality of this superficially impressive work is that regardless of the individual efficacy of initiatives on waste, energy use, tree planting, sports events and donations to community schemes nothing gets in the way of BAA’s ambitions and lobbying for constant expansion of its airports, regardless of the local to global impacts.

### **Commitment to public transport?**

BAA admits that Terminal 5 will cause over 46,000 extra car trips every day across London and the South East. In April 2002, BAA announced an £8 billion investment programme for its London airports. Despite BAA’s public transport pronouncements at the T5 inquiry and claims that if it gained approval for T5 it would introduce widespread public transport, the only initiatives being taken forward are the extension of the already congested Piccadilly tube line and the expensive account Heathrow Express (which costs more per mile than flying on Concorde).

### **Undermining air quality**

The Terminal 5 inquiry found that T5 could undermine local councils’ ability to meet the Government’s national air quality objectives. It would make them: “...*virtually impossible to achieve.*”

### **BAA’s UK Airport Expansion**

#### **Heathrow**

BAA famously claimed that the mammoth Terminal 5 would not lead to a third runway and that the ‘problem’ at Heathrow was terminal and not runway capacity: “*The problem at Heathrow is not the lack of runway capacity but shortage of terminal space...The inevitable overcrowding until T5 is build is likely to cause...problems*”<sup>17</sup> BAA made great play of this in its public announcements. In April 1999, BAA wrote “*Our position could not be clearer, nor could it be more formally placed upon the record. T5 will not lead to a ‘third’ runway.*”<sup>18</sup> (BAA’s emphasis). In November 2001 T5 was approved and the Government subsequently proposed a third runway at Heathrow and BAA’s silence was deafening.<sup>19</sup>

#### **Stansted**

In autumn 2001 and in full knowledge that the Government would prompt public debate in 2002 by bringing forward airport expansion proposals, BAA submitted a major planning application for the expansion of Stansted with an extended terminal, extra aircraft stands, taxiways and associated development. The effect of the application is to raise passenger numbers from 10 to 25 million a year. Knowing that BAA held the whip hand over the planning system and that the local authority would have difficulty saying no to the application, or affording an appeals process, BAA admitted that if planning permission was refused it would come back with an application for even larger scale expansion.

The Government has proposed that Stansted grows to a four runway airport larger than the present Heathrow and with almost double the number of flights each year. BAA’s suggestion that Stansted is “the airport in the countryside” looks sillier than ever.





BAE, is exhibiting at the 2002 Conference and has sponsored events at previous conferences. BAE and the Labour Party 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. Richard Lapthorne, former Vice Chairman of BAE, was appointed by the Government in April 2000 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.

## **War is Good for Business**

BAE Systems (BAE) describes itself as a "global systems company"<sup>20</sup>. Actually it is the world's largest arms producer, with military equipment accounting for over 70 per cent of its total sales.<sup>21</sup> BAE makes its business out of war and violence – the company's 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 2002. In addition to general profiting from the social and environmental destruction of war, BAE has been involved in a multitude of scandals over the past few years. Some of these are outlined below.

## **BAE's Global Destruction 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 as a waste of money by the World Bank for a country that has just eight military aircraft, a per capita income of just £170 a year, and because a more suitable air system could be installed for a fraction of the price. The system is believed not to be suitable for many civilian aircraft, which would be its primary role due to Tanzania's lack of an air force. Despite opposition from Gordon Brown, Clare Short and many other backbench Labour and many other non-Labour MPs, the DTI granted BAE export licences in December 2001.

## **Supporting Oppressive Regimes in Indonesia**

BAE sold its Hawk ground attack aircraft to Indonesia as 'trainer' jets. They continue to be exported, with the support of the Labour Government, because the Indonesian Government has promised that they 'will not be used to repress the civil population'. The East Timorese resistance movement, fighting the illegal Indonesian invasion of their country, have been bombed and napalmed by these Hawk aircraft. 200,000 people have been killed in East Timor since the invasion.<sup>22</sup>

## **Oil for Arms in Saudia 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 Saudia Arabia with fighter aircraft but virtually runs its airforce. Saudia Arabia has been described as a regime with a "persistent pattern of gross human rights abuses" by Amnesty International.

## **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 Hawks<sup>23</sup>. The proposed deal has been criticised in India, with accusations that "the UK is fleecing India over Hawks"<sup>24</sup>.

