

Consultation on Nestlé Methodist Church House

The following are Baby Milk Action's responses to questions given with the *Briefing Paper on Ethical Issues Concerning the Marketing of Breastmilk Substitutes, and Other Ethical Issues Relating to Nestlé*.

Please note, while the briefing paper is an excellent overview of the issue, it does contain several factual errors, particularly relating to Baby Milk Action's position. An annotated version of the briefing paper has been prepared with other supporting comments.

While Nestlé portrays this as a dispute between it and Baby Milk Action, Baby Milk Action's position is in line with the World Health Assembly marketing requirements. This, and Nestlé's malpractice, is something that can be objectively demonstrated. While this is achieved to an extent during debates and will hopefully be achieved during this exercise, there is value in giving more time to setting out Baby Milk Action's case against Nestlé and the company's defence, calling expert witnesses as necessary. To this end, Baby Milk Action has proposed to Nestlé at recent debates that a longer-duration event be held, over several days if necessary. Nestlé has not responded positively to this suggestion and we are asking supporters to write to Nestlé asking it to accept the proposal in principle. The Methodist Church may wish to add its voice. This is not to re-negotiate the marketing requirements (Baby Milk Action has no authority to do this), nor to discuss ending the boycott (Nestlé has not met the requirements of the International Nestlé Boycott Committee four-point plan for ending the boycott), but to ascertain who is telling the truth. Campaigns shaming Nestlé have brought about some changes in policy (such as its position on labelling of complementary foods) and ended some specific violations. However, Nestlé has still to all issues set out in writing to the company by UNICEF in 1997 and to bring its policies into line with the Code and Resolutions. A public tribunal may be a useful way to prompt movement.

Questions for Meeting on Monday 22 November 2004

A Infant Formula Marketing

1. Baby Milk Turnover

- How important is babymilk to Nestle in terms of sales and/or profits?
- What is the split between developed/developing countries?
- Does this include both special and standard formula?

The global market for breastmilk substitutes was estimated to be worth US\$10.9 billion by Euromonitor (independent market research company) in 2002. Nestlé has about 40% of this (in a recent debate Nestlé's Head of Corporate Affairs, Hilary Parsons, gave a different figure of 25%, still over US\$2.5 billion). Nestlé attempts to minimise the scale of its business by saying it is a 'few percent' of its turnover.

Nestlé has also referred to its baby food business as one of its 'main strategic pillars'. The reason behind this is that the company is basically a junk-food company (indeed according to investment bank UBS Warburg, nearly half of Nestlé's profit is at risk if effective regulations on unhealthy foods are introduced through the World Health Assembly - this would be higher but for Nestlé's involvement in pet food, cosmetics and bottled water). The baby food business enables Nestlé to portray itself as a 'nutrition' company - important for use on health claims which are important drivers in the food market - and to gain the tacit endorsement of the health care system where its promotional materials appear. UK Consumers Association report showed that 7 of the 15 breakfast cereals with the highest levels of sugar, fat and salt were Nestle products.

2. Baby Milk History

- What is your view of the history leading to the boycotts etc?

The boycott arose after Nestlé took legal action against Berne Third World Action, which had translated War on Want's book 'The Baby Killer' and changed the title (in German) to 'Nestlé Kills

Babies'. Over the course of the two-year trial experts came to court supporting the claims made in the booklet and Nestlé dropped all charges except that against the title. Nestlé won on the basis it was not directly killing babies, but the defendants received only token fines and Nestlé was warned it should change its activities.

In 1984 Nestlé dropped its opposition to meeting with boycott coordinators and agreed to abide by the *International Code of Marketing of Breastmilk Substitutes*. The boycott was suspended. The International Baby Food Action Network (IBFAN) continued monitoring and found continued systematic violations and Nestlé was given 6 months to genuinely comply in 1988. When it failed to do so, the boycott was relaunched in 1989.

- Does Nestle accept that infant formula was improperly marketed before 1981?

In debates Nestlé says it was marketed as any other product and that was the reality of the time. It has neither accepted it was improper nor apologized nor accepted responsibility for the death and suffering during this period. Indeed, in its presentations, Nestlé implicitly blames the mothers for not preparing the formula correctly. Nestlé perhaps fears it will open itself up to a compensation claim from parents or health care systems if it admits to any wrong doing.

