Tangled Up In Blue
Corporate Partnerships at the United Nations

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Executive Summary

• Secretary General Kofi Annan has encouraged all UN agencies to form partnerships with the private sector. The centerpiece of this initiative is his Global Compact, launched with the agencies for environment (UNEP), labor (ILO) and human rights (UNHCHR) in July, 2000.

• This report argues that corporate influence at the UN is already too great, and that new partnerships are leading down a slippery slope toward the partial privatization and commercialization of the UN system itself.

• The Secretary General’s office and UN agencies such as UNICEF, UNDP, WHO, and UNESCO are partnering with corporations known for human, labor and environmental rights violations.

• The Global Compact and its cousin partnerships at other UN agencies threaten the mission and integrity of the United Nations.

The Global Compact

The Global Compact has four major problems:

1. Wrong Companies: The Secretary General has shown poor judgment by allowing known human rights, labor and environmental violators to join.

2. Wrong Relationship: Clearly the UN must have interactions with corporations, as when they procure goods and services or to hold them accountable, but it should not aspire to “partnership.”

3. Wrong Image: The UN’s positive image is vulnerable to being sullied by corporate criminals, while companies get a chance to “bluewash” their image by wrapping themselves in the flag of the United Nations.

4. No Monitoring or Enforcement: Companies that sign-up get to declare their allegiance to UN principles without making a commitment to follow them.

The New Guidelines

• The new guidelines for UN cooperation with corporations state that companies that violate human rights “are not eligible for partnership.”

• Mr. Annan violated the guidelines just a few days after they were published by inviting Shell to join the Global Compact and its envisaged partnerships.

• The UN claims that it lacks the capacity to monitor corporations’ activities. This creates a Catch-22 situation. Without monitoring capacity the UN will not be able to determine, under its guidelines, if a corporation is complicit in human rights violations.

• The Guidelines also provide for the limited corporate use of the UN logo. This presents a potential marketing bonanza for companies like Nike.

Toward a Corporate Free UN

If the Global Compact and other corporate partnerships represent the low-road, then there are four key steps that can be taken to build a high-road.

1. Support the Code of Conduct on transnational corporations and human rights being drafted by the UN Subcommission on Human Rights.

2. Support UN-brokered multilateral environmental and health agreements which can reign in abusive corporate behavior on a global scale.

3. Pressure the US government to pay the UN the money it owes with no strings attached.

4. Support and promote The Citizens Compact, which calls for a legally binding framework for corporate behavior.
As we move into a new millennium, “We The Peoples” of the United Nations are asking a momentous question: Will corporations rule the world or will they be subordinated by governments and civil society to the universal values of human rights, labor rights and environmental rights?

Or, to ask it another way, do the Nike swoosh and the UN olive branch emblem belong together? Are McDonald’s and Disney companies that represent universal educational and cultural values? Do giant oil companies like Shell, BP and Chevron hold the keys to sustainable development?

UN Secretary General Kofi Annan thinks the answers might be yes, and he is leading a major effort to form partnerships between the United Nations and the business community. The “business community,” in this case, does not mean the small and medium sized companies that still maintain some loyalty to the local community. It is made up of the giant transnational corporations—companies that have deepened their enormous power through the process of economic globalization. Many of them have been targets of protest in Seattle, Washington D.C., Bangkok, and dozens of other cities.

Mr. Annan has said that “in a world of common challenges, the UN and business are finding common ground” and that “confrontation has been replaced by cooperation and joint ventures.”¹ The Secretary General has encouraged all UN agencies to form partnerships with the private sector. These are some of the same UN agencies which NGOs and citizen movements respect for their dedication to UN values. They include those dealing with the environment (UNEP), labor standards (ILO), refugees (OHCHR), sustainable human development (UNDP), children (UNICEF), public health (WHO), industrialization (UNIDO), and science, education and culture (UNESCO) (see chart p. 8).

Mr. Annan has personally spearheaded the highest profile of these partnerships, the Global Compact. On July 26th, eighteen months after he floated the concept in Davos, Switzerland, Mr. Annan appeared with representatives of some fifty corporations and a handful of non-governmental partners to officially launch the Compact in New York.

Many long-term supporters of the UN who care deeply about the institution and the values it represents, were not there. Many believe that the UN is the only international organization with the potential to provide some democratic control over corporations. The UN could be a counterbalance to the destructive force of the WTO and corporate globalization. But as an alliance of groups wrote to Mr. Annan in July, the Global Compact and its cousin partnerships at other UN agencies “threaten the mission and integrity of the United Nations.” Corporate influence at the UN is already too great, and the new partnerships are leading down a slippery slope toward privatization and commercialization of the UN system itself.

As an alternative to the Global Compact, an alliance of groups has invited the Secretary General to join a “Citizens Compact” on the UN and corporations. (See appendix B) This alliance has opposed the Global Compact, the UNDP’s Global Sustainable Development Facility and several other partnerships.

