CORPORATE EUROPE OBSERVER

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Welcome to this issue of the *Corporate Europe Observer*. We begin with an article on *Ending Corporate Secrecy*. The article — based on correspondence with over 50 major European TNCs — concludes that these corporations are unwilling to disclose information about their political activities. The article also addresses the lack of regulation of corporate lobbying within EU institutions and suggests a number of ways to counter this lack of transparency and accountability. Most of these secretive corporations are actively involved in the European Roundtable of Industrialists (ERT).

In this issue, we bring you an article on recent ERT ambitions and strategies with regards to EU enlargement into Central and Eastern Europe (CEE). Another corporate heavyweight on the Brussels lobbying scene — the EU Committee of American Chambers of Commerce (AmCham), which represents the interests of large US-based corporations, is profiled in the next article. Our update on EU transport policies zooms in on the corporate lobbying around the EU's Auto-Oil Programme. Following articles on the increasing corporate cooptation of the United Nations in previous issues, we now bring you the story of the most controversial joint UN-TNC project hitherto — the Global Sustainable Development Facility. In *The EPC Strikes Back*, you can find the correspondence between CEO and the European Policy Centre, a Brussels-based think-tank sponsored by large corporations. And lastly, we present the latest news on our quest to get access to documents from the European Commission's archives on contacts between corporate lobby groups and Commissioners.

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Coming Soon: Special WTO Issue!
In July, CEO will also publish a special issue of the *Corporate Europe Observer* on corporate power over the World Trade Organisation (WTO). The special issue will feature articles on: corporate lobby group influence over various WTO Agreements; industry's increasingly efficient (ab)use of the WTO dispute settlement system; and on the European Commission's close partnership with large corporations, aimed to promote common interests in the WTO. For news on the campaigns against the proposed Millennium Round, contact CEO or visit the WTO section of our website: < http://www.xs4all.nl/~ceo/wto/index.html >

This issue of *Corporate Europe Observer* is brought to you by Belén Balanyá, Ann Doherty, Olivier Hoedeman, Adam Ma'anit and Erik Wesselius.

Corporate Europe Observatory is a research and campaign group targeting the threats to democracy, equality, social justice and the environment posed by the economic and political power of corporations and their lobby groups.

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Ending Corporate Secrecy

The corporations active within political groupings like the European Roundtable of Industrialists (ERT) and the International Chamber of Commerce (ICC) are almost without exception unwilling to inform the public about their lobbying operations. This is the indisputable conclusion of a study by Corporate Europe Observatory based on corporate annual reports, websites and other publicly available information as well as extensive correspondence with over 50 European TNCs. Many well-known corporations refuse to disclose any information about their political activities, and many others divulge only very limited information. Some acknowledge their membership in 'business associations' but not lobby groups, while others claim that involvement in corporate lobby groups does not constitute a political activity.

Shell and Unilever, for example, failed to give anything but very general information when questioned about their membership in multiple lobbies, referring all questions to the secretariats of the corporate groups. Bayer, Bosch and Hoechst admitted their involvement in lobby groups, but explicitly refused to elaborate any further. The same goes for Nestlé, Siemens, PetroFina, Société Générale de Belgique and others which denied that their work in business associations constitutes a political activity. ABB, Carlsberg, Krupp, Pilkington and others refused to provide any information whatsoever.

Corporations In Politics

Transnational corporations, efficiently organised in a complex web of national, regional and global groupings, harbour enormous political ambitions, including the rewriting of laws and legislation, increased control over public institutions, the transformation of public perception, and the setting of rules for the globalising economy. During the 90s, there has been a sharp increase both in the magnitude and efficiency of corporate political activities directed towards international institutions such as the European Union, the World Trade Organisation and the United Nations. Corporate Europe Observatory argues that the combination of the economic and political power of mega-corporations is an issue of serious concern that deserves a central place in the political debate.