In an anti-boycott advertisement placed in 1996, Nestlé claimed: *"Even before the World Health Organisation International Code of Marketing of Breastmilk Substitutes was introduced in 1981, Nestlé marketed infant formula ethically and responsibly, and has done so ever since."*

Baby Milk Action complained to the Advertising Standards Authority about this and other claims and all complaints were upheld after a two-year investigation. (The other claims which Nestlé cannot repeat in advertisements are: "The Nestlé Charter concerns Nestlé's commitment to the WHO International Code in developing countries." And "Naturally they [Nestlé employees] do not provide free supplies [of baby milk] to hospitals for use with healthy infants.")

- Has Nestle ever made a statement of regret for this?

Not that Baby Milk Action has seen, though we have asked Nestlé to do so at debates.

- Infant deaths estimated as being between 1 million (UNICEF) and 1.5 million (Baby Feeding Law Group) each year have been linked to unclean water being used where breast feeding does not occur. How do you respond to such estimates?

The reference to the Baby Feeding Law Group is presumably to a quote on the BFLG website, which is sourced from WHO or UNICEF. The statistic has been given in various ways:

UNICEF states in State of the World's Children 2001: *"Improved breastfeeding practices and reduction of artificial feeding could save an estimated 1.5 million children a year."*

UNICEF's statistics website states (18 November 2004):

"It has been estimated that improved breastfeeding practices could save some 1.5 million children a year. Yet few of the 129 million babies born each year receive optimal breastfeeding and some are not breastfed at all. Early cessation of breastfeeding in favour of commercial breastmilk substitutes, needless supplementation, and poorly timed complementary practices are still too common. Professional and commercial influences combine to discourage breastfeeding, as do continued gaps in maternity legislation."

In its response to the *Cracking the Code* monitoring report (which found 'systematic' violations by Nestlé and other companies and was produced independently of Baby Milk Action and IBFAN) UNICEF stated:

"Marketing practices that undermine breastfeeding are potentially hazardous wherever they are pursued: in the developing world, WHO estimates that some 1.5 million children die each year because they are not adequately breastfed. These facts are not in dispute."

Nestlé does dispute the statistic. It implies that commercial promotion and commercial products play no role and that it is animal milks that are used in the bottles. At debates Nestlé has quoted the previous WHO Director General, Dr. Gro Harlem Brundtland, as follows:

"Some 1.5 million children still die every year because they are inappropriately fed" and claims that 'inappropriately fed' means fed on animal milks.

The full quote appears in the *Global Strategy for Infant and Young Child Feeding* and states:

"Some 1.5 million children still die every year because they are inappropriately fed, less than 35% of infants worldwide are exclusively breastfed for the first four months of life, and complementary feeding practices are frequently inappropriate and unsafe."

Baby Milk Action makes the point that due to the risks of inappropriate feeding, baby foods should be marketed responsibly (and note that breastmilk substitutes and complementary foods are both at issue - it is not just 'infant formula' as Nestlé implies). Specifically companies should abide by the International Code and Resolutions. Nestlé does not and so is *'contributing to the unnecessary death and suffering of infants around the world.'*

In 1996 the Advertising Standards Authority (ASA) called on Baby Milk Action to justify statements made in a boycott advertisement, following a complaint. The claims were: *"Every day, more than 4,000 babies die because they're not breastfed. That's not conjecture, it's UNICEF fact."* and *"They [Nestlé] aggressively promote their baby milk, breaking a World Health Organisation code of marketing."* We justified our claims and the complaint was rejected. One of the organizations to send the ASA a statement in support of the statistic in the context of the advertisement was WHO.

Baby Milk Action does not dispute that some deaths occur due to use of unsuitable substances being used, in addition to unsafe use of breastmilk substitutes. However, this does not mean the link to company marketing practices is broken. We find that even in countries with low potential markets Nestlé opposes full implementation of the Code and Resolutions and aggressively promotes its products. This has an impact in promoting artificial feeding even amongst those sections of the population that cannot afford breastmilk substitutes and use inappropriate alternatives or over-dilute formula. For example, in Bolivia, where 70% of the population is living in poverty, 25% use feeding bottles. In Kenya 18% of mothers bottle-feed their infants before they are 4 months old.