## **Depleted Uranium in the Gulf**

BAE Royal Ordnance have been heavily involved in the manufacturing of depleted uranium missiles, which were used extensively in the Gulf War and Kosovo. There is widespread concern that these weapons are linked with child leukaemia cases in the Gulf.



Barclays is sponsoring two fringe meetings at the 2002 Labour Party Conference – “A celebration of equality, celebrating diversity” and the New Statesman fringe “Whose Space is it anyway? Resolving conflict, regenerating communities”. As well as being subject to a history of boycotts surrounding its activities in South Africa at the time of the apartheid regime, Barclays has more recently come under criticism for its financing of deforestation.

## **Financing Rainforest Destruction**

The Barclays Group has used its customers' money to finance Asia Pulp & Paper (APP), one of the most destructive paper companies in the world.

### **Asia Pulp and Paper – clear cutting rainforest**

APP is one of the world's 10 biggest pulp and paper companies and operates one of the world's largest pulp mills. It is clearing a large area of Indonesian rainforest and is involved in numerous land disputes with indigenous peoples. The majority of APP's pulp and paper operations are based on the Indonesian island of Sumatra where the company has been involved in a high level of forest destruction. APP is also one of the biggest corporate debtors in the world with a debt of £8.5bn, owed to hundreds of the world's biggest banks.

Indonesia's forests are amongst the most wildlife rich in the world, home to threatened species such as the Asian elephant, Sumatran tiger and orang-utan, and also some of the world's most threatened. 50% to 70% of Indonesia's old growth forests have been destroyed with an area the size of Belgium lost each year - the highest national rate of deforestation in the world. If logging continues at this rate Indonesia's forests could be destroyed within 10 years. It has been calculated that 73% of logging in Indonesia is illegal.

APP is responsible for clearing over 280,000 hectares of rainforest in the last 10 years and is planning to clear-cut another 300,000 hectares over the next 5 years. This means that in total APP will have cleared an area of wildlife rich rainforest four times the size of Greater London.

In Sarawak, Malaysia, APP is involved in a joint venture pulp plantation which may force 20,000 indigenous people off their land. APP is also reported to have clear cut over 3,000 hectares of forest which the Sakai indigenous people in Sumatra claims belong to them.

### **How is Barclays Involved?**

APP have been able to carry out their damaging activities because they have been financed by hundreds of the world's biggest banks, including Barclays, NatWest and HSBC. Barclays has been more involved than any other British bank. Between 1990 and 1997, Barclays arranged and participated in loans to APP worth over £400 million. Barclays also holds over £8 million of APP shares. Unable to pay back its loans, APP is renegotiating its debt repayments with its creditors, which include Barclays.

### **Taking no responsibility**

Barclays admits that it has financed APP but refuses to take responsibility and insists that its environmental policies are adequate. Barclays says that since it invested in APP it has now set up an Environmental Risk Management Unit to assess the environmental risks of its lending. Barclays also says that it now carries out an Environmental Impact Assessment before agreeing to finance industrial projects. Yet these new policies are not nearly strong enough to stop it from investing in companies that destroy forests. This is because it does not set clear standards which ensure it doesn't finance companies that destroy wildlife rich forests or disrespect the rights of local communities.

Barclays says it is acceptable to hold shares in APP because they are held on behalf of customers, therefore refusing to take responsibility for the shares it holds. It has ignored the potential to use its powerful influence as a creditor to stop APP from destroying more forest.

Barclays environmental policies are not preventing it from investing in companies like APP and Barclays refuses to make the necessary changes to ensure that it is not financing destruction.



BNFL is exhibiting at the Labour Party conference and has taken a page of advert space in the conference brochure, advertising the company's contribution to reducing carbon dioxide emissions. The company does not appear to recognise that nuclear disasters present an equally devastating threat.

## **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**

British Nuclear Fuels Ltd is a key player in Britain's nuclear lobby. They have called for changes in Government policy to enable another ten new nuclear power stations to be built in Britain. These include:

- Exempting nuclear power from the climate change levy
- Reversing proposed controls on discharges to sea
- Automatic approval of new reactor types that have been approved in America

BNFL also lobbies hard in the US – spending taxpayers' money making donations to the Republican Party - which makes its demand that the UK automatically approves reactor types that have already been approved in America all the more worrying. BNFL have bought the American reactor company Westinghouse, which has designed a particularly unsafe reactor design with key safety systems stripped out to save money.

## **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. The Irish and Norwegian governments have taken legal action to force the closure of the Sellafield complex.

