

**Show Transcript**  
**Deconstructing Dinner**  
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**Title: Packaged Foods II: Nestlé**

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*Jon Steinman* And welcome to Deconstructing Dinner, produced and recorded at Kootenay Co-op Radio in Nelson, British Columbia. My name's Jon Steinman.

Deconstructing Dinner is a syndicated weekly one-hour program available on both radio and as a downloadable podcast. And each week on this program, we take the time to better understand the food that we purchase either at grocery stores, convenience stores or restaurants and by doing so, we aim to achieve a more critical understanding of how our food choices impact all that exists around us.

Today's program marks the second of an ongoing series on Deconstructing Dinner titled Packaged Foods Exposed, where episodes will take a closer look into the world's largest producers of packaged foods and beverages. We will discover what products fall under their banners; how their influence has shaped economic policy, society and culture; how they have affected the environments they operate in; and what relationships they create within communities throughout the world.

During part one of the series, we focused on PepsiCo - a company that sits as roughly the 4<sup>th</sup> largest food and beverage processing company in the world.

But the company we will take a closer look at today is by far, the largest food and beverage manufacturer on the planet, and that company is Switzerland based Nestlé - a company that not only sits as probably the most influential food and beverage company, but also as the most boycotted company in the world.

In helping expose the inner workings of Nestlé and their actions, we will hear clips from a discussion I had recently with Karl Flecker of the Ottawa-based Polaris Institute - a not-for-profit group that works with citizen-based groups in helping unravel the complex workings of corporations.

**increase and fade out**

*JS:* Again, today's broadcast of Deconstructing Dinner is the second episode of an ongoing series entitled "Packaged Foods Exposed," and to quickly speak about this series before we jump into today's broadcast, perhaps it's best to look at *why* such a series that

exposes food and beverage manufacturers is so important. Well first and foremost, the most readily available foods throughout most of the world, but especially here in North America, are those that have been processed, packaged and then found on the shelves of grocery stores and convenience stores. While these foods have seemingly been a staple of the average diet for quite some time, rarely do we get the chance to understand the implications resulting from the process of producing these foods. When ten companies on the planet control approximately one quarter of the global market for packaged foods, one can only begin to imagine the influence that these companies have on shaping agriculture, culture, politics, policy, health, climate and the list could go on.

Now making attempts to better understand large multi-national corporations can be applied to any industry and not just those companies producing food and beverages. But when food is a requirement for all human beings, the influence of food and beverage manufacturers is far greater than the influence of any other industry. And it's for this very reason that a Corporate Profile compiled by the Ottawa-based Polaris Institute indicated this, "When we speak of big corporations and their global impact, Nestlé is the poster child."

And that Corporate Profile of Nestlé will be featured on today's broadcast. But before we take a closer look at the global impact that the world's largest food and beverage manufacturer has, let's take a quick look at the company itself. For starters, Nestlé was founded 140 years ago in 1866 by Swiss pharmacist Henri Nestlé, but it wasn't until 1905 when the company merged with the Anglo-Swiss Condensed Milk Co., that it began their expansion to become what is now one of the leading producers in the world of chocolate, coffee, bottled water, milk, infant formula, pet food, pharmaceutical products and cosmetics among others.

Financially speaking and using Canadian dollar equivalents, the company in 2005 pulled in \$82.5 billion dollars in revenue and just under \$7 billion dollars in net profit.

Here in Canada - Nestlé's operations are headquartered in Toronto, but they operate facilities from coast to coast. Worldwide, the company employs close to 253,000 people in 86 countries.

But what is often rarely recognized with many of these large corporations, is what subsidiary companies they own, and the vast number of brands that fall under the company name. And so before we begin today's show, let's take a look at some of Nestlé's products here in Canada, so that we can then better associate the impact the company has to the products that we see lining grocery store shelves.

### **fade music in**

Now the most obvious of the Nestlé products are of course their line of frozen desserts, the company produces Parlour Ice Cream, Quality Street, Rolo, Oreo Sandwiches, Mr. Big Ice Cream Bars, the well-known cone-shaped Drumstick, but they also manufacture Haagen-Dazs and Del Monte frozen desserts. The company's line of chocolate bars is one

of the most extensive including well-known brands like Aero, After Eight, Big Turk, Butterfinger, Coffee Crisp, Kit Kat, Mirage, Crunch, Smarties, Turtles, and they also manufacture PowerBars, Life Savers, and Mackintosh Toffee.

One of the company's largest lines of products is coffee, and the company manufactures Nescafe and Taster's Choice brands. Carnation Milk Products and Hot Chocolate, Nesquik, Nestea, and Goodhost Iced Tea are all Nestlé products.

What will be featured shortly on today's broadcast is Nestlé's division of bottled water, and the company manufactures most of the well-known imported brands like San Pellegrino, Perrier, Vittel, Montclair, Panna, and their domestic brand such as Nestlé Pure Life, and Tim Horton's bottled water is also a Nestlé product.

In the prepared foods category, Nestlé products consist of frozen dinners like Stouffers and Lean Cuisine, and they also manufacture Buitoni Pastas and Sauces as well as Maggi Seasonings.

As will be discussed in more depth just shortly, the company's most well known product category is their line of infant formula and baby cereals.

And Pet Food is yet another division of the company, as they own well-known brands like Fancy Feast, Purina, and Friskies.

Nestlé owns nearly 50% of the cosmetics company L'Oreal, a company that most recently purchased The Body Shop, and so yes, The Body Shop is now a Nestlé company.