A 1997 study in Ouro Preto, Brazil, indicated that among mothers using powdered milks for infant feeding, over two-thirds (70%) of the poorer families (those whose income was less than half the minimum per capita daily wage) tended to buy powdered whole milk rather than infant formula. In Brazil, as in many other countries, Nestlé displays its powdered whole milk alongside the more expensive infant formula in the infant feeding sections of supermarkets and pharmacies and has rejected appeals from Baby Milk Action to end this practice.

3. The WHO Code

- Does the Code apply globally, or just to developing countries? (Please give reasons for your view).

"Recalling that breastfeeding is the only natural method of infant feeding and that it must be actively protected and promoted in all countries;"

Resolution 34.22 under which the Code was adopted in 1981.

"A comprehensive national policy, based on a thorough needs assessment, should foster an environment that protects, promotes and supports appropriate infant and young child feeding practices."

An effective feeding policy requires the following critical interventions:

For protection

...

- *ensuring that processed complementary foods are marketed for use at an appropriate age, and that they are safe, culturally acceptable, affordable and nutritionally adequate, in accordance with relevant Codex Alimentarius standards;*
- *implementing and monitoring existing measures to give effect to the International Code of*

Marketing of Breast-milk Substitutes and, where appropriate, strengthening them or adopting new measures;"

Global Strategy for Infant and Young Child Feeding, adopted by the WHA 2002.

" UNICEF remains convinced that the International Code applies in all countries. The following paragraph from the preamble to the Code makes it clear that no country is free from the adverse effects on child health and nutrition of artificial feeding.

"Recognising further that inappropriate feeding practices lead to infant malnutrition, morbidity and mortality in all countries, and that improper practices in the marketing of breastmilk substitutes and related products can contribute to these major public health problems;"

Letter from UNICEF Executive Director, Carol Bellamy, to
Nestlé CEO, Peter Brabeck-Letmathé
3 November 1997.

"FTSE4Good Breast Milk Substitutes Marketing Criteria POLICY CRITERIA

"Company policy should include: Acknowledge that the Code applies in all countries (subject to paragraph 5 below), whether or not governments have taken action to completely implement the Code. Acknowledge that the adoption and adherence to the code is a minimum requirement and where national legislation or regulations implementing the Code are wider in scope and application than the Code, the company must follow the national measures in addition to the Code.

"[paragraph 5] Companies operating in the USA and Canada are to comply with the Code in its entirety (as set out in paragraph 4 above) by end 2004. In the meantime, for the purposes of these criteria, companies are to ensure that marketing practices conform to national measures implementing the Code in those countries."

Nestlé is excluded from the FTSE4Good index.

- Is the Code a voluntary standard of best practice, or does it have legal force? (Please give reasons for your view)

"Governments should take action to give effect to the principles and aim of this Code, as appropriate to their social and legislative framework, including the adoption of national legislation, regulations or other suitable measures. For this purpose, governments should seek, when necessary, the cooperation of WHO, UNICEF and other agencies of the United Nations system."

Article 11.1, The International Code

Baby Milk Action and IBFAN train policy makers and encourage implementation of the Code and Resolutions in legislation. WHO and UNICEF fund participants on these courses. When there are questions about interpretation these are raised with the Legal Officer appointed by UNICEF under Article 11.1.

"Independently of any other measures taken for implementation of this Code, manufacturers and distributors of products within the scope of this Code should regard themselves as responsible for monitoring their marketing practices according to the principles and aim of this Code, and for taking steps to ensure that their conduct at every level conforms to them."

Article 11.3, The International Code

"States Parties are placed under an obligation [by the Convention on the Rights of the Child] to ensure that the advantages of breastfeeding are universally understood and to take appropriate measures to achieve this goal. This can only be accomplished if the information reaching the general public, and parents in particular, is factual, objective, and not prepared with a view to persuading mothers to forgo or diminish breastfeeding and use an artificial product in the mistaken belief that it is equivalent to breastfeeding."