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**

Nuclear power is uneconomic. The recent collapse of British Energy, Britain's other nuclear generator, is a reminder that it only survives because of Government subsidies. These include: decades of public support for nuclear research, legal limits on its liabilities in the event of accidents and the wholesale transfer to the taxpayer of liabilities for nuclear waste. BNFL's nuclear liabilities total more than £40 billion, most of which will eventually be paid for by us all. Yet again BNFL's annual accounts reported the company is incapable of making any money, even in the short term.

- **Future generations lose**

Nuclear power produces waste that is radioactive for tens of thousands of years. The British Government and nuclear industry have no idea how this waste can be stored safely for that period of time.



Nestle describes itself as the “World’s Food Company”<sup>25</sup> and owns a huge number of brands of products from chocolate to pet food. At Labour Party Conference 2002, Nestle is sponsoring a variety of events including five Foreign Policy Centre Fringe events taking place throughout conference. Nestle also have a half page advert in the event brochure and are exhibiting at the conference. Lord Simpson, non executive director of Nestle SA received his peerage from Tony Blair.

## **A History of Boycott**

### **Promoting Bottle Feeding**

Nestle is subject to ongoing boycotts because of its irresponsible marketing of breast milk substitutes. Nestlé has been accused of promoting artificial infant feeding in violation of the World Health Organisation's International Code of Marketing of Breast-milk Substitutes<sup>26</sup>. This code bans all promotion of bottle feeding and sets out requirements for labelling and information on infant feeding. Because of Nestlé's continued disrespect for the International Code and infant health the company is subject to a consumer boycott of its products in 20 countries (Australia, Bulgaria, Canada, Cameroon, Finland, France, Germany, Ireland, Italy, Luxembourg, Mauritius, Mexico, Norway, Philippines, Spain, Sweden, Switzerland, Turkey, UK and USA).

Baby Milk Action have documented Nestlé as providing information to mothers which promotes artificial infant feeding and discourages breastfeeding, donating free samples and supplies to health facilities to encourage artificial infant feeding and of not providing clear information and labelling on their products.<sup>27</sup>

### **Feeding Genetically Modified Food to Babies**

In August 2000 Greenpeace Luxembourg discovered that Nestle baby food 'Alsoy 2' contained Roundup Ready soya. Greenpeace Brazil revealed in June 2000 that 'Nestogeno', also a baby food, contained genetically modified ingredients.<sup>28</sup>

### **Unfair Trade**

Whilst Fair Trade is most developed in products relevant to Nestle’s business, Nestle has no fair trade policy to ensure that the producers of its cocoa and coffee are paid a living wage. This means that that farmers who produce cocoa and coffee receive very low wages and payments for their crops whilst retailers and processors make massive profits.

### **Denying Worker Rights?**

There have been examples of Nestle being accused of union busting and denying workers their right to collectively bargain.

- **Thailand**

In 1998 at Tedaram, a union was organised for the first time within the Nestle production network in Thailand. 13 workers formed the organising committee and became members of the executive board. Soon after, Nestle wrote to Tedaram telling them that orders would decline between October and December and instructing them to put 22 specified workers, including all the executive committee members, on indefinite leave on half pay. Eventually they all left Tedaram because of financial difficulties. The union collapsed.<sup>29</sup>

- **The Philippines**

A report of the Philippine trade union PAMANTIK-KMU accused Nestle of union busting after 67 Cabuyaon employees and members of the Union of Filpro Employees were told they were going to be dismissed. Nestle said this was because milk powder production was going to be concentrated in Cagayan de Oro, while the Cabuyao plant would concentrate on the production of dietetics. The trade union report accused Nestle management of wanting to create uniform wage and benefit levels based on those at Cagayan, rather than those at Cabuyao, which the employees union there had been pushing for, and of using dismissal as a tactic to weaken them as they prepared for a collective bargaining agreement.<sup>30</sup>



Shell is the world's third largest oil company with operations in over 100 countries. Its core business is fundamentally at odds with sustainable development, and the Shell brand has become synonymous with social and environmental controversy. Shell is sponsoring a fringe event on Corporate Social Responsibility.

## Climate Change

Shell has recognised that climate change is a serious issue, and has promised action, yet is currently spending more money than ever before on exploration and production; in other words, looking for more fossil fuels to pull out the ground and release into the atmosphere. Their latest results indicate that capital investment, “primarily in upstream growth projects” (i.e. oil and gas), was 38% higher.