Nestlé's most recent acquisition was their \$600 million dollar takeover of Jenny Craig weight-loss centres. The company additionally owns Alcon - makers of products such as contact lens solutions like Opti-Free, and of course the list could go on.

### **fade music out**

And if you are perhaps just tuning in and wondering whether this is an incredibly long advertisement for Nestlé products, it is not, and you are currently tuned in to Deconstructing Dinner as today's topic is introduced, and that is the topic of global food and beverage giant Nestlé.

As mentioned earlier, the focus of today's broadcast is the corporate profile of Nestlé that was compiled by the Ottawa-based Polaris Institute. And I recently spoke over the phone with the Institute's Education Coordinator and the Director of their Water Rights Project - Karl Flecker. Karl has been with the Polaris institute for five years, and the group, which was launched in 1997, researches major transnational companies that are affecting people's lives and global public policy. They then educate communities, organizations and trade unions and encourage citizens to reclaim their right for democratic and local control.

One of the first lines located within the Institute's Corporate Profile of Nestlé reads, "When we speak of big corporations and their global impact, Nestlé is the poster child." And Karl Flecker first explains this comment.

*Karl Flecker:* This is a fascinating company, when our Corporate researcher Richard and the rest of the team began to look at this company you see this colossal giant of a corporation. Different ways of measuring that of course are the annual revenues, for example, of a company. Here's a company that brings in \$70 billion a year in annual revenue. Just stop and consider that for a moment in terms of the figures of a billion. If people have a job making \$25 an hour, which is a very good wage, would need to work 24 a day 7 days a week 365 days a year for 4666 years to make just \$1 billion. Here's a corporation that makes nearly \$70 billion, which is a figure that is greater than the figure of the gross domestic product of some nations, like Chile, Kenya or Costa Rica. But aside from the measurement of simply big, in the sense of their economic power, is their global reach with their products, whether it's chocolate, coffee, pet food, pharmaceuticals, bottled water, or infant formula, both the raw material source and the sales of these particular products and their global reach is quite amazing, as we detailed in the report.

Not only from the source, as I mentioned, but it's the nature of the basic commodities, the raw materials that go into these particular products, whether it's coffee, cocoa, or milk. This is a corporation that is a top producer, and holds the lead in the number of sales in these particular products. What makes them big is not only their global reach, source, and sales, but the power and influence that they exercise in a number of regulatory and decision making bodies, and their power with the nation-states themselves.

*JS:* As was mentioned earlier, Nestlé is said by many to be the most boycotted company in the world, and this boycott was first launched as a response to the company's global marketing efforts of their infant formula. While many large corporations are accused of promoting unhealthy foods for children, Nestlé is accused of this practice right from infancy, and as a result of the company's marketing efforts, the term "commerciogenic malnutrition" was born.

*KF:* It's a very interesting history. Here's a company that has reached the global stage, in terms of what we would call its corporate malfeasance, and dating back to the early 1970s. Perhaps a very great Canadian, Steven Lewis, said it very well when he said, "Those who make the claims about infant formula that intentionally undermine women's confidence in breast feeding are not to be regarded as clever entrepreneurs just doing their jobs, but as human rights violators of the worst kind." This was a statement that Steven Lewis made in regard to malnutrition as a human rights violation, implications for United Nations programs. The history of where this comes from of course is that back in the 1970s it came to light that Nestlé was practicing some unethical marketing practices in the promotion and sale of its infant formula, especially in the global South.

Many of us know, and its common knowledge now that breast milk has a number of great advantages in terms of ensuring that we have healthy babies and enhance livelihoods. In fact, UNICEF in a number of their reports have noted that more than one million lives

can be saved, and then millions more enhanced, when children are breastfed between the ages of 0 and 6 months. That's a function of the antibodies that are found in mother's milk. But there is another component of it. When you have infant formula, which of course often requires it to be mixed with water, you have to have potable, safe, clean drinking water. And what of course was going on in the 1970s with Nestlé was that both the unethical marketing of the product and the absence of available potable water, meant that large numbers of women in the global South were being encouraged to pick up Nestlé products and encouraged to feed their children. As a result of it of course was loss of life and loss of enhanced livelihood for innumerable children and their families. It was actually given a term called "commerciogenic malnutrition," and that's in essence when the commercial enterprise - the clever entrepreneur as Steven says - encourages mothers and families to switch from breast milk to the formula. Of course when the mother stops providing her baby with breast milk, the mammary glands dries up and there isn't the availability of breast milk. So, you're on a one-way trap with having to buy the commercial product, which can be expensive as it relies on potable water.

*JS:* As a result of Nestlé's aggressive marketing of infant formula, a worldwide boycott was launched in 1988, and Karl Flecker describes the history of this boycott and how to this day, the company is still accused of irresponsible marketing of their baby products.

*KF:* As a result of this action of Nestlé's, there was a global call for a boycott of their products led by a group from INFANT, now known as Corporate Accountability International. From the late 1970s up until 1984, it just gained such tremendous awareness, and Nestlé was facing a major backlash from consumers. It wasn't until 1984 that Nestlé finally agreed to adopt the World Health Organization's code regarding the mandatory promotion and information about the benefits of bottle-feeding versus infant formula. Now that code actually banned the promotion of bottle-feeding and had some clear requirements about labeling and information in order to have informed consumers.

But, interestingly enough, and this is very indicative of the corporate culture within Nestlé, is despite this global outreach, global condemnation, global boycott, and enormous loss of life consequences, Nestlé continued to violate its own agreement to adhere to this code. A sub-group of INFANT has documented numerous violations, and they called for the boycott to begin in 1988. Just to give you an example of the kinds of violations that were found. This is a company that continued to promote the use of its formula at the point of sale, to give free samples to health care workers, to give gifts to health care workers to compare bottled milk to its formula and to provide misleading texts and images-all in direct violation of what the code was attempting to set straight.