Corporate Secrecy

Whether or not corporate political activities are legitimate, there is no doubt that the secrecy of the involved corporations is illegitimate. TNCs that find it appropriate to dedicate vast financial resources towards influencing political processes should live up to basic standards of transparency and accountability. They should voluntarily publicise information about their political positions and activities in their annual reports and on their websites, and should respond openly and conclusively to queries. This would make it possible for citizens to hold corporations accountable for environmentally and socially harmful political lobbying, for instance by boycotting products until a change in behaviour has been implemented. Unfortunately, the results of a survey carried out by CEO suggest that corporations are by no means prone to voluntarily agreeing to even a basic level of transparency.

The secrecy obviously stems from the fact that the public would not appreciate the current extent of political activities of the corporate sector if this was exposed. A debate might emerge about whether corporations should in fact be involved in politics to the extent that is currently taking place, if at all. The following pages provide a brief summary of the company replies. We encourage readers to contact us for more information on how individual corporations responded. We are in contact with citizens groups in different countries which will begin to exert pressure on individual corporations to improve transparency. We would very much like to hear from others who would like to try to do the same.

Reference to political activities and lobby group membership is largely absent in the annual reports and on the websites of European-based TNCs. A number of companies use their annual reports to proudly announce their membership of the World Business Council for Sustainable Development (WBCSD) and their participation in CEFIC's Responsible Care programme or the ICC's Charter for Sustainable Development. But why only mention the "green" business initiatives and not the company's involvement in corporate lobby groups with more controversial political agendas?[1] In the summer and autumn of 1998, Corporate Europe Observatory wrote letters asking that question to over 50 large European corporations active in the European Roundtable of Industrialists (ERT), the International Chamber of Commerce (ICC) and other international lobby organisations. In other words— corporations which are in involved in political lobbying.[2] Not one company came even close to providing the information asked for in the letters sent out by CEO. 18 companies did not respond at all, despite being sent multiple reminders.[3]

Shifting the Blame

Shell and Unilever were among those that did reply. They admitted to being active members of corporate lobby groups, but referred us to the secretariats of these groupings for more information.[4] The German holding, Veba, at first did not seem to have any problem providing an overview of the company's "political activities on national and international level" and mentioned its membership of the ERT, ICC and many other corporate lobbies.[5] The transparency had its limits however— Veba never replied to our second letter, in which we asked for an overview of the substance of Veba's lobby group activities. Both Renault and Ericsson responded with a list of the business lobby groups they are part of, but remained silent about which activities they are involved in.[6] Philips first expressed no hesitance in providing information on the political activities of the company, but demanded a more specific question, "for instance the political activities of one Product Division. Considering the activity spread in our portfolio," the Philips representative explained, "it is simply not doable to answer your question Philips wide."[7] Philips then never responded to our second letter, which narrowed the question down to "political activities of Philips in relation with European Union policies."

Tobacco producer BAT replied by mentioning that the company lists in its annual report its financial contributions to political parties in the UK.[8] The letter did not mention lobby group membership or other political activities and BAT did not respond to our reminders. Bayer, Bosch and Hoechst - all with headquarters in Germany - replied with incomplete lists of their business lobby group membership and never responded to our subsequent letters asking about their involvement in the European Roundtable of Industrialists (ERT) and other groupings.[9] Hoechst stated not to "see any business or communicative benefit in documenting contacts" with political decision-makers.[10] Norwegian based Norsk Hydro, replied that "information from our company's annual report is what we release concerning this matter. We regret to not being able to go further into details."[11] Norsk Hydro's annual report, however, does not mention any lobby group membership at all. As a reaction to our second letter, appealing this lack of transparency, the company explained that "the information is not secret, but Norsk Hydro is a large company and a member of many lobby organisations."[12]

Nestlé, whose leadership is heavily engaged in both the ERT and the ICC, categorically denied having any political activities: "As a worldwide multinational company, it is our policy not to interfere with politics in our host countries. We have therefore no political activities… On the other hand," Nestlé's Mark Rubin continued, "we - and our operating companies - are members of the professional associations / organisations relating to our fields of activities. As a decentralised company we do not, from our headquarters, follow all the activities of these associations / organisations and we do not report on our activities in this field."[13] In response to our second letter in which we challenged the claim that Nestlé has no political activities, Rubin admitted that Nestlé is a member of the ERT, ICC and other "professional bodies."[14] The correspondence ended there as Rubin stated that Nestlé does "not publish any information about activities undertaken by our company within these organisations." Nestlé did not reply to further letters from CEO.