Progress Report on the Baby Friendly Hospital Initiative, UNICEF New York, January, 1998.

"Those who make claims about infant formula that intentionally undermine women's confidence in breastfeeding are not to be regarded as clever entrepreneurs just doing their job, but as human rights violators of the worst sort"

Stephen Lewis, then Deputy Executive Director, UNICEF, April 1999.

- Does it need to be incorporated by local governments into their own legislation before it comes into force?

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Article 11.3, The International Code

"Nongovernmental organisations, professional groups, institutions, and individuals concerned should have the responsibility of drawing the attention of manufacturers or distributors to activities which are incompatible with the principles and aim of this Code, so that appropriate action can be taken. The appropriate governmental authority should also be informed."

Article 11.4, The International Code

- What happens if individual governments implement legal requirements different from the Code?

"Independently of any other measures taken for implementation of this Code, manufacturers and distributors of products within the scope of this Code should regard themselves as responsible for monitoring their marketing practices according to the principles and aim of this Code, and for taking steps to ensure that their conduct at every level conforms to them."

Article 11.3, The International Code

- What is Nestlé's position in regarding infant formula and HIV/AIDs?

Nestlé has launched a Nutrition Institute for Southern Africa with the expressed purpose of promoting infant formula for use with HIV-infected mothers. It has promoted its Pelargon formula used in interventions in Botswana with a pamphlet claiming that it counteracts diarrhoea, an idealizing claim that is disputed by health experts and even a member of Nestlé own Nutrition Institute. Such claims encourage use of the formula in cases of diarrhoea.

- Are the infant formula producers showing a narrow legalistic 'compliance' attitude to the Code, but ignoring broader ethical issues? In particular what should they do when marketing formula in developing countries with inadequate healthcare systems?

Nestlé fails to give adequate responses to the examples of violations raised with the company in our on-going correspondence and at debates. On occasion it attempts to argue that a blatant violation is not infringing the Code by using legalistic arguments. For example, Article 5.5 of the International Code states: *"Marketing personnel, in their business capacity, should not seek direct or indirect contact of any kind with pregnant women or with mothers of infants and young children."* Nestlé has many schemes targeting pregnant women and mothers around the world. In attempting to excuse sessions by Nestlé's 'Baby Care Friends' in shopping centres in South Africa (a case exposed by Baby Milk Action), which had been advertised in the mass media, Nestlé's Senior Policy Advisor, Beverly Mirando, stated:

"The products concerned are not infant formula but complementary foods and foods for growing babies (beyond one year of age). The main purpose of these talks is to inform mothers about appropriate weaning practices, not to induce them to stop breast-feeding or to promote infant formula."

Such assurances cannot be substantiated, but neither do they negate the provisions of the Code. Baby Milk Action asked UNICEF's Legal Officer to clarify the situation on an earlier occasion and received the following response:

"I refer to your request for clarification on the extent to which marketing personnel of companies manufacturing products under the scope of the International Code of Marketing of Breastmilk Substitutes are prohibited from contacting pregnant women or mothers of infants and young children. Infants are defined as children from birth to 12 months, young children are children from the age of 1 to at least 3 years.

"Article 5.5 of the Code states quite clearly that the marketing personnel of companies manufacturing products within the scope of the Code, in their business capacity, 'should not seek direct or indirect contact of any kind with pregnant women or with mothers of infants and young children.' (emphasis added [in UNICEF's letter]). Hence, any form of contact with mothers of children under the age of three years is prohibited, irrespective of the motivation behind the contact. It is no excuse to argue, for example, that contact is being sought in relation to a product that is not within the scope of the Code, such as complementary foods. The prohibition is absolute."

David Clark
Legal Officer, UNICEF Nutrition Section, 21 September 1999.

Not only has Nestlé refused to end such targeting of pregnant women and mothers of young children, it attacks Baby Milk Action for interpreting the Code and Resolutions incorrectly. In calling for Baby Milk Action to engage in 'dialogue' and 'negotiate' an understanding with Nestlé, the company is suggesting that we dismiss UNICEF's legal opinion and undermine the work done by it and the World Health Assembly. We have no choice but to side with UNICEF and the World Health Assembly and do our best to expose the dishonesty of Nestlé's attack upon us.