In early 1999, Kofi Annan warned of a “backlash” against the “global market.”² The events of Seattle, Washington and elsewhere show that a backlash against corporate globalization is in full swing, and that citizens movements are determined to overthrow corporate rule. It would be a tragedy if the UN allowed itself to become a target of the backlash by allying itself with corporate and commercial values. UN values of peace, democracy, human rights, labor, environment and health are more popular—and more globalized—than ever. The UN must maintain its unique dedication to these values, as its Charter demands.
Four Fatal Flaws of the Global Compact

First…we would like to see companies who join the Global Compact make a public statement that they will be open to independent monitoring…Secondly, it has to be reported publicly…all the stakeholders are entitled to have the information resulting from that independent monitoring. And thirdly…a sanctions system has to be envisaged…so that companies who violate these principles cannot continue to benefit from the partnership…We think that those three steps are absolutely essential if this initiative is to be effective, credible and win the trust of human rights organizations.


The Global Compact consists of nine principles, distilled from key environmental, labor and human rights agreements, that the Secretary General asks businesses to abide by. (See appendix A) Corporate participation is voluntary; there is no screening process, nor is there monitoring or enforcement. The details of the other UN-corporate partnerships differ, but the main idea is the same—to coax the resources of businesses to the aid of sustainable development. In some cases, for example WHO and UNICEF, part of the purpose of the partnerships is to bring needed funds into their efforts. In other cases, like the UNDP, UN agencies seem to aspire to be a kind of broker or advisor for worthy projects that the private sector undertakes.

The Global Compact itself aims to gain a commitment from corporations to the nine principles and then to implement these principles in at least three ways. First, participating corporations have committed to promote the Compact in their mission statements and annual reports. Second, these corporations will post “specific examples progress they have made, or lessons they have learned in putting the principles into practice” on the Global Compact website. Civil Society partners in the Compact such as Amnesty International and International Confederation of Free Trade Unions will then be invited to respond to these specific case studies. Third, Global Compact corporations will participate in partnerships with the UN at both the policy level and on the ground in developing countries “helping villagers link up to the Internet” etc.

But the Global Compact and its cousin partnership programs have several major problems.

1. Wrong Companies

The Secretary General and various agency heads have shown poor judgment by allowing known human rights, labor and environmental violators to join in UN partnerships. Specific partners of the Compact include Nike, Shell, Rio Tinto, Novartis, BP, Aracruz, BASF, Daimler Chrysler, Bayer and DuPont.

Other UN agencies have shown similarly poor judgment by choosing Chevron, McDonald’s, Disney and Unocal as partners in their programs (see chart). In some cases, these choices are clearly in violation of the UN’s own guidelines that “companies which violate human rights are not eligible for partnership.” Other partner companies do not stand accused of such violations, but many are giants of industries like oil, chemicals and genetic engineering, whose impacts on communities, workers and the global environment are broadly opposed by citizen movements. In addition, the International Chamber of Commerce, which represents mainly large companies, has been the dominant force for the business side of the Global Compact. The ICC routinely lobbies to weaken international agreements that would control their members’ behavior—accords often brokered by the UN.

2. Wrong Relationship

Public-private partnerships are common for specific projects with specific goals. The UN’s use of the term is more general, but still one assumes that a partnership is entered only when the partners share the same goals. The UN has not adequately explained why it must partner with organizations that have completely different goals from its own.

Although modern corporations acknowledge the existence of “stakeholders” other than their shareholders, in practical and legal terms they are accountable only to the latter, while the UN is founded on a commitment to ethical principles and accountability to “We The Peoples.” Occasionally UN and corporate interests coincide; at other times they conflict. As UNICEF Director Carol Bellamy has said, “It is dangerous to assume that the goals of the private sector are somehow synonymous with those of the United
Nations, because they most emphatically are not.⁵

Obviously you cannot have a full partnership with an organization of interests antithetical to your own. You cannot simultaneously regulate and partner with the same corporations. Clearly the UN must have interactions with corporations, as when they procure goods and services or to hold them accountable, but it should not aspire to “partnership” except with organizations that share its goals.⁶

3. Wrong Image

Corporations attempt to project certain values and images. Disney hopes to represent family entertainment. McDonald’s advertises fast, friendly food. Nike associates itself with the joy of sports. Shell, Chevron and BP promote their own commitment to environmental stewardship.

Sometimes they inadvertently take on other associations. To many, Nike also means sweatshops, McDonald’s represents unhealthy food and Ugly

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**The Global Compact Corporate Partners**

Below is a partial list of some of the 50 Global Compact partners with the most egregious human rights and environmental records.

**Shell** is a corporation with a history of environmental destruction and complicity in human rights abuses, most infamously in Nigeria. Ken Saro-Wiwa blamed his execution squarely on Shell. Its operations there are also notorious for environmental contamination and double standards. Shell has adopted sophisticated rhetoric about its social responsibilities, but it has not shown understanding, let alone remorse, about its own role. For example, on its website, Shell posts a photograph of a pro-Ogoni rally, without acknowledging that the Ogoni people’s protests have been against Shell itself.

**BP Amoco** is another company with sophisticated rhetoric on environmental and social issues. But their actions do not measure up. CEO John Browne admits that climate change is a problem for any oil company, yet his company continues to search for oil and gas even in remote and pristine regions. Its investments in renewable energy are a pittance compared with the size of the corporation and its investments in ongoing fossil fuel exploration and production.