Many other longtime members of the ERT claimed not to be politically active or part of lobby groups. For instance, the Spanish-based oil company, Repsol, and the German electronics giant Siemens, both denied any political activity. Société Générale de Belgique responded emphatically that the company "has no political activity" and continued its letter mentioning its membership of the ERT and other "professional organisations."[15] In response to our appeal, the company asked us to contact the ERT and AMUE directly to obtain their publications, as "we insist that they do not reflect any positions or opinions particular to our company."[16] Belgian-based oil company, PetroFina, explained that its annual report "does not, and is not destined to contain anything on political activities," as "we are not performing political activities as such."[17]

Its membership of "different organisations representing the profession," said PetroFina, "is not a significant reported information." Gevaert replied that it "has no political activities whatsoever. We have no knowledge of political activities by individual representatives of our company."[18] Airbus Industrie (France/England/Germany) replied with a standard letter stating: "We are sorry to say that we do not have any relevant documentation on the subject of political lobbying."[19]

Apart from the many companies, that denied to have any political activities, there were also a substantial number that in a more straightforward manner refused to disclose information on this issue. Beer brewer, Carlsberg, for instance, replied that "the information you ask for is… of a confidential nature and we do not feel is in the interest of the company to tell which organisations Carlsberg is a member of."[20] David Pavey, Assistant Company Secretary of GKN (UK) was equally clear: "I'm afraid that it is GKN's policy not to divulge information of the nature you have requested," a message that was repeated in a second letter.[21] ABB, Krupp and Pilkington answered with similarly blunt statements and did not respond to further letters.[22] As a response to a second letter, appealing Pilkington's secrecy, the company sent us their *Statement on the Standards of Business Conduct*, which states that "individual employees may engage in political activities only if these are conducted in the employee's own name and without reference to the Group's or Group Company's business."[23] Pilkington never replied to our question regarding whether it found that its Chairman Nigel Rudd's active involvement in the European Roundtable of Industrialists was in direct contradiction with the company's *Statement on the Standards of Business Conduct*.[24]

An obvious step in fighting corporate secrecy would be the introduction of binding rules for information disclosure on corporate political activities, including measures such as reporting obligations for the political activities of corporations, corporate lobbyist registration systems, mandatory transparency about financial donations to political parties and so forth. Corporate lobbying on the European and international levels, however, remains seriously under-regulated. The laxity of rules and regulations for Brussels lobbyists encourages practices which would be considered underhanded and unacceptable in the US and in most European capitals. For example, PR agencies are not required to record the identity of their clients when on official business in the Commission or Parliament, and thus can wear a different corporate hat each day if they so choose. "In Brussels, a public affairs consultancy can very easily say we lobby," according to Laurentien Brinkhorst of public affairs agency Edelman Europe. "There's no dirty feeling about it."[25]

The European Parliament is gradually strengthening provisions in this field, but the progress is painfully slow and the results insufficient. In 1997, the Parliament introduced the obligatory registration of lobbyists attempting to influence MEPs as well as some minimal rules for regulating the behaviour of lobbyists. The rules were made somewhat stricter in March 1999. In particular, MEPs are now obliged to submit annual reports on extracurricular employment as well as on financial and other support received from outsiders, including from corporate sources.[26] How much transparency will be improved remains to be seen, but it was obvious that tightened rules were desperately needed. A peek at the register between the years of 1996 and 1998 revealed that a substantial number of MEPs submitted nothing, and those who used the register often failed to declare everything.[27] The lobbyist register - only accessible for those visiting the EP building in Strasbourg - is largely a list of names, and contains no details about whom the lobbyists represent and what their business in the Parliament entails.[28]