The long lasting nature of this 20 plus year campaign of course is that their current status is still there. There's a significant public recognition about the history of this particular corporation's behaviour. Right up to the point in 2004 where a U.K breast cancer charity refused more than 1 million pounds donation from Nestlé because of its association and history with the violation of both this code and the aggressive promotion of its products. To this date, Nestlé continues very aggressive marketing practices, and especially in countries where the code has either expired or is inadequately articulated.

*JS:* One of the most active groups leading the boycott against Nestlé is the Baby Milk Action group based in the UK. During a recent Nestlé tribunal in Switzerland, Baby Milk Action interviewed a campaigner from the Philippines, and his comments illustrate the marketing efforts of Nestlé in countries around the world.

*Jake, boycott member:* I'm Jake Clementia, based here in Bern, and since 1991 when I came I was already a member of the boycotting Nestlé movement of Switzerland. Since then we have been advocating the boycott of Nestlé products because of what is happening in the Philippines. We have concrete experiences in the Philippines that they have very aggressive propaganda: giving free samples to mothers even in hospitals and clinics, and also to the doctors, which tries to get the sympathy and also the attention of these mothers. This is for poor citizens in the Philippines, which works counter-productively. You know, the problem is that they lack money, they sell milk to give more to the babies, which is counter-productive and really malnourishes the babies.

*JS:* And you're tuned in to Deconstructing Dinner and part two of the Packaged Foods Exposed series, where on today's broadcast we take a closer look into global giant Nestlé. Featured on today's program is Karl Flecker of the Ottawa-based Polaris Institute.

While marketing of the company's infant formula has placed them in hot water since the late 70s, the company's bottled water business is yet another one that is now being heavily targeted by boycotters. The connection between the two is rather startling, given the infant formula marketed throughout the world requires the addition of water before it is used, and Nestlé is rapidly expanding their control of water around the world. Well known brands such as San Pellegrino, Perrier, Montclair and Pure Life are among others, all Nestlé products.

*KF:* One of the growing areas that a number of corporations - and Nestlé is one of the big four corporate players in the bottled water market. The other three are Coca-Cola, Pepsi, and Danone. But Nestlé holds the positioning of being the world's largest bottle water company by annual sales, and it's a very interesting phenomenon because in the last decade we've seen this tremendous growth in the bottle water industry. We now have 1/5 of our population in Canada and 1/5 of the population in the U.S who has become addicted to bottled water. It's one of the fastest growing beverages. It outstrips the sale of coffee, tea, or milk in some cases. So just to give you a sense...And of course out the big water companies Nestlé has secured itself in the area of focusing on spring or ground water bottle water sources. Particularly in the South is where there is a growing population, and a demand out of necessity because of the difficulties in having potable water in a number of global South countries. Here's an example of Nestlé recognizing that the potential is so huge, as does Coca-Cola, that they have actually formed partnerships among competitors as they have done in Indonesia, where they have purchased a number of the local bottled water companies, and control 65% of the bottled water market in Indonesia. And their expanding tremendously throughout Asia: they are now the 7<sup>th</sup> largest in that particular region.

*JS:* The list of controversial water issues surrounding Nestlé is far too long to feature on today's broadcast. But one illustration of the company's approach to bottled water is what recently took place in Brazil.

*KF:* In one of the southern provinces of Brazil, a comrade that we work with there, Franklin Frederick, who is the coordinator of a group called the Water Citizenship Movement, found that a Nestlé subsidiary had come into place and was pumping from some sites that were quite historic, and the quality of their spring water had a long history of producing water that has great medicinal value. But when the company showed up and was pumping it at quite voracious rates (which is what their tendency is), the source of that water dried up and stopped flowing.

An investigation was launched and it was shown that Nestlé and their plant was responsible for the changes. For example, they had discovered that Nestlé was pumping water from a 150 meter well and then demineralizing it. Demineralizing water is actually a violation of the Brazilian constitution. An official investigation was launched into the company's practices. In terms of the demineralization, one of the important things is that one of the traditional sites where water has been filtered through a number of layers of strata, the various pieces of rock in the Earth's formation have different properties that result in being able to take out impurities in the water, but also impart what some people argue are medicinal value of the water. But that has to happen over time, being able to go through the strata at its own natural pace.

When a company comes in and pumps from these sources at incredibly high volumes and high rates, of course the capacity of the water to filter through the various strata is monumentally changed as is the quality of the water. This story demonstrates the power of a transnational, despite the investigation leading to charges against the company at the end of 2000, and a Federal investigation and eventually a closing of the plant (it was a very short closing of the plant) because some of the allegations from the citizen's movement was that Nestlé's operators got to the government officials and managed to overturn the close-down order within a few days and restate it.

*JS:* While Nestlé's actions in Brazil represent only one of many incidents involving their bottled water operations, the company has even gone so far to fund studies that prove that tap water isn't safe.

*KF:* An interesting story in Pakistan. Of course a number of us from the north have a preconception and a prejudice about the water systems in the global south for our tender systems. And of course, Nestlé was quick to capitalize that, and they helped fund a study in Pakistan about that country's water system. Of course the study came back with less than glowing results about the potability and health of the Pakistani water system. Shortly after Nestlé had helped to fund this particular operation, they show up throughout Pakistan offering Nestlé's Pure Life brand of bottled water, which is just a small example of their capacity to be able to throw criticism at a publicly managed system, which without a doubt like most of our countries require enhancements and improvements, but shifting people very quickly to their product line.