4. Monitoring Code Compliance

- How does Nestle monitor compliance with the Code?

Nestlé does not monitor compliance with the Code, it monitors compliance with its own instructions, which are not the same as the Code. IBFAN has prepared a legal analysis of Nestlé's instructions which is available at the website www.ibfan.org

- Is there a register of the breaches of the Code that have been notified to CEO Peter Brabeck?

Mr. Brabeck claims to investigate any hint of a violation. Baby Milk Action has registered violations without receiving a response or has received an inadequate response. On the few occasions where violations have been stopped, this has been acknowledged. When the Ombudsman was appointed, Baby Milk Action wrote asking for these past reports to be reviewed. No response has been received.

- When was the last significant breach of the Code by Nestle?

Many types of breaches are continuous, such as the inappropriate marketing of whole milks and the targeting of pregnant women and new mothers as described above and Nestlé has indicated it is not going to stop these. We regularly receive reports of gifts to mothers and health workers, free supplies and other types of violations.

- How does the company define 'material breach'?
- How was the breach in Pakistan in the mid 1990s dealt with and what changes occurred to avoid a repetition?

The Feeding Fiasco, 1998, resulted from monitoring conducted by the Network for Consumer Protection in Pakistan (a member of IBFAN) where over 2,500 interviews were taken across 33 cities and many shops and health facilities were visited. This found systematic violations.

Following this monitoring exercise a former Nestlé employee, Syed Amar Raza, came forward and offered documentary evidence showing company malpractice, including bribing of doctors, promotion to mothers through baby shows, payment of sales bonuses etc. This evidence was unsurprising given the finding of the widescale monitoring and testimony given by other baby food company employees. Amar was unusual in that he was prepared to be named. The documents provided a behind-the-scenes view of the type of widespread violations that had already been recorded.

Amar had resigned from Nestlé after an infant died at the clinic of a doctor he was visiting, a Dr. Diamond (who is available for interview). Realising the impact of the marketing he and his fellow Medical Delegates were doing, Amar decided to go further and with the assistance of his father issued a Legal Notice calling on Nestlé to stop its marketing. Amar and Dr. Diamond claim that Amar was then threatened by two Nestlé executives and offered money to drop his case. Amar decided to give the impression he was dropping the case whilst seeking help, which eventually led him to the Network, which published the report *Milking Profits* in 1999. This was launched in Germany in September 1999, coinciding with a report in Stern magazine. A television programme was recorded and scheduled for broadcast, but was pulled from the air within hours of transmission following the intervention of Nestlé Vice President, Francois Perroud, with one of the station heads. This received widespread coverage in the German press at the time.

Amar subsequently presented his evidence at the House of Commons. The weekend before doing so shots were fired at his house in Pakistan, narrowly missing his brother. Baby Milk Action received independent confirmation of this attack. Threats were also made by doctors implicated in taking bribes and Amar began to fear returning to Pakistan. He has been in exile since and has not seen his family for over 5 years.

In the UK, Nestlé's Head of Corporate Affairs, Hilary Parsons, has alleged that Amar attempted to blackmail Nestlé and claims the company has a tape to prove this. Amar claims the telephone conversation the tape is supposed to relate to implicates Nestlé executives in attempting to bribe him to be silent. Since hearing of the existence of the tape, Baby Milk Action has asked Hilary repeatedly for a copy so it can be put to Amar and so he has the opportunity to defend himself against this serious allegations. Hilary has refused to provide a copy of the tape, as recently as this month.

Nestlé announced that it would commission an independent audit into its activities in Pakistan. Baby Milk Action wrote to Nestlé's Head of Corporate Affairs, Hilary Parsons, offering to provide evidence to the auditors. This offer was not passed on. The auditors were instructed that they could not contact NGOs or Amar and instead were given a list of doctors they could interview. Hilary Parsons and Nestlé Vice President, Niels Christiansen, visited Pakistan in advance of the audit to make preparations (when a police report alleging the shots were never fired at Amar's house was also obtained - the police man Baby Milk Action had spoken to had 'retired' and was untraceable).