**Nike,** an international symbol of sweatshops and corporate greed, is the target of one of the most active global campaigns for corporate accountability. The company has made announcements of changes to its behavior only after enormous public pressure. It has also aggressively opposed the only union and human rights-group supported independent monitoring program—the Worker Rights Consortium (WRC). CEO Phil Knight withdrew a $30 million donation to the University of Oregon after the University joined the WRC. Nike also cut its multimillion dollar contracts with the University of Michigan and Brown University after they joined the WRC. Nike became a sweatshop poster child not just through complicity in labor abuses but through active searching for countries with non-union labor, low wages, and low environmental standards for its manufacturing operations. Nike is a leader in the “race to the bottom”—a trend that epitomizes the negative tendencies of corporate-led globalization.

**Rio Tinto Plc** is a British mining corporation which has created so many environment, human rights, and development problems that a global network of trade unions, indigenous peoples, church groups, communities and activists has emerged to fight its abuses. For instance, the company stands accused of complicity in or direct violations of environmental, labor and human rights in Indonesia, Papua New Guinea, Philippines, Namibia, Madagascar, the United States and Australia, among others.

**Novartis** is engaged in an aggressive public relations and regulatory battle to force consumers and farmers to accept genetically engineered agriculture, without full testing for potential harms and without full access to information. The behavior of Novartis in the area of genetically engineered agriculture is diametrically opposed to the precautionary principle, one of the principles of the Global Compact.

Other companies with damaging or controversial practices in the Global Compact include **Aracruz Cellulose**, targeted by Brazilian activists, **Aventis**, one of the companies behind the $50 million per year PR campaign to gain acceptance for transgenic foods, German chemical giants **Bayer** and **BASF, DuPont** of ozone depletion infamy, and **DaimlerChrysler**, the auto maker with the highest proportion of gas guzzling SUV’s on the American market.
Americanism, Disney projects sweatshops and stereotypes, Shell is associated with human rights violations and ecological destruction, and the oil industry as a whole is known for global warming, greed and abuse of power.

When the Secretary General of the United Nations joins the heads of such corporations on the podium, or when a UN agency joins such companies in a joint venture, a disturbing message is sent to the public. As the UNDP guidelines put it, when a UN agency “is engaged in a public relations activity within the framework of a corporate relationship, a mutual image transfer inevitably takes place.”

This is especially true in the era of corporate branding. With the image transfer, the UN’s positive image is vulnerable to being sullied by corporate criminals, while companies get a chance to “bluewash” their image by wrapping themselves in the flag of the United Nations.”

Behind the issue of image is the issue of values. The UN stands for peace, security, human rights, development, environment and health. These values must remain clear of the commercial values of corporations. Once the UN tarnishes its image with corporate brands, the compromising of its values is more likely to follow.

4. No Monitoring or Enforcement

The Global Compact has no monitoring or enforcement mechanism. This means companies that sign up get to declare their allegiance to UN principles without making a commitment to follow them. The corporate partners have made it crystal clear that this arrangement is a key prerequisite of their participation. As Maria Livianos Cattui, the secretary-general of the International Chamber of Commerce recently put it, “business would look askance at any suggestion involving external assessment of corporate performance, whether by special interest groups or by UN agencies. The Global Compact is a joint commitment to shared values, not a qualification to be met. It must not become a vehicle for governments to burden business with prescriptive regulations.”

Given the ICC position, the Global Compact has settled on the posting of so-called “best practices” by the companies themselves on a UN website as a stand-in for independent monitoring. Participating NGOs can scrutinize the claims, and companies can rebut the NGOs. Of course this could all be done—
Partnership programs are proliferating in the UN system, often before guidelines can be put in place, and before the implications of the partnerships are understood.

**UNHCR and Unocal Corporation**

Former High Commissioner on Refugees Sadako Ogata co-chaired two meetings of the Business Humanitarian Forum with John Imle, President of Unocal, a company notorious for complicity in human rights violations in Burma. As a partner of the brutal Burmese military government in the Yadana pipeline project, Unocal has benefited from forced labor, forced relocations and other crimes carried out for security of the project. Two lawsuits against Unocal alleging crimes against humanity are currently underway in federal courts.

Although this is not a full UN partnership program, the High Commissioner showed remarkable insensitivity by sharing the podium with the head of a company that creates refugees in its business operations. The Business Humanitarian Forum was founded by a former Vice President of Unocal, yet neither the High Commissioner nor many of the other humanitarian organizations in attendance seem concerned that it will be used to promote a good image for a company with such a bad reputation. Pro-democracy groups, including those working with Burmese refugees and people affected specifically by Unocal, were outraged by UNHCR’s participation.

**UNESCO and Disney**

UNESCO has a number of partnerships with the private sector, mainly in the form of licensing agreements which allow the use of UNESCO’s logo or label. UNESCO excludes companies that violate human rights, make or distribute, arms, tobacco or alcohol. Yet it allowed its name to grace the Youth Millennium Dreamer Awards, organized mainly by Disney and presented in Disneyland in Orlando, Florida last spring. Disney is known for use of sweatshop labor in Haiti to make clothes with pictures of Mickey Mouse and other Disney characters. Disney movies are characterized by racial and sexual stereotypes, making the company a questionable choice to sponsor Youth Awards.