## People

Shell and BP operate **Southern Africa's** largest oil refinery in South Durban, established by the apartheid government in the 1950s and directly adjacent to poor black communities. Shell is allowing the rapid deterioration of aged infrastructure and local communities are at risk from exposure to unacceptable levels of pollutants. There have been 14 serious incidents at the plant since 1998. When local officials considered a legal challenge against Shell and BP based on these accidents, the refinery's management broke off all dialogue with the officials and demanded a meeting with the Durban Mayor. Locals believe the refinery is its using economic muscle as a major ratepayer, investor and fuel supplier to ward off regulatory sanction.

Shell's legacy in Nigeria is well known. Local communities are still fighting what they consider to be Shell's involvement in human rights abuses and environment degradation in the Niger Delta. Speaking in August at the Johannesburg Earth Summit, Owens Saro-Wiwa, brother of executed activist Ken Saro Wiwa said:

*“It is so important that consumers and citizens recognize that Shell's adverts are just pure clouding of the issues. And to recognise also their lies and to look deeper. Just last week, we were able to exhume the body of Ken and others, and that has made us start working again. We're going to make sure that the issues that Ken and the others were hung for do not just die with them. We're not going to let Shell succeed by using human rights abuse. We're accusing Shell of complacency in the murder of Ken and the other and complacency in the torture of several Ogoni activists who were involved in trying to make their environment cleaner”.*

## Biodiversity

The best 4% of the world, in wildlife terms, is classified as “IUCN Protected Areas categories I-IV”<sup>31</sup>. Environmental organisations have repeatedly called on Shell to stop all operations in these protected areas, but the company refuses to adopt such a policy and continues to expand into national parks:

- In early 2001, Shell submitted plans to explore for gas in **Kirthar National Park**, one of **Pakistan's** oldest and most precious wildlife areas, even though it was clearly prohibited under Pakistani law. Shortly after Shell's submission of plans, the laws were weakened to allow exploration. Local people have questioned whether Shell used its influence to weaken the law. Later in 2001, following a high profile campaign by Friends of the Earth, Shell ended its involvement in Kirthar National Park.
- Shell has plans to explore for gas immediately adjacent to and upstream from the **Sundarbans Reserve Forest** in **Bangladesh**. This mangrove forest is home to the world's largest remaining population of tigers, and is crucial to local people as a source of firewood, honey, fish and other products. It also represents an important defence against devastating storm surges in Bay of Bengal which, ironically, are set to become more frequent and severe due to climate change. Local people and fishing communities are worried that Shell's activities threaten to place yet more pressure on the forest, and are calling on Shell to agree a 20km “no-go buffer zone” around the forest boundary.

## Greenwash

Shell response to these social and environmental controversies has been to develop a determined programme of “greenwash” – (i.e. pretending to be green while not actually modifying core business activities). At the Johannesburg Earth Summit, Shell's expert skills in this area were recognised when they were awarded the “Lifetime Achievement” award by environment groups for a decade of greenwash.



Tesco is sponsoring the National Reception at the Labour Party conference. Sir Terry Leahy, CEO of Tesco, sits on four government task forces<sup>32</sup>.

### **Global Power**

Supermarkets are all powerful in the food chain in the UK with the top six controlling around 70% of the grocery market. Tesco is the largest supermarket in Britain with 22.7% of grocery trade expenditure. Its dominance varies from region to region, for example in Northern Ireland in 1999 it had 46.5% of the market. Globally, the top 25 retailers control 16% of worldwide retail sales with this being predicted to rise to 40% in 2009.<sup>33</sup> Tesco claims to be a market leader in six countries. It has acquired the Polish hypermarket HIT, it is expanding rapidly in Thailand with a target of 45 hypermarkets by the end of 2003, it recently opened up its first of four stores planned this year in Malaysia and it is in talks with a Turkish hypermarket group.

### **Abuse of Power - Who Loses?**

The power supermarkets yield on the UK and global markets and in the UK political system results in financial gains and market expansions but at huge cost to people and the environment.

- **Local Communities Lose**

The decline of independent shops in the UK is gaining pace, with an increase in the rate of closure over the last year, according to *The Grocer* eight independent stores close every day. The British Retail Planning Forum found that every time a large supermarket opens on average 276 jobs are lost<sup>34</sup>.

- **Farmers Lose**

Supermarkets like Tesco use their market power to achieve the lowest possible supply costs. They look for the lowest prices on the global market place forcing farmers to sell them produce at below the cost of production. Tesco is known to challenge laws designed to protect suppliers in the countries it enters. In 1998 the Competition Commission found that Tesco paid the lowest prices to its suppliers<sup>35</sup>.