The audit alleges there are no violations. The European Parliament Development and Cooperation Committee called a Public Hearing to review the evidence and invited the Network and Nestlé to present evidence. UNICEF's Legal Officer was also invited as the auditors had used Nestlé interpretation of the Code and Resolutions and this was one of its failings. Nestlé objected to the presence of IBFAN and UNICEF at the meeting and refused to attend. The auditor did attend, but was unable to address the questions relating to interpretation. UNICEF's Legal Office made the point that Nestlé's *Infant Formula Policy for Developing Countries* falls short of the requirements of the International Code and Resolutions.

Also attending the Public Hearing, though he did not speak, was Lord Nazir Ahmed, who had visited Pakistan to conduct what he referred to as an independent fact-finding tour of Nestlé's operation. Two years later The Guardian revealed that the tour had been organized and paid for by Nestlé and that the company was taking Lord Ahmed on as a paid advisor.

As a footnote, Amar met the Pakistan Minister of Health and the Director General of WHO and called for action. The Minister pushed ahead with legislation implementing the Code and

Resolutions, though at one WHO meeting he was moved to call for help in countering opposition from the baby food industry. Legislation, though limited in its scope, has now been introduced.

A telephone interview with Amar can be arranged.

5. Alleged Code Violations

- How do you account for the contrast between assertions that breaches are now minimal and the allegations in the Baby Milk Action Report *Breaking the Rules* that there are still manifold breaches of the International Code around the world?

Nestlé does not tell the truth.

This is not about misunderstandings or questions over interpretation. It is systematic and institutionalized malpractice. Nestlé (UK) has convened a top-level anti-boycott team, headed by Head of Corporate Affairs, Hilary Parsons, and Senior Policy Advisor, Beverley Mirando. This has contracted the public relations firm Webber Shandwick.

This is why Baby Milk Action and IBFAN works for legislation - to provide a mechanism to hold companies to account. Nestlé and other companies have been successfully prosecuted. Government monitoring reports have exposed company malpractice. In Brazil breastfeeding rates are increasing markedly following its strong legislation. In India, there has been a Nestlé profits warning as recently strengthened legislation there is stopping aggressive promotion and so reducing sales of breastmilk substitutes and complementary foods (one of the big concerns in India has been the use of cereal-based complementary foods such as *Cerefac* as breastmilk substitutes as these have been widely promoted with pictures of young babies). Where Nestlé has successfully opposed strong legislation and/or agreed voluntary codes of conduct, violations remain widespread.

It is important to realize that anyone who criticizes Nestlé is labeled as biased.

The Methodist Church was involved in the report *Cracking the Code*, published in January 1997, which found 'systematic' violations after conducting monitoring in four countries. Nestlé led the attack on the report, its methodology and those behind it.

Baby Milk Action firmly believes its case is solid and is calling for Nestlé to attend a long-duration public meeting so Baby Milk Action can put its case in depth and Nestlé can respond. This will enable questions of interpretation to be properly resolved by reference to the text of the Code and Resolutions and testimony from expert witnesses, such as UNICEF's Legal Officer. It will enable specific violations to be discussed to ascertain whether Nestlé's dismissal of reports is justified. It will enable health experts to present evidence on the human cost of Nestlé's aggressive marketing tactics.

B Other Ethical Issues

6. Ethiopia

Many people were shocked to read in the financial press in 2001 that Nestle was suing the government of Ethiopia, one of the poorest countries in the world, for damages of \$6m relating to nationalisation in the 1970s. In December 2002 Nestle CEO Peter Brabeck announced that the dispute had been settled for a total sum of \$1.5, which would be distributed to humanitarian organisations for famine relief in Ethiopia.

- How did this dispute come about?

The World Bank suggested to the Ethiopian Government that it should resolve all outstanding issues of compensation on its books to gain the acceptance of the world business community. Accordingly, the Government offered Nestlé US\$1.5 million for a business that had been nationalized 27 years before (Nestlé had subsequently taken over the German firm with the claim).