The European Parliament's rules are much less stringent than the US *Lobbying Disclosure Act*, which forces corporations and lobby groups to report on their lobbying-related expenses every six months. Although this has reduced neither the level of lobbying nor the influence of lobbyists, it has significantly increased transparency in the political realm. Based on the information disclosed in the US register, the media and citizen's groups are able to obtain a far more precise picture of corporate lobbying than is possible in the European Union. The Washington-based Centre for Responsive Politics, for instance, publishes excellent overviews of corporate lobbying directed at the

Congress, with details about individual sectors, corporations and lobby groups.[29]

Commission Proposes "Self-Regulation"

Though weak, the Parliament regulations are still better than those governing the European Commission and the Council of Ministers. Within these institutions, the only real possibility to monitor corporate lobbying is through the *Access to Information* rules. These rules may look fine on paper but they are disappointing in practice. Corporate Europe Observatory's repeated requests for information have met with unpredictable and often unreliable responses from the Commission (see also *Access to Commission Documents* article below). This reality is off-putting for citizens, and will likely deter most people from pursuing cases further.

There is no enthusiasm to be found in the European Commission for a system of binding rules for information disclosure on corporate lobbying. In January 1999, MEP Glyn Ford asked the Commission if they would consider introducing this kind of regulations, referring to the stricter rules in the US. In his reply, Commission President Santer claimed that "the Commission's approach… is based on openness to all interest groups and guarantees them equal treatment while recommending that they apply a system of self-regulation. This being so, the Commission has no plans to adopt measures which would require a radical change of policy."[30] The contrast between Santer's words and the reality of privileged access for corporate heavyweights is distressing. Indeed Santer's reply is symptomatic of the Commission's arrogant detachment, of which some examples finally made their way into the mass media earlier this year, forcing the European Parliament to distance itself and the Commission to resign. It remains to be seen whether a new Commission will make more than symbolic changes.

The last years have brought an encouraging upsurge in citizen's campaigns against corporate misbehaviour and increased demands for corporate accountability. Campaigns focusing on the political activities of corporations are also on the rise. An example is the increasingly successful campaigns to pressure corporations to leave the controversial Global Climate Coalition (GCC), a business grouping lobbying against government action to combat climate change. BP and Shell left the GCC in 1997 and 1998 and pressure is now building up to make corporations like Exxon do the same. CEO strongly encourages campaigns to make corporations withdraw from controversial political lobbying and we are ready to give practical support to anybody who has plans in this respect.

Notes

1. See for instance the annual reports of Roche 1997, Shell 1997, Solvay 1996, Hoechst 1997, Rhône-Poulenc 1997, but also the special annual reports on environment, health, safety and social issues of ABB 1997, UPM-Kymmene 1997, Norsk Hydro 1997, Unilever 1996 and Solvay 1997. For more information on the WBCSD, see *Europe, Inc.* (CEO 1997), p. 38 - 39. The ICC's *Charter for Sustainable Development* is a set of non-binding principles for corporate environmental behaviour, defined in 1991.

2. All these 50 corporations are or have in the last two years been members of the European Roundtable of Industrialists (ERT): ABB, Airbus Industrie, Air Liquide, Alcatel-Alsthom, Amorim, BAT, Bayer, Bertelsmann, BP Amoco, BT, Carlsberg, Cofide-Cir, Daimler-Benz (, Danone, Delta Dairy, Ericsson, Fiat, Fried. Krupp, General Electric Company (GEC), Gevaert, GKN, Hoechst, Hoffmann-La Roche, Iberdola, ICI, Investor, Jefferson Smurfit, Lafarge, Marzotto, Nestlé, Norsk Hydro, OMV, PetroFina, Philips, Pilkington, Pirelli, Profilo, Renault, Repsol, Rhône-Poulenc, Robert Bosch, Royal Dutch/Shell, Saint-Gobain, Siemens, Solvay, Statoil, Société Générale de Belgique, Suez Lyonnaisse des Eaux, Thyssen, Titan Cement, Total, Unilever, UPM-Kymmene and Veba.