The impact of this on farmers is two-fold. Firstly, farmers are squeezed out as their profits fall to unsustainably low levels. A recent National Farmers Union survey has found that for a basket of food which would cost £37 in the supermarkets farmers get only £11<sup>36</sup>. Secondly, supermarkets increasingly source food from abroad where costs can be lower. A survey of supermarkets in 2001 found that Tescos source the majority of their apples and pears from abroad, despite claims that they are committed to sourcing English fruit and despite a bumper crop of British apples last year. Tesco came bottom of the table for apples, sourcing only 36% from the UK, and second from bottom for pears, sourcing only 21% from the UK.<sup>37</sup>

Charles Secrett from Kent Thames 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"*<sup>38</sup>

- **The Environment Loses**

Knock-on environmental impacts of supermarkets are massive. 75% of shoppers go by car to their supermarkets, 60% were travelling less than two miles.<sup>39</sup> The food sold by supermarkets has also clocked up many miles of travelling, for example, baby carrots from South Africa travel 9622 km by plane, 2kg of carrots would result in emissions of 10,969 grammes of carbon dioxide.<sup>40</sup> A traditional Sunday lunch could have travelled 25,000 miles if a chicken from Thailand is included<sup>41</sup>.

- **Consumers Lose?**

Although most people favour supermarkets, a survey in 2001 found that only one in six shoppers trusted supermarkets to sell safe food.<sup>42</sup> According to Government data, 48% of Tesco fruit and vegetables contains pesticide residues. Tesco does not release the results of its own testing to the public.



Wessex Water is a UK water company supplying “drinking water to around 1.2 million people in 513,000 properties and sewerage services to 2.5 million people” and covering 10,000 square kilometres<sup>43</sup>. Wessex Water is sponsoring the Fabian Society Reception at the Labour Party Conference 2002.

### **An Enron Subsidiary with its Own Problems**

Before its collapse last year, Wessex Water was owned by Enron. It has subsequently been sold to Malaysian energy group YTL Power for about £1.2bn which more or less covered the cost of the debts of Enron’s water arm Azurix.<sup>44</sup> The successful bid by YTL was controversial and came as a surprise to commentators, the Royal Bank of Scotland had been given preferential status until YTL upped its bid at the last minute.

In August 2002 Colin Skellett, the chairman and chief executive of Wessex water was arrested on suspicion of receiving a bribe of almost £1m during Wessex’s takeover by YTL. Mr Skellett denies the charge and is on police bail until January 2003. Colin Skellett was amongst several business leaders who had recently launched a report on ethical and social responsibility in the private sector.

Even before its collapse Enron and its subsidiaries had been criticised for its environmental record and for its involvement in various projects. This included facing strong criticism from Amnesty International and Human Rights Watch for its activities at its Dahbdol power plant in India. Enron was a massive corporate lobbyist with close connections to the US president, wielding influence in the US’s energy policy.<sup>45</sup>

### **Water Privatisation - Bad for People, Bad for the Environment**

Enron was also an active member of various service industry lobby groups, pushing successfully for increased liberalisation of trade in services including water services through the General Agreement on Trade in Services (GATS) under the WTO. Friends of the Earth and many other groups have outlined numerous problems with water privatisation, especially with unaccountable western multinationals entering the water market in developing countries. Water privatisation has often led to price increases resulting in the poorest people not having access to water and sometimes in civil unrest. Water privatisation does not encourage sustainable use of water since profits are made by increasing water demand and use not promoting by long term sustainable water use and conservation.

Water privatisation under GATS could be far worse than current privatisations mechanisms as domestic laws designed to protect the environment and human health can be found illegal under the WTO. GATS would effectively enshrine into law the principle of “full cost recovery” – ie that all costs of water delivery must be paid for by the consumers – promoted by the World Bank and International Monetary Fund. There is therefore no incentive for water companies to provide water to those people who can’t afford to pay.

### **Wessex Water – Named and Shamed in the UK**

In 1998, Enron subsidiary Wessex Water was ranked by the UK Environment Agency as the fourth worst polluter with five prosecutions resulting in total fines of £36,000 Environment Agency director of operations, Archie Robertson said “The companies included in our Hall of Shame have let down the public, the environment and their own industry.”<sup>46</sup>



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## **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.**