*JS:* Up until now, many of the issues and incidents discussed have all taken place in countries outside of North America, but controversy surrounding Nestlé's bottled water operations can be found all over the United States. And Karl explains a few of these instances.

*KF:* A fifth of the population has found that they want to carry the bottled water with them in their backpack or in their car. As consumers, as we've detailed in our book *Inside the Bottle: an Expose of the Bottled Water Industry*, consumers have been sold this image of clean, clear pristine water, as one of the big four's advertising taglines says, "so pure we promise nothing," and in fact 'nothing' that they have to offer. Nestlé is one of these corporations that has faced a string of false advertising lawsuits, which actually have attempted to expose how their industry operates. For example, in Maine, one of their brands Poland Spring faced 12 class action lawsuits challenging the image of the water being natural, pure spring water, when in fact it is nothing more than heavily treated water coming from common groundwater sources, and yet labeled and packaged with the pristine forest and icecap mountain kind of image.

And that particular lawsuit, Nestlé had to face a \$12 million settlement, but interestingly enough just another example of the behind the scenes kind of power, the actual terms of the settlement that the company faced was that a portion of that \$12 million settlement included the company giving its consumers discounts and coupons and making donations. Also, in that settlement, the 11 other lawsuits would be blocked or prevented from going to fruition.

There's another example in Michigan where a group Michigan Citizens Concerned for Water Conservation has launched lawsuits against Nestlé Waters USA about its ice mountain plant, and there the citizens groups who are very concerned about and continue to be concerned about the rates of extraction by Nestlé, and its impact on the lake levels and the stream levels in the region. There are a number of pictures. I've been to the region and there's a number of very dedicated citizens that on a daily basis are monitoring the lake and the stream levels, and showing unequivocally that the pumping rates of Nestlé are having an impact on the aquifer and the ground water. How could it not, when you have a corporation that is pulling water, at the time of our corporate profile, Nestlé's USA was withdrawing more than 7 billion liters of water in its US production alone. This is an industry, as I mentioned, that is what the industry itself calls a "growth superstar" industry. They're pulling water out of the ground at an incredible rate; these are grave concerns in terms of not only the immediate residents but for all of us who have a reliance on water. It's not a completely renewable resource.

*JS:* And you're tuned in to Deconstructing Dinner - a weekly one-hour radio program produced at Kootenay Co-op Radio in Nelson, British Columbia. My name is Jon Steinman. Should you miss any of today's broadcast or would like to find out more about today's topic, there will be an archived version as well as a wealth of information found on the Deconstructing Dinner website, and that website is [www.cjly.net/deconstructingdinner](http://www.cjly.net/deconstructingdinner).



While the controversy surrounding Nestlé's bottled water operations is relatively new, the historical and current impact the company has on global food sources is considerable. This includes the price of commodities such as coffee, chocolate and sugar, and they exert incredible influence over the lives of the millions of those working in these industries. In responding to concerns over any *negative* impact the company has had in regards to this influence, Nestlé CEO and Chair of the Board Peter Brabeck was heard in March of 2005 saying, "What the hell have we taken away from society by being a successful company that employs people?"

Now Nestlé ranks as one of the largest purchasers of coffee in the world, and there is much more to Nestlé's Nescafe and Taster's Choice brands than meets the eye.

*KF*: It's interesting when we have confrontations or engagements with CEOs of companies is that quite often their defense is, "what are we doing wrong? We're creating jobs. We're contributing to the economy." It's an interesting, and somewhat staid and tired line that is offered. What they're not as quick to share is taking a look at how that operation actually works, how those jobs are created and who benefits and who loses.

Let's take the case of coffee. Nestlé is no different than many corporation that is very interested in keeping its market share on particular products such as coffee, and what they want to do of course is keep the raw material prices low so they can have an increased profit margin. In doing that, we can see since the year 2000 that coffee prices have been kept artificially low, as a case in point. Oversupply has been very prevalent, but low wages for the harvesters has been commonplace.

Another case is when corporations such as Nestlé take advantage of changes in technology of commodities, and how to process them. Of course there is the example of when coffee has bitter bean, then the price is lower, but if you can introduce a technology to be able to process the bitter bean and still get a quality bean out of it, then you can pay a low price for a low quality bean and do the processing in house and keep the profit within the company, which is exactly what Nestlé has done. When you take a look at the particular example of the four major corporations that buy over half of all the raw coffee in the world (Nestlé is one of those four), and 60% of sales are in the billions of dollars here, what you end up with is an enormous disparity between those who are producing the bean, the processing which is kept in house, and the point of sale which is the market.

Perhaps one of the most classic examples is I believe Oxfam showed that the price of a pound per kilo of coffee in the UK is nearly 200 times higher than what the Ugandan farmer received for the crop.

*JS*: As the company exerts considerable influence on coffee prices and production, the company additionally has incredible influence on milk and cocoa production around the world. In countries such as Peru, Nestlé controls 80% of milk production - a statistic that is not quite surprising given the company's global revenues in 2004 exceeded Peru's gross

domestic product or GDP in that same year. And Karl explains the influence the company has in both milk and cocoa production.