**UNDP and Chevron**

The UNDP drew the ire of activists last year with the proposed Global Sustainable Development Facility, developed under the previous Administrator Gus Speth. Mark Malloch-Brown, the new head of UNDP has killed the project, but touts other partnerships such as a BP Amoco fishing project in Angola (see Global Compact Partners for a brief overview of BP Amoco) and a Chevron-sponsored business center in Kazakhstan. Chevron has been a leading opponent of the UN-brokered Climate Convention on global warming. The company is also responsible for numerous local environmental problems in places as far flung as Nigeria, Texas, California and Indonesia. The company currently faces a lawsuit for complicity in human rights violations in Nigeria.

**UNICEF**

UNICEF has extensive interactions with corporations, and gets substantial income from the private sector. Executive Director Carol Bellamy points out that UNICEF is very careful to "constantly appraise" the companies it deals with, and its guidelines exclude makers of products like infant formula and landmines. However UNICEF and WHO are part of UNAIDS, a partnership with five major pharmaceutical companies, including (parent companies of) violators of the WHO Code of Marketing of Breastmilk Substitutes. According to the International Baby Food Action Network, UNICEF also has a partnership with Johnson & Johnson, a known Code violator. The partnerships are so troubling that at least two UNICEF officials recently resigned in protest.

**UNAIDS and the Pharmaceutical Industry**

UNAIDS is sponsored by various UN agencies—UNICEF, UNDP, WHO and others. It has a partnership with five pharmaceutical corporations Boehringer Ingelheim, Bristol Myers Squibb, Hoffman-LaRoche, Glaxo Wellcom and Merck to address the AIDS crisis in Africa. These companies are working with the UN to significantly lower the costs of AIDS drugs there. However, a number of AIDS groups charge that these companies’ intent—and collaterally the role of the UN—is to forestall the seizure of drug company patents (and the loss of markets). Countries such as South Africa and Thailand have passed "compulsory licensing" laws that allow for the seizure of AIDS drug patents in the interest of reversing a massive human health disaster.
regulating corporations with respect to human, labor and environmental rights.\textsuperscript{12}

Stuck between NGO insistence and business resistance, the UN claims it has neither the capacity nor the mandate to monitor or enforce compliance with the Global Compact principles.

But it is not at all clear that the UN enjoys a mandate to develop the Global Compact either. In fact, references to the Global Compact were deleted from an official UN declaration at the Copenhagen Plus 5 Social Summit when a significant bloc of developing country governments opposed its voluntary, non-binding nature. As Roberto Bissio of the Third World Institute in Uruguay explains it, “the developing countries were clearly not sympathetic to the Compact, not for any desire to leave transnational corporations off the hook, but out of fear that such an arrangement might benefit them even more.”\textsuperscript{13}

\textbf{T he \textit{U} N’s \textbf{G}uidelines}

Business entities that are complicit in human rights abuses, tolerate forced or compulsory labor or the use of child labour...or that otherwise do not meet the relevant obligations or responsibilities by the United Nations, are not eligible for partnership.


The Secretary General’s Guidelines on Cooperation Between the United Nations and the Business Community provide a general guide for how the UN should increase its cooperation with corporations “in a manner that ensures the integrity and independence” of the UN. The forms of cooperation envisioned include advocacy, fundraising, policy dialogue, humanitarian aid and development. Business partners must demonstrate “responsible citizenship.” (For profit enterprises are not “citizens,” but the UN has accepted this usage.)

The guidelines state that companies that violate human rights “are not eligible for partnership.” This is an example of a guideline that most NGOs would support. However, the UN claim that it lacks the capacity to monitor corporations’ activities creates a “Catch 22” situation. How can the world body determine if a corporation is complicit in human rights violations if it cannot monitor its activities? Maybe this is why Mr. Annan violated the guidelines just a few days after they were published by inviting Shell to join the Global Compact and its associated partnerships.

Perhaps the most shocking aspect of the guidelines is the potential to use the UN olive branch emblem on corporate funded projects or partnership projects. Companies may not use the logo to sell their products. But hypothetically, we could see a clinic funded by Rio Tinto, operated by WHO, with the Rio Tinto and UN logos side by side. For activists fighting Rio Tinto to save their own environment and health, that would be quite a slap in the face. For Rio Tinto it could be a PR bonanza—for example, if it were to publicize this collaboration with the UN in a television commercial.

At the launch of the Global Compact, when asked if we might eventually see the Nike swoosh and the UN emblem side by side, a Nike representative refused to answer. When asked the next day in a radio interview, she also evaded the question.\textsuperscript{14}

When asked if we might eventually see the Nike swoosh and the UN emblem side by side, a Nike representative refused to answer. Nike sweatshop in Vietnam.