3. Amorim, Bertelsmann, BT, Cofide-Cir, Danone, Delta Dairy, General Electric Company (GEC), Hoffmann-La Roche, Iberdola, ICI, Investor, Jefferson Smurfit, Profilo, Rhône-Poulenc, Saint-Gobain, Suez Lyonnaise des Eaux, Total and UPM-Kymmene.

4. Letters December 21st, 1998 and January 7th, 1999 from Robin Amram, Head of External Relations, Shell international Ltd. Letters July 17th, 1998 from Mrs. R. Emmelot, Corporate Relations, Unilever Rotterdam, and October 2nd, 1998 from H.K. van Egmond.

5. Letter August 3rd, 1998 from Dr. Walter Hohlefelder, Veba.

6. Letter December 30th, 1998 from Jean-Marc Lepeu (Renault) and letter September 7th, 1998 from Olle Wikstrom (Ericsson).

7. Letter August 4th, 1998 from Angelique Paulussen-Hoogakker, General Manager, Philips Media Relations.

8. Letter July 22nd, 1998 from Simon Millson, Government Affairs Manager GKN.

9. Letter September 14th, 1998 from Gerd Hauth (LeiterInternationale Wirtschaftsbeziehungen Bayer). Letter September 18th, 1998 from BVP Baumann (ROBERT BOSCH GmBH Associations Department).

Letter July 23rd,1998 from Joseph Meran (Public & Governmental Affairs Hoechst).

10. Letter July 23rd, 1998 from Joseph Meran (Public & Governmental Affairs Hoechst).

11. Letter from Norsk Hydro July 16th, 1998 and phone conversation with Mrs. Thjomoe of Investor Relations on September 9th, 1998.

12. Ibid

13. Letter July 17th, 1998 from Marcel Rubin, Deputy to the Secretary General of Nestlé.

14. Letter September 14th, 1998 from Marcel Rubin, Assistant Vice President Nestlé.

15. Letter July 21st, 1998 from Ivan Cieker Deputy Manager, International Relations Repsol. Letter December 23rd, 1998 from M. Gross, Siemens. Letter July 30th, 1998 from C. Pirard, Assistant Secretary Société Générale de Belgique.

16. Letter September 28th, 1998 from Georges Neve, Société Générale de Belgique.

17. Letter July 28th, 1998 from Francois Fierens, Head Public Affairs PetroFina.

18. Letter September 9th, 1998 from Marc Francken, Vice Chairman, Managing Director Gevaert.

19. Letter July 15th, 1998 from Airbus Industrie Press Department.

20. Letter February 3rd, 1997 - dated incorrectly, received in August 1998 - from Henrik Molstrom, Corporate Communications Manager Carlsberg.

21. Letters August 3rd and September 29th, 1998 from David Pavey, Assistant Company Secretary GKN.

22. Letter September 14th, 1998 from Björn Edlund, Head of Corporate Communications ABB. Letter July 20th, 1998 from Dr. Juergen Claasen, Director, Corporate Division Communication and Central Bureau, Krupp. Letter July 24th, 1998 from Chris Moore, Corporate Affairs Manager, Pilkington.

23. Pilkington *Statement on the Standards of Business Conduct*, paragraph on "Political Activity", page 11.

24. *"I refer you to my earlier response and regret that we are unable to offer you further assistance,"* letter October 9th, 1998, Chris Moore, Corporate Affairs Manager, Pilkington.

25. Personal interview with Laurentien Brinkhorst, Edelman Europe, Brussels, February 1999.

26. *The Parliament Magazine* Number 65 (March 22nd, 1999). In March 1999 the European Parliament tightened the rules concerning the declaration of interests. MEPs participating in a debate now have to announce if they have a direct financial interest in the issue at stake. Filling in the written declaration of interests is now a condition for MEPs to run for any of the EP's internal positions. The EP now also has the possibility to take disciplinary action against MEPs who refuse to fill in the declaration. MEPs have to declare any external income or gifts worth over 100 euro.