*KF:* In the case of milk, which is another major component of a number of Nestlé's products, Nestlé-particularly in the global South-tends to pay in the neighborhood of \$0.15 per liter for its milk compared to nearly \$0.50 per liter when it buys milk from its European farmer. Yet the price for the milk is generally the same in the market. In the case of chocolate, the raw material of course here is cocoa beans, of which 40% of the world's supply of cocoa comes from Africa's west coast, the Ivory Coast, and a great number of the harvesting is done by child slaves or child labour in very horrific and hazardous conditions. Here again the corporations work together to say that they're not going to establish a minimum price to at least cover the cost of production, which forces the farmers, whether they are a starving farmer or a middle class farmer, to seek the lowest or cheapest form of labour.

These are just some examples of which Peter Brabeck who is so concerned over what he can be doing for the economy and society by creating a successful company, at the same time one would say when you are responsible for the purchase of some 60% of some key commodities in the world and you're a company that has nearly \$70 billion in gross annual revenue, and clearly you have the power to do more than simply to hire workers, you have the power to pay fair prices for the raw materials that go into your products, of which you are expanding into a global market. *That* would be a demonstration of actually being concerned about the broader community, and recognizing that those who produce your raw material products have a fair right to be able to be remunerated for their wages and their labour.

*JS:* Nestlé is currently being targeted for their influential role in cocoa production and at the initial date of this broadcast, is among other companies currently facing a lawsuit that was filed by the Washington, DC-based International Labor Rights Fund and a civil rights firm on behalf of a class of Malian children who were trafficked from Mali to the Ivory Coast and forced to work 12 to 14-hour days with no pay, little food and sleep, and frequent beatings.

According to the International Labour Organization (ILO), the US Department of State and UNICEF, tens of thousands of children work on cocoa farms in West Africa, particularly in the Ivory Coast. The US chocolate industry, of which Nestlé is a member, agreed to work toward ending illegal child labour on cocoa farms by July 1<sup>st</sup>, 2005, but the industry failed to come up with a system for monitoring and certifying that US chocolate products are not made using forced child labour. There is certainly a story behind those Nestlé chocolate bars like Aero, Crunch and Kit Kat. But what about Coffee-Crisp, a chocolate bar that contains milk ingredients, coffee and of course chocolate. This is truly a chocolate bar with a global impact.

**soundbite**

*JS:* While Nestlé is accused of purchasing their cocoa from operations using forced child labour, the use of slave labour by Nestlé is certainly not new. The company was one of many operating during the era of Nazi Germany, and Karl Flecker describes the company's use of slave labour in producing a brand that is still found on Canadian grocery store shelves.

*KF:* Sometimes they find that some production practices have a great profitability. Whether it's participating or closing an open eye to forced labour in the Ivory Coast and child labour, we have the situation of Nestlé's history in Nazi Germany. Nestlé was like a number of transnationals that had operations in Nazi Germany, and were directly involved in the war effort. There's an independent expert's commission based out of Switzerland called the Bergier Commission that has shown through its research and documentation that Nestlé, for example, gave priority over its production facilities that were located in Germany to the armed forces over the civilian population. There's evidence that they set up operations in occupied territory such as in Prague. They restructured their company to be able to have a base in Vevey, Switzerland, and continued to have operations connected with Berlin and at the same time have Nestlé USA located in New York under the name of Unilac, so giving the impression of separate when in fact they really are not.

In the case of forced labour, the Bergier Commission has shown that at least 11,000 human beings were part of forced labour camps that Nestlé even acknowledged that it was party to and was part of a disclosure in order to mitigate further lawsuits.

This is a little bit of their history to give you a sense of the kinds of conditions Nestlé was associated with back in that time. You had some very cramped living and working conditions, poor malnutrition, and ironically from a company that likes to purport itself as a food and beverage company. One of the reports from the Bergier Commission showed that the living conditions had 38 people living in 60 square metre area. Soup floating with maggots at the Maggi plant, and that begging and beating were commonplace events. These are just some examples of the corporation's track record.

*JS:* In addition to child slave labour in West Africa and slave labour used in Nazi Germany, Nestlé additionally faces many battles around the world with unionized workers. A number of these battles have waged for many years, and have also been grounds for a number of brutal murders of current and former Nestlé employees, as well as union members representing these employees. One of these incidents took place in Colombia, a country that has seen decades of unionized Nestlé workers fighting for their rights. And Karl describes the situation there.

*KF:* This is another example going back to CEO Peter's comments about seeing the corporations as doing good by creating employment. The other side of the employment that it creates is the way it treats its employees in different places in the world. In the case of Columbia, here's a company since 1986 Nestlé employees ten Nestlé employees who were members of the Columbia Food and Drink Union have been assassinated or disappeared. There is a well-documented history of Nestlé Columbia being implicated in

union busting, and in sustained efforts to have the company remove the union's presence from its Colombian operation. There was the murder of one of their leaders in September 2005.

These are some examples of the measures that have taken place in Columbia, and the brutality and the violence is intended to send a message, not only to killing the leaders, but to the union members behind them. In the case of Luciano Molina, on September 11<sup>th</sup>, 2005, his dead body was found tied up and tortured with 40 knife wounds. At the time of his murder, he was living under what is called a "protective measures scheme" of the Inter-American Human Rights Commission of the OAS, and he had been a worker with the Nestlé's plant for over 20 year and had gotten sacked on September 22<sup>nd</sup>, 2002 for supposed cease of work activities that was declared illegal by the Ministry of Social Protection. Luciano was a leader with the union and had a number of prominent positions in terms of dealing with the rights of workers. The message here is that if you aspire to standing up for worker's rights and political prisoner's rights, as Molina had in his history, you could face, as in Columbia, a brutal message of death. Some of the critics of these corporations affirm that, despite in Columbia where the situation has been difficult for many years, the role of the corporation in a number of cases is linked, or alleged to be linked, with the paramilitaries who are often responsible for these murders.