Photo: Dara O’Rourke
Other UN Agency Guidelines

Encouraged by the Secretary General, many UN agencies have started their own private sector partnership programs. Agencies have also promulgated guidelines for these partnerships, including guidelines for excluding companies with bad records. For example, UNICEF’s guidelines exclude landmine, tobacco and infant formula manufacturers.\(^{15}\)

The UNDP has guidelines emphasizing the need for assessment of companies to determine whether “the activities or products of the corporation are compatible with UNDP image and ideals” and whether they are “deemed to be ethically, socially or politically controversial or of such a nature that involvement with UNDP cannot be credibly justified to the general public.” The guidelines mention “exploitative involvement in developing nations, illegal financial transactions, drug trafficking, producing or trading in arms, child labour, activities endangering the environment, poor and/or exploitative working conditions for employees, poor gender policies, discriminatory behaviour, etc.”\(^{16}\)

WHO’s draft guidelines have been the subject of controversy among their NGO partners. Health Action International (HAI) and International Baby Food Action Network (IBFAN), both of which work closely with WHO, wrote comprehensive and rather scathing critiques of the draft guidelines. They included specific objections to provisions allowing secondments of industry staff to the agency, and general questions about the logic of entering partnerships with corporations. HAI wrote to Director General Gro Brundtland objecting to conflicts of interest between the “core purpose of WHO-which is to serve the public interest—and the aim of pharmaceutical companies, which is to maximize profits for their shareholders.”\(^{17}\) IBFAN questioned the logic behind the partnership ideal, pointing out that “caution and healthy distrust seem to be the appropriate attitude for dealing with commercial enterprises, many of which are currently involved in a big PR exercise to represent themselves as ‘responsible corporate citizens’ which should be allowed to operate with a minimum of outside interference or regulation.”\(^{18}\)

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The environment is not going to be saved by environmentalists. Environmentalists do not hold the levers of economic power.

Maurice Strong, defending the central role transnational corporations were playing in the 1992 Earth Summit, of which he was Secretary General.

Over the last decade, there had been a shift from secretive, undue influence by business at the United Nations, to a pattern of the UN inviting corporate influence.

In 1992, Secretary General Boutros Boutros Ghali virtually eliminated the UN Center on Transnational Corporations (CTC), which had been set-up to help developing countries monitor and negotiate with large companies. The downsized CTC, incorporated into a new division, re-oriented itself toward helping match up corporations and countries for foreign investments. This change had been an objective of the U.S. as well as some of the UN’s most vocal critics, such as the Heritage Foundation.

At the same time, Maurice Strong, the Secretary General of the UN Earth Summit, invited business leaders to form a group to advise him on business’ role in sustainable development. The Business Council for Sustainable Development played a prominent role at the Summit, and along with the ICC, eliminated references to transnational corporations and emphasized the role of “self-regulation.” The ICC was pleased with the outcome of the Earth Summit, because “the possibility that the conference might be pushed to lay down detailed guidelines for the operations of transnational corporations” did not materialize.

Meanwhile, Mr. Strong created an “Eco-Fund” to help finance the UN event. The Eco-Fund franchised rights to the Earth Summit logo to the likes of ARCO, ICI, and Mitsubishi Group member Asahi Glass.

In virtually every international environmental negotiation since the Earth Summit, business has played an prominent and aggressive role. Corporate influence is rampant at negotiations to protect health and the environment. Kyoto Protocol to the Climate Convention, the Biodiversity Convention and its Biosafety Protocol. In every one of these international meetings, corporate lobbyists, their industry associations and public relations firms have aligned themselves with governments resisting these treaties and have aggressively attempted to undermine other governments’ efforts to address pressing global environmental problems.

Similarly, Philip Morris, British American Tobacco, and other tobacco companies worked for years to undermine WHO tobacco control initiatives. These corporations’ own documents show that they viewed WHO as one of their main enemies and that they attempted to influence WHO and other UN agencies, along with representatives of developing countries, to resist tobacco control efforts. The report states that “the tobacco companies’ activities slowed and undermined effective tobacco control programs around the world.”

In addition to the corporate influence at many specific negotiations sponsored by the UN, business has maintained an overall agenda of weakening the UN itself. Over the last 10 years, its consistent position on matters under UN auspices such as environment and human rights, is that voluntary, toothless agreements are best. Meanwhile, when it comes to the WTO and other trade negotiations, binding, enforceable rules favorable to transnationals are deemed appropriate.

The biotechnology industry has actively lobbied against key provisions in the UN-brokered Biosafety Protocol. Protesters rally against genetically modified food near San Francisco, USA. Photo: Scott Braley
We cannot fail in this endeavor. Too much is at stake. Globalization and open markets are at stake. Ending world poverty is at stake. So too are human decency and the future of the planet.

UN Secretary General Kofi Annan speaking about the Global Compact, July 2000.

The ideology behind the Global Compact is a belief in the benefits of open markets, which are seen by high-ranking UN officials as “the only remotely viable means of pulling billions of people out of the abject poverty in which they find themselves.” The term “open markets” may sound enticing, but in the real world it often means the kind of rules enforced by the WTO at the expense of developing countries, farmers, consumers and the environment. Peoples’ movements against corporate globalization have very specifically targeted these rules and the ideology behind them.