27. *Parliament's Register of Shame*, European Voice, 2-8 April 1998.

28. Erik Wesselius of CEO visited the Register of Financial Interests of MEPs in March 1999. Here follows some impressions:

After filling in two forms (one for the Register of Financial Interests and one for the Register of Lobbyists) I could inspect the twenty-some binders full of handwritten forms filled in by the MEPs, who almost without exception have nothing to declare. Even persons whom we know to have advisory functions with corporations (like Erika Mann) do not declare anything. Elmar Brok declares his function as "europabeauftragter der firma Bertelsmann A.G in Gütersloh", and some Greeks seem to be quite active besides their job as MEP, but they write in Greek and the data they submit are not translated. This system of registration is really a bad joke. One may expect MEPs not to write down activities which might be controversial, especially as there seems to be no independent auditing of these ridiculous declarations of interest.

The lobbyist register is a similar disgrace. It is nothing more than a set of binders containing the original forms that lobbyists have to fill in to get a permanent (one year) pass for the EP buildings. They only have to indicate their own organisation or company, not the companies they represent. E.g. a professional lobbyist like Laurentien Brinkhorst is only registered as Edelman Europe. No indication as to which firms she is representing, although the code of conduct for lobbyists at the EP states that lobbyists always should declare whom they are representing when having contact with Parliamentarians. The data is available to the public -- you can come and leaf through the thousands of entries -- but it is a very half-hearted form of access: you're not allowed to make photocopies, and in general no effort is being made to enable quick and efficient scrutiny of the data."

In early 1999, some MEPs proposed that the register should be published on the internet. UK Labour MEP Glyn Ford, for instance, supported such a move: "It is absurd that people should have to travel to a foreign country to find out what financial interests their euro MP might have." Agence Europe, February 15/16th 1999.

29. For instance "Influence Inc.", Centre for Responsive Politics, Washington D.C., 1998.

30. E-0440/99EN Answer given by Mr. Santer on behalf of the Commission (1 April 1999):
The obligation for American companies to declare their lobbying activities, including the amount they spend on such activities, derives from the registration system which applies to all organisations lobbying US federal bodies. This registration system is not compatible with the Commission's approach, which is based on openness to all interest groups and guarantees them equal treatment while recommending that they apply a system of self-regulation. This being so, the Commission has no plans to adopt measures which would req uire a radical change of policy.

‘Win-Win’? The ERT and EU Enlargement

While the European Roundtable of Industrialists (ERT) can hardly be unsatisfied with the EU’s current model of eastward expansion, it has recently intensified its lobbying efforts to ensure that enlargement happens fast and in the most business-friendly manner possible. The ERT’s lobbying efforts are both aimed at the European Commission and the Central and Eastern European (CEE) governments which the ERT advises in so-called Business Enlargement Councils. A new ERT report claims TNC investments in the region to be purely ”win-win” experiences.

The Central and Eastern European countries lining up for EU membership are subjected to a rigorous ordeal, as the complete adoption of the EU’s free trade model of economic development is a necessary prerequisite. Requirements involve the rapid restructuring of economies and expansion of transport infrastructure, the adoption of the complete body of EU legislation, a reduction in the role of the state, and an increased dependence upon foreign direct investment. Although the desirability of this model, with its inevitable economic dominance by Western TNCs, is increasingly a subject of debate in CEE countries, the negotiations with the EU leave no room for alternatives. This is no doubt a sobering experience many in these societies, who harboured dreams of developing a more democratic, just and sustainable economy following the fall of the iron curtain.

For the ERT, the current enlargement process is like a dream come true. It allows the ERT corporations unfettered access to new markets, but also the opportunity for trouble-free relocations to neighbouring low-wage countries from where Western European markets can be supplied (see also *Europe, Inc.*). Since the collapse of Central and Eastern European communist regimes, the ERT has vigorously promoted the expeditious integration of