*JS:* One of the incidents involving striking Nestlé workers was in the Philippines. And Karl describes this incident.

*KF:* The example that we could mention is in Philippines. These are just a few examples from Nestlé's operations around the world. Two of Nestlé's facilities in the Philippines have had different strike actions with the company since 1997, and in both cases with violent clashes between the strikers, the police, and the company's security guards. In those cases the kinds of reasons for the conflict is when Nestlé refuses to negotiate with the trade unions, dismisses the leaders, suspends the workers from the floor. In response, the workers organized permanent protests outside of the factory.

Another example the union cites against the company is their unfair labour practices and bargaining. The situations often erupts in some extreme violence to the point that in September 2005 a trade union leader at Nestlé's factory in Laguna was murdered by unidentified gunman while on his way home from a picket line. The history of this particular individual, Mr. Fortuna, he was the head of the union of the Pilipino Employees Drug and Food Alliance that had been on strike for a while in a dispute over retirement benefits within the collective agreement process.

*JS:* If you're just tuning in, this is Deconstructing Dinner, a weekly one-hour program that aims to discuss the impacts our food choices have on ourselves, communities, and the planet. We are currently hearing clips from my conversation with Karl Flecker of the Ottawa-based Polaris Institute. Today's broadcast marks the second of an ongoing series that will deconstruct some of the most powerful and influential companies manufacturing packaged foods and beverages. In doing so, we can achieve an increased awareness about the companies who are filling our grocery store shelves.

In speaking of increased awareness, it is important to point out the role that the mainstream media plays in bringing such incidents as the murder of Diosdado Fortuna to light is negligible. After an electronic search through the major newspapers here in Canada, not one publication covered this incident that took place on September 22<sup>nd</sup>, 2005. In fact search results discovered that the *Montreal Gazette* did write about Nestlé on September 27<sup>th</sup> - announcing that a new executive had just recently been hired.

### **soundbite**

*JS:* As we further explore the largest food and beverage producer in the world, Nestlé, we can quickly recall that the company, in Canadian dollars, pulled in almost \$7 billion in profit. But this didn't stop the company from demanding \$6 million dollars in compensation from one of the poorest and most impoverished countries in the world - Ethiopia.

*KF:* Let me give you another example of the tremendous power and perhaps arrogance of Nestlé Corporation. Back in 1986, Nestlé in its ever continuing growth and expansion, bought a German company that had a majority share in an Ethiopian livestock development company called Eldeco, but that was seized by the Ethiopian government more than 25 years ago (30 years ago now) as part of nationalization. As a result, here was a situation where Nestlé had an expansion, purchased a piece of company that had a majority share in Ethiopia, and in 2002 Nestlé was seeking compensation from Ethiopia for this nationalization of one of its subsidiary companies.

Most right thinking people would recognize that Ethiopia is not a country that is in a generous position to be able to offset some losses from a company that has a GDP higher than some nation-states. In fact, most people would recognize when they hear 'Ethiopia' they would think 'famine'. Rightfully so because that's precisely what Ethiopia has faced for a long time. And yet Nestlé claimed from Ethiopia nearly 4 million pounds or \$6 million from one of the poorest nation-states that has continued to struggle with famine for more than two decades. The utter arrogance of a particular corporation to do this...one of their senior Executives said it was a matter of principle that they do this, and I think the quote was, "in the interest of continued flows of foreign direct investment, which is critical for developing countries, it is desirable that our conflicts are resolved according to international law, and in the spirit of fairness."

So a double-handed threat if Ethiopia didn't step up to the plate with \$6 million US or nearly 4 million pounds, then they would face an interruption in foreign investment from corporations. It's just quite astounding. The outrage from the global community was unprecedented, as Oxfam found that they had something in the neighborhood of 40,000 people immediately, over a very short period of time, responding to a campaigning challenging the corporation to back down. It finally did in the December of 2002, instead of asking for just \$6 million, they settled in the neighborhood of just \$1.5 million offer to compensate, which was what the Ethiopian government was offering at the time.

This is just an example of the power and the influence. To put it into perspective, the claim (the \$6 million) represents an hour's turnover for the company back in 2002. It's very difficult to present an image of a caring company concerned with the world's poor, the world's health and wellbeing, when the practices such that not only will they go after countries such as Ethiopia, but feel that they're doing it in the spirit of fairness.

*JS:* While Nestlé had no problem demanding \$6 million dollars from one of the most impoverished countries in the world, the company on the other hand recently launched a line of coffee in the UK that is certified as a fair trade product. Much criticism has resulted from this product launch, given this product represents a mere fraction of their total coffee purchases. The label of the fair trade coffee called Partner's Blend, reads that the coffee helps farmers, communities and the environment. And the irony of the situation can be best illustrated by looking at where Nestlé's fair trade coffee beans are coming from. Well, one country is Ethiopia. The other country where Nestlé's fair trade beans are sourced from is El Salvador. And the irony continues, because in April of 2003, Nestlé employees at the company's instant coffee plant in Ilopango were informed that the plant would be closed. Employees were offered two months salary by management who refused to negotiate when the union requested that the terms of the collective agreement be respected until its expiration date at the end of the year. Nestlé promptly closed the factory gates, which housed the union's headquarters, and stated that if employees did not sign the severance agreement it would be forfeited.

But these double standards that seem to accompanying Nestlé, are also better illustrated through their approach to genetically engineered ingredients, and Karl explains.