It is undeniable that many UN, corporate and government officials believe that globalization is essentially beneficial and merely needs some tinkering. As a Washington Post editorial on the Global Compact termed it, globalization needs a “softener” to dull its harsh edge, prevent a backlash, and improve the distribution of benefits.

But there are many who see globalization as essentially “the push by big companies and financial institutions to have more power,” as Martin Khor, Director of the Third World Network told the UN Millenium Forum last May. According to Khor and others, “we have to fight the system of globalization we have today.” Even within the UN system, notably at the

UN Subcommission for the Promotion and Protection of Human Rights, there has been recognition that the WTO, in particular, has been a “nightmare” for developing countries and that the system of trade liberalization needs a major overhaul.

In his 1999 speech to business leaders in Davos, Switzerland, Secretary General Annan warned of a backlash against globalization, saying that enactment of human rights, labor rights and environmental principles are necessary to avoid threats “to the open global market, and especially the multilateral trading regime.” Just ten months before Seattle, he was prescient on the backlash. But, by declaring that globalization should be saved by putting a “human face” on it, by saying that “social values” should be “advanced as part and parcel of the globalization process,” he has allied himself with the corporate agenda for globalization at a moment when this agenda is increasingly under question.

Clearly, the Secretary General’s corporate gambit is driven not by pure ideology but also by realpolitik. He is seeking political support from powerful corporations who already have an undue influence on the U.S. government. The United States still owes hundreds of millions of dollars in unpaid dues to the UN—money withheld by Jesse Helms and other conservatives in the Senate (in part to pressure the UN to become more business friendly). By promising to “continue to make a strong case for free trade and open global markets,” as part of the Global Compact, Mr. Annan has attempted to enlist corporate bodies like the U.S. Chamber of Commerce to return the favor and pressure Congress to pay the money it owes.

But in attempting this deal, the Secretary General risks losing political support, even in the U.S., from those who support only a corporate-free United Nations. Kofi Annan is no doubt sincere in his desire to improve the lot of the world’s poor. But when the head of the United Nations offers support for the corporate definition of free trade and open markets, and allows these to be declared among the “shared values” of the international community, he threatens a betrayal of millions of people fighting for a more just international economic order.

Mr. Annan has allied himself with the corporate globalization agenda at a moment when it is increasingly under question. Anti-WTO protest, Seattle, November 1999. photo: Marc Beck
If the Global Compact and other corporate partnerships represent the low-road, then there are at least four key steps that can be taken to build a high-road.

1. Support the Sub-Commission on the Promotion and Protection of Human Rights

The Sub-Commission is composed of 26 independent members, and is the main subsidiary body of the UN Commission on Human Rights. A recent report for the Sub-Commission, looking at globalization through the prism of human rights, has called the WTO a “nightmare” for developing countries, and calls for the trade body to be brought under the UN’s purview. In contrast to the Secretary General’s belief that the multilateral trade regime is the success story of the century, the report calls for a “radical review of the whole system of trade liberalization.”

Furthermore, the Sub-Commission has a Working Group on transnational corporations and human rights. This Working Group decided at its 1999 session to draft a Code of Conduct on corporations and human rights. The Code was approved for further development at the August, 2000 meeting. The document made it clear that the Code might eventually be viewed as legally binding, and that provisions for monitoring and compliance would be integrated into the Code.

Unfortunately, the U.S. opposes this foray into the topic of human rights and corporations, and has called on the UN to eliminate the Subcommission entirely. The U.S. has backed proposals that would drastically curtail its capacity.

Pro-UN activists should support and defend the important work of the Subcommission. The call for the dissolution of the Subcommission must be resisted.

2. Support Binding International Environmental and Public Health Agreements

While corporations and their industry associations continue to lobby aggressively to weaken international agreements, these are key mechanisms that can be used to hold transnational corporations accountable on a global scale.

Agreements such as the Kyoto Protocol, the Biosafety Protocol and the Tobacco Convention are created and enforced by governments. But because corporations are at the root of the problems they address, these agreements provide a framework for subordinating these companies to universal values such as environmental rights.

Pro-UN activists should work to roll back corporate efforts to unduly influence multilateral environmental and health negotiations, while supporting binding agreements to reign in abusive corporate behavior.

3. Insist on the payment of U.S. dues

The U.S. is a deadbeat donor to the United Nations. It has explicitly, and at times implicitly, sought to use its financial leverage to further bring the UN under its sphere of influence. Of course, central to this sphere is the corporate globalization agenda, and its voluntary, self-regulatory approach to issues of human rights, labor rights and the environment, along with a binding approach to all things economic.

Pro-UN activists in the US should pressure their government to pay the UN the money it owes. Payment must not come with strings attached.

4. Support the Citizens Compact

Endorsed by more than 70 human rights and environmental groups from around the world, the Citizens Compact lays out a foundation for cooperation between the UN and non-business, non-governmental groups to work for the proper relationships between the UN and business. The Citizens Compact emphasizes the need for monitoring and the enforcement of a legal framework for corporate behavior.