- Is it true that Nestle turned down an offer from Ethiopia of \$1.5m to settle the claim in 1999 but has now done so?

Nestlé refused the US\$1.5 million as it realized by arguing to use the exchange rate at the date the nationalization took place instead of that applying when the settlement offer was made it would receive four times the amount.

- Is it true that Nestle only decided to do so when the matter was publicised in December 2002?

Negotiations had been going on for a year and were stalled when Oxfam became aware of it and launched a campaign. Nestlé's public response was that it was the first it was aware of the issue and Oxfam should have engaged in 'dialogue' first.

- Have the settlement proceeds been donated by Nestle to Ethiopian charities?

In letters to the newspapers following the decision of Breakthrough Breast Cancer to refuse a £1 million donation from Nestlé, UK Chief Executive, Alastair Sykes, claimed Nestlé abides by the International Code and is a force for good in the world. As an example of its good deeds, Mr. Sykes referred to donations to Ethiopia, neglecting to mention the scandal that lay behind it.

7. Coffee Prices

The low level of coffee prices is causing great economic distress to coffee farmers.

- As one of the world's largest coffee users, what is Nestle doing about this?

Although Nestlé claims to buy a large amount of coffee direct from suppliers, this does not necessarily mean it is paying a fair price. Nestlé is opposed to independent monitoring of its activities in this area as with its baby food marketing.

- Why has Nestle not become involved in fair traded coffee?

In its publication on coffee, Nestlé says that Fair Trade is not the way to resolve the coffee crisis as paying a fair price to coffee growers will encourage more farmers to enter the market and so force down world prices.

- Are they aware that Kraft, the other big instant coffee producer is moving towards fair traded coffee?

Nestlé has apparently done the least of the big roasters in response to Oxfam's coffee campaign, though it was the first and the loudest to be heard giving vocal support. At the European Social Forum Baby Milk Action held a workshop on *Nestlé exposed: Holding corporations accountable* looking at the coffee crisis, trade union busting in Colombia and other issues.

The Methodist Church should be aware that Swiss Churches are particularly concerned about human rights abuses in Colombia and water exploitation in Brazil.

- Describe Nestlé's coffee initiatives. Why are they more effective than Fairtrade coffee, e.g. volumes, relative prices etc.

8. Slavery on Cocoa Plantations

There are serious and substantiated allegations that some cocoa is produced in West Africa using slave labour, often children.

- Is Nestle aware of this?
- Does it do anything to ensure that the cocoa it uses is not produced in this way?
- Is it taking any initiatives to prevent the use of slave labour?

Corporate Watch have information on this.

9. Obesity

In the United States the food industry seems to be increasingly targeted by law suits alleging health damage through obesity. Such lawsuits seem modelled on those filed earlier against the tobacco industry.

- What is Nestlé's view of this?

While publicly stating it needs to be consulted as part of the solution, Nestlé opposed a strong Global Strategy on Non-communicable Diseases at the World Health Assembly this year. According to the investment bank UBS Warburg, nearly half of Nestlé's profit is at risk if effective regulations on unhealthy foods are introduced through the World Health Assembly - this would be higher but for Nestlé's involvement in pet food, cosmetics and bottled water.

Although Nestlé is a major distributor of junk food in schools and promotes unhealthy foods to students (for example with its cereal 'box tops for education' scheme), the same tactics of cause-related marketing are being used to divert criticism. The Times Educational Supplement has reported that Nestlé has agreed to provide a multi-million pound donation for school sports equipment. While the Guardian has reported leaked cabinet minutes showing that legislation prohibiting advertising to children will be scaled back if such donations are made.

- What is Nestlé doing about snack advertisements targeted at children?

15% of Nestlé's turnover is spent on promotion and public relations.

- What is Nestlé doing to promote healthier eating?

Nestlé has made some cuts to the hydrogenated fat in some products.

10. GM Food

What is Nestlé's stance on this?

Greenpeace has publicised that despite promises to the contrary Nestlé foods in Europe and China (including baby foods) have been found to contain GM ingredients.