*KF:* I think like many corporations, the responsiveness to what the consumer demand is, such as the polls that show that consumers are not interested in GMO foods or want labeling and strict regulations, corporations like to have it both ways-literally to have their cake and eat it too. In cases where the GE rules require labeling and making it apparent to consumers, then those are the countries that Nestlé chooses not to put GE foods in its products. Yet where the laws are not present, Nestlé is quick to apply double standards and use GE and GMO ingredients in their products. So, it's a case of being able to play at both sides.

*JS:* But connected to labels and ingredients is the issue of health - an issue that is at the forefront of concerns in relation to the diabetes and obesity epidemics sweeping North America. Many large companies like Nestlé are often accused of their aggressive promotion of junk food and the high levels of sugars added to their products, and Karl Flecker describes one example of Nestlé's line of cereals, that was put under the spotlight by a consumer watchdog group in the UK.

*KF:* It's only been relatively recently now that governments in North America are beginning to take note of the rising rates of obesity and the poor health and the costs to our social system, not to mention the quality of life of individuals. And yet, for years and years these same corporations that have been making these foodstuffs available have not been unaware of the consequences of packing sugars, salts, and fats into their products. In

fact, they are quite aware of the sometimes addictive nature of that, but what they are more concerned with is of course the health of their bottom line. I think Nestlé is a case in point. In its breakfast cereal brands, where you find excessive levels of the sugars and the salts and the fats, and despite the growing concern about the rising obesity rates, you find in the case of Nestlé that it's one of the fifteen worst offenders of cereals marketed to children. This was done in a recent study in the UK: Of the fifteen, seven are Nestlé brand cereals. We could give a long list of those kinds of cereals, but that's just one short example of that double standard where for a number of years companies are very keen to be able to market something that may have ill effect on people's health but great success on corporate bottom lines.

*JS:* On the topic of health, and as was mentioned at the beginning of today's broadcast, Nestlé has most recently acquired the Jenny Craig company of weight loss centres. So while the company aggressively promotes foods that are accused of leading to obesity, Nestlé has secured the other end of the kitchen table by purchasing the most well-known chain of weight-loss centres where they can then perhaps now promote the Nestlé line of Lean Cuisine frozen dinners. But speaking of Nestlé's frozen dinners, the company operates a new factory in Jonesboro Arkansas where their Stouffers and Lean Cuisine products are produced. The interest in this plant sprouts from the Governor of Arkansas who had a large part in bringing the Nestlé plant into the state. And if you are not aware, the Governor of Arkansas is Mike Huckabee - a Republican presidential hopeful for 2008. Huckabee has most recently been in the spotlight after he lost 110 pounds and then published a book about how he did it. He is now an advocate for fighting the obesity epidemic. But Huckabee nevertheless supports companies like Nestlé who are accused of aggressively promoting unhealthy products. And in the following sound clip the Governor is heard speaking at the announcement of the Nestlé plant in Jonesboro, as he illustrates the double-sided nature of politicians.

*Republican Governor of Arkansas Mike Huckabee:* I'm not exaggerating and I'm not just saying it because we have all the Nestlé officials here when I tell you, that I doubt in my lifetime have we had a more significant opening of a plant than the Nestlé plant coming to Jonesboro. The impact is not just for northeast Arkansas, but it's for our entire state. We've never worked harder to bring a facility to Arkansas, ever. And the reason why is because Nestlé represents the very very best, the gold standard of the food industry. They didn't get to be the number one and the largest food company in the entire world by doing things in any way other than doing it right. The reason that we wanted Nestlé to come here, because we know that Nestlé is the bell cow of not just the food industry, but of industry, period. People understand that when Nestlé goes somewhere it can go anywhere it wants to go. It chooses carefully based on what will be a good mix for their company.

*JS:* And that was Governor of Arkansas, Mike Huckabee speaking in 2001 after the announcement of the new Nestlé factory in Jonesboro, Arkansas. And one of the major factors contributing to Nestlé setting up shop in Arkansas was because of state and local incentives. The incentives included a state sales-tax break on all equipment purchased for the plant; state funding for a railroad to the site; and a state grant to Jonesboro to fund infrastructure expansions. The State and local monies additionally funded a \$5.5 million

wastewater-treatment expansion to handle the plant's added volume. And this was all for a company that pulled in just over \$68 billion dollars in revenue in that very year. And that leads us into the next segment of my conversation with Karl Flecker of the Polaris Institute, as he explains the influence the company exerts on politics, policy and our food.

*KF:* The connections of a corporation like this is if you can't buy your product marketing and positioning with your advertising budget, the next best strategy for corporations of course is to buy their influence via lobby groups. Let me give you a case of Nestlé's relationship with the World Health Organization and the USAB the Food Industry Group and Sugar Association. This is the main sugar industry representing big sugar in the United States. They wrote to the then Health Secretary Tommy Thompson asking him to push for a withdrawal of the World Health Organization report on healthy eating. That WHO report had set some guidelines that sugar should only account for about 10% of a healthy diet, and that soft drink consumption was no surprise a great contributor to the obesity epidemic in the United States. Yet, here we have the Association Sugar and industry associations threatening to use their lobbying power to get the United States government to withdraw its \$460 million funding at the time of the WHO if the report was not withdrawn. Now, that's straightforward blackmail, and it ain't sweet.

Some other examples is the association of Nestlé with groups like the Grocery Manufacturers Association of America (GMA), and here we have in the State of Maine in the United States, we're very interested in pursuing labeling on bottled water products so that consumers would know the actual source of the bottled water. The GMA (and of course Nestlé is a member), said no they didn't want that, and was using its power in the state of Maine saying, "the FDA rules are sufficient, we don't need to confuse consumers with more information like where the water actually comes from."