Pro-UN activists should support the Citizens Compact, as well as initiatives such as the Millenium Forum’s call for a binding legal framework to control corporate activity.
Appendix A

The Global Compact

The Principles

Human Rights

The Secretary-General asked world business to:

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

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

Labour

The Secretary-General asked world business to uphold:

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

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

Principle 5: the effective abolition of child labour; and


Environment

The Secretary-General asked world business to:

Principle 7: support a precautionary approach to environmental challenges;

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

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

Labor and Civil Society Organizations and Business Associations Supporting the Global Compact

Labor & Civil Society

The International Confederation of Free Trade Unions
Amnesty International
Lawyers Committee for Human Rights
Human Rights Watch
The World Conservation Union
World Wide Fund for Nature
World Resource Institute
International Institute for Environment and Development
Regional International Networking Group

Business Associations

International Chamber of Commerce
International Organization for Employers
World Business Council on Sustainable Development
Prince of Wales Business Leaders Forum
Business for Social Responsibility

Companies Supporting the Global Compact

ABB Ltd. Sweden/Switzerland
Aluminum Bahrain Bahrain
Aragocruz Celulose SA Brazil
Aventis France/Germany
Bayer Corporation Germany
BP Amoco Corporation United Kingdom/USA
BASF Germany
British Telecom United Kingdom
Charoen Phokpand Group Thailand
Concord USA
Credit Suisse Group Switzerland
Dupont USA
DaimlerChrysler Germany/USA
Deloitte Touche Tohmatsu France/United Kingdom
Deutsche Bank AG Germany
Deutsche Telekom AG Germany
Eskom South Africa
Esquel Group Hong Kong
France Telecom France
Gerling Group Germany
Organizaes Globo Brazil
Group Suez Lyonnaise France
International Service System Denmark
LM Ericsson Sweden
Martina Berto Group Thailand
Minas Buenaventura Peru
Natura Cosmeticos Brazil
Nike Inc. USA
Norsk Hydro ASA Norway
Novartis Switzerland
Pearson plc. United Kingdom
Power Finance Corporation India
Rio Tinto plc. United Kingdom
Royal Dutch/Shel Group United Kingdom/Netherlands
SAP Germany
Seru Sugar Mills Ltd. Pakistan
ST Microelectronics France
Statoil Norway
The Tata Iron and Steel Company Ltd. India
3 Suisse France
UBS AG Switzerland
Unilever United Kingdom/Netherlands
Volvo Car Corporation Sweden/USA
WebMD USA

For the UN’s perspective on the Global Compact, see http://www.unglobalcompact.org/
CITIZENS COMPACT
ON THE UNITED NATIONS
AND CORPORATIONS

PREAMBLE

In January 1999, United Nations Secretary General Kofi Annan called for a “Global Compact” between the UN and the business community. In that compact, he challenged business leaders to embrace and enact nine core principles derived from UN agreements on labor standards, human rights and environmental protection. In exchange, he promised, the UN will support free trade and open markets.

Citizen organizations and movements recognize that the private sector has enormous influence on human health, environment, development and human rights. Everyone shares the hope that economic well-being will bring real human development and ecological security. Yet as UNICEF Executive Director Carol Bellamy has said, “It is dangerous to assume that the goals of the private sector are somehow synonymous with those of the United Nations because they most emphatically are not.” At times corporations work at cross purposes to the wider realization of rights and responsibilities enshrined in United Nations covenants, declarations and agreements.

The growing concentration of wealth and power in the hands of fundamentally undemocratic global corporations and other institutions of globalization with no accountability to governments or peoples is in direct conflict with the principles and aims of the United Nations to enhance human dignity and the capacity for self-governance. As the UN Sub-Commission on Human Rights puts it, the UN should not support institutions or corporations whose activities “create benefits for a small privileged minority at the expense of an increasingly disenfranchised majority.”

Citizen organizations and movements support the mission and values of the United Nations. These objectives must have primacy of place and must not be subordinated to commercial trade, investment and finance rules. The UN, as an institution that prioritizes human rights, health, labor standards, sustainable development and ecological protection over commercial interests, must have the capacity to exercise its mandate.

Citizens organizations and movements recognize that declining financial support from governments to the UN and its specialized agencies make their job harder. The UN must adjust to these circumstances; however it must do so while adhering to its Charter and its impartiality, and without compromising its commitment to its fundamental principles.

We propose a compact between the UN and civil society, regarding the UN’s relationship with the private sector. With this compact, we pledge our active support for a strengthening of the United Nations, financially and politically. Adherence to these nine principles will safeguard the image, mission and credibility of the United Nations as it deals with the private sector.
THE PRINCIPLES

1. Multinational corporations are too important for their conduct to be left to voluntary and self-generated standards. A legal framework, including monitoring, must be developed to govern their behavior on the world stage.

2. The United Nations will continue to develop tools to ensure universal values of environmental protection and human rights, through such mechanisms as multilateral environmental and human rights agreements, codes of marketing, and ILO conventions.

3. The United Nations recognizes the legitimate purpose of national and local legislation to protect ecosystems, human health, labor standards, and human rights. The United Nations will assist civil society and governments in enacting and implementing such legislation.