11. Water Misuse

Coca-Cola has developed a detailed programme to manage water usage. What about Nestlé?

More facts about Brazilian claims?

It is unfortunate that a representative of the Methodist Church was unable to meet with visitors from the citizens group involved in the successful legal action against Nestlé and a representative of the National Conference of Brazilian Bishops. There will be a further opportunity to do so. Though Nestlé is under a court order to stop its activities in the water park in São Lourenço in October 2004 and appears that it still has to comply. In addition it has bought water parks in neighbouring historic spa towns where similar problems may arise. The issue of Nestlé's demineralisation of the mineral water, prohibited by federal law, has still to be addressed.

Nestlé attempted to go back on the agreement it made with the judge that heard the case against it. A public hearing was held in the Brazilian House of Representatives in July 2004 where Nestlé indicated it did not wish to close its bottling plant. It was told it had to honour the agreement made with the court.

The following article from the Observer News service gives further details (though it has the location of the spa town incorrect - it is not close to the Bolivian border, it is in southern Minas Gerais).

Activists claim win in Brazil water row
OBSERVER NEWS SERVICE
By John Madeley in London

In a David and Goliath contest, a community group in western Brazil took on the multi-national Nestlé corporation in a row over mineral water extraction – and won. The company, however, doesn't see it that way.

CONTROL of water supply is increasingly a key issue in many parts of the world and in western Brazil, campaigners are crying foul over the activities of the giant Nestlé corporation not far from the Bolivian border in the Serra da Mantiqueira region.

Serra da Mantiqueira has been famous for its mineral waters since their medicinal properties were first discovered in the 19th century and, over the years, tourists have flocked to the region's four spa towns – São Lourenço, Caxambu, Cambuquira and Lambari.

But campaigners, in particular the pressure group Cidadania pelas Aguas (Citizens for Water), claim that the trade is now under threat from the commercial bottling and shipping operation of the giant Nestlé corporation.

Nestlé has owned a large number of the water sources in the Sao Lourenço area since it bought Perrier-Vittel in 1992, but it was the expansion of its pumping and bottling operation in the late 1990s that sparked the latest arguments.

Cidadania pelas Aguas say the additional bore holes Nestlé sank into the Sao Lourenço aquifer at the end of the last century have hit the local environment. One water source has apparently already dried up, the water table has dropped and there have been reports of subsidence.

Nestlé Waters spokesman Candy Miller, however, defended the company's position. She says Brazil's National Department of Mineral Production stipulates a daily maximum extraction and Nestlé Waters has always respected the regulations and, in fact, pumped only half the volume of water it was authorised to take.

However, Citizens for Water were not to be outflanked and tackled Nestlé head-on – reporting the corporation to Brazil's public prosecutor for de-mineralising the Sao Lourenço mineral water before shipping it to be sold elsewhere as table water.

Under the country's constitution, it is illegal to de-mineralise natural mineral water in Brazil, and 2001 Citizens for Water won the first round of a legal battle to halt the Nestlé operation.

The ruling was, however, overturned on appeal. And that's the current state of affairs says Ms Miller. The appeals court ruled the company's activities as legal and that ruling remains the final one she says.

Franklin Frederick, from Cidadania pelas Aguas, has, however, a different take on the outcome of the case. He claims a victory and says the appeal court did not reject the judgement against Nestlé. He is adamant Nestlé has to leave Sao Lourenço.

The court, he says, only allowed the corporation to continue operations for a finite term – which runs out next month (October) – to ease the impact on its employees and itself. Also, a separate case against the corporation alleging damage to the local environment is on-going.

Although the company will be quitting Sao Lourenço this October, it insists the decision to leave is entirely its own and down to changes in regulations which, it says, make production uneconomic.

Franklin Frederick fears he has won only a Pyrrhic victory, though, as it could all turn out to be one door shutting while another opens. Recently, Nestlé bought the second largest bottled water company in Brazil, Superagua, which itself has exploitation rights in the Serra da Mantiqueira. Frederick fears it will simply move its operations to another spa town. The whole area is worried he said.

'Other towns fear that what is happening in São Lourenço could soon happen to them. It is privatisation of water by the back door.'

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