There's another example of Nestlé's association with the National Confectioners Association, which is the candy industry, and they've come under criticism from fair trade advocates who say that here's an association producing candy that actually has the potential to encourage its members to use fair trade cocoa in its products, but the Association is reluctant to do that.

Or another association, the National Coffee Association of the US, again which Nestlé is a member of, and a fellow by the name of Rob Case at the time of Nestlé's US Beverage Division, sat on the Coffee Association's Board of Directors. This association rejects the claims by critics that see the coffee industry a player in keeping coffee prices low and maintaining poverty amongst the world's coffee producers.

Another example is the World Economic Forum, of which Nestlé is not only a member but a strategic partner in the WEF and its regular meetings of the world's elite. Peter Brabeck, of course, is a member of the WEF's Foundation Board.

*JS:* And you're tuned in to Deconstructing Dinner, and in wrapping up my conversation with Karl Flecker, we spoke about the efforts that Nestlé has made in regards to public relations and the media. While advertising is seen as a key tool in convincing the general



public to purchase a company's products, Nestlé has even gone so far as to sponsor reality television.

*KF:* With the fast moving North American world and global world in terms of media and advertising, companies are recognizing that you can't simply buy the 60 metre billboard or the numerous 1-2 minute commercials, there has to be new ways of trying to imprint the consumer with your product. One of the ways that Nestlé has done this is by forging a deal with Rogers Television and Nestlé Canada to produce two reality TV series in Canada. We all know how reality TV shows have grown in such abundance in order to numb the mind, but Nestlé has one called, "Nestlé's Nine Months" that was launched in 2003, and, "Nestlé, Baby, and You," which focused on different families and their experiences with pregnancy, childbirth, infancy, and development. I think it's no small jump to see how that sponsorship and program design situation Nestlé is able to showcase its products related to infant formula and other early childhood development products. So there is a clear example of imprinting the consumer at a very early age despite its own track record.

*JS:* And that was Karl Flecker of the Ottawa-based Polaris Institute. You can find out more about the institute and their Nestlé corporate profile by visiting their website at [www.polarisinstitute.org](http://www.polarisinstitute.org).

But in wrapping up today's broadcast and sticking to the topic of public relations, I came across a Nestlé press release issued here in Canada back in June of this year, 2006, and this release ties in with many of the issues discussed on today's program. The title of the release was, "Got Milk, Got Kids, Parents can keep their kids healthy and happy with chocolate milk says parenting coach." The sub heading of the release pointed to a survey that showed 59% of Canadian children are choosing less nutritious beverages over milk. And in the category of less-nutritious beverages is water, as if the choice to drink water is a mistake. The press release then points to Nestlé's Nesquik as being the answer. And here is a case where a product containing added sugar is being promoted to parents and children over beverages such as water, which of course contains no added sugar whatsoever.

As was done at the beginning of today's broadcast, a list of Nestlé products was provided for you to better connect your food choices with the impacts the company has. And that list will be posted on the Deconstructing Dinner website, but to leave you with an abbreviated version, the following are all Nestlé products -Parlour Ice Cream, Haagen-Dazs, Del Monte frozen desserts, chocolate bars such as Aero, After Eight, Big Turk, Butterfinger, Coffee Crisp, Kit Kat, Mirage, Crunch, Smarties, Turtles, and Jenny Craig Weight Loss Centres. They also manufacture PowerBars, and Life Savers. Nescafe, Taster's Choice Carnation Milk Products are all Nestlé brands. Nestea, Goodhost Iced Tea, San Pellegrino, Perrier, Vittel, Montclair, Nestlé Pure Life, Tim Horton's bottled water, Stouffers and Lean Cuisine, Buitoni and Maggi brands. Infant formula and baby cereals, Pet Food brands like Fancy Feast, Purina, and Friskies. And on the non-food side Nestlé owns nearly 50% of the cosmetics company L'Oreal, a company that most recently

purchased The Body Shop. And again, a list of all those products and related information on this broadcast can be found at [cjly.net/deconstructingdinner](http://cjly.net/deconstructingdinner).

*audio clip of Nestlé commercial:* [singsong voice accompanied by music] It's a wonderful morning! For Nestlé's Quick! So warm and delightful, it'll give you a lift! So if you're out in the weather or away from the snow, the rich chocolaty flavour will warm you down to your toes. Remember these good times, with Nestlé's quick!

*Woman's voice:* A 17-year old Little Torch Key boy has been charged with burglarizing the store at the Dophin Marina on Little Torch Key in October. The victim who manages the store discovered the break-in October 28<sup>th</sup> at 7 a.m and called the sheriff's office. According to reports by deputy David Chavka, someone broke in through a window and stole cigarettes, cigarette lighters, and three cans of a Nestlé chocolate drink.

*KF:* Stephen Lewis said it very well. He said those who make claims about infant formula that intentionally undermine women's confidence in breast feeding are not to be regarded as clever entrepreneurs just doing their jobs, but as human rights violators of the worst kind.

### **ending theme**

*JS:* That was this week's edition of Deconstructing Dinner, produced and recorded in the studios at Nelson, British Columbia's Kootenay Co-op Radio. I've been your host Jon Steinman.

And should you have any comments about today's show or want to learn more about the topic's covered, you can visit the website for Deconstructing Dinner at [www.cjly.net/deconstructingdinner](http://www.cjly.net/deconstructingdinner).

Till next week...

- See more at:

<file:///C:/Users/JonnyKoots/Documents/Deconstructing%20Dinner/Web/072706transcript.htm#sthash.Kka0F9ND.dpuf>