4. The UN must find ways to ensure that other intergovernmental bodies, such as the IMF, World Bank and WTO, do not depart from the principles and goals of the UN Charter.

5. United Nations agencies will advise and offer assistance to corporations wishing to understand and improve their human rights and environmental behavior. Such assistance will not be considered a “partnership.”

6. The United Nations does not endorse or promote products or brand names of any private corporation, and will avoid the appearance of such endorsements.

7. The United Nations will avoid any public association or financial relationship with companies with destructive practices, or products that are harmful to human health or the environment. Before entering any relationship with a corporation, the UN will thoroughly evaluate whether the objectives of that company are compatible with those of the UN. In doing so, it must set up open and transparent processes of dialogue with NGOs and community groups with expertise on those corporations’ activities.

8. The United Nations and its agencies will continue to fulfill their mission with funding from governments. In cases where private corporations wish to make a donation, the money will go to programs that have no connection to commercial projects for that company.

9. The UN will act with full transparency in all its dealings with the private sector, at the conceptual, planning and implementation stages. NGOs should have access to the same information in this regard as the private sector.

Partial list of groups endorsing the Citizens Compact and/or opposing the Global Compact

• Berne Declaration (Switzerland) • BAYERwatch (Germany) • Brazilian Institute of Economic and Social Analysis • Centro de Derechos Humanos y Medio Ambiente (Argentina) • Chile Sustentable (Chile) • Corporate Europe Observatory (Netherlands) • Ecoropa (France) • Environmental Rights Action/Friends Of The Earth (Nigeria) • Essential Action (U.S.) • Food First/Institute for Food and Development Policy (U.S.) • Friends of the Earth (England, Wales and No. Ireland) • Global Exchange (U.S.) • Greenpeace International (The Netherlands) • Institute for Agriculture and Trade Policy (U.S.) • Institute for Policy Studies (U.S.) • International Baby Food Action Network • International Forum on Globalization (U.S.) • International NGO Committee on Human Rights in Trade and Investment (India) • International Rivers Network (USA) • International South Group Network (Zimbabwe) • Lokayan and International Group for Grassroots Initiatives (India) • Movimiento Autoridades Indígenas de Colombia (Colombia) • Movement for the Survival of the Ogoni People (MOSOP) (Nigeria) • Organic Consumers Association (U.S.) • Program on Corporations, Law and Democracy (U.S.) • Project Underground (U.S.) • Rural Advancement Foundation International (Canada) • South Asia Network on Dams, Rivers and People (India) • Tebtebba Foundation (The Philippines) • Third World Network (Malaysia) • Transnational Institute (Netherlands) • Transnational Resource & Action Center/CorpWatch(U.S.) • Women's Environment and Development Network (U.S.) • Third World Institute (Uruguay)
Endnotes


2 Kofi Annan address to World Economic Forum in Davos, Switzerland, Feb. 1, 1999, on file with authors.


6 Some confusion arises because of the way the UN uses words describing the relationship with business. The title of the draft WHO guidelines, for example, refers to “interaction” with commercial enterprises. But elsewhere WHO uses the term “partnership.” The Secretary General's July guidelines refer to “cooperation” with the business community, but again uses “partnership” elsewhere. Overall, there is little doubt that “partnership” is the way the UN describes the relationship aspired to with the business community, and it is the most commonly used term.


8 Letter from TRAC et al to Secretary General Kofi Annan, July 25th, 2000 http://www.corpwatch.org/globalization/un/gcltr2.html.

9 Maria Livanos Cattaui “Yes to Annan’s ‘Global Compact’ if It Isn’t a License to Meddle” International Herald Tribune July 26, 2000.


12 William New, “UN: NGOs Call for Corporate Regulation” UN Foundation, June 1, 2000.


15 Speech of UNICEF Executive Carol Bellamy, April 16, 1999.


21 Joshua Karliner The Corporate Planet, p. 172.


24 Letter from Undersecretary General John Ruggie to TRAC et al, July 24, 2000 on file with authors.


Endnotes, continued


30 See Kofi Annan, “Address to the Chamber of Commerce of the United States of America” Washington DC, June 8, 1999.


This report was written by Kenny Bruno and Joshua Karliner.

TRAC counters corporate-led globalization through education and activism. We work to foster democratic control over corporations by building grassroots globalization – a diverse movement for human rights, labor rights and environmental justice.

Our website Corporate Watch provides visitors news, analysis, action resources and research tools.

www.corpwatch.org the watchdog on the web

This report is available in PDF format on the web at: http://www.corpwatch.org/un

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UN - PRIVATE SECTOR PARTNERSHIPS IN THE YEAR 2002

... thanks to the Nike Corporation for their sponsorship of the Youth review of the Rio Earth Summit. And about the Climate Convention... let's just do it!

I thank the distinguished delegate from India for her helpful remarks. And I now give the floor to the representative of Royal Dutch Shell. Shall you have the floor.

... advanced technology is key to sustainable development, and we are facilitating transfer of such technology to developing countries... on a purely commercial basis, of course.

Here ye, go, Rudy.

I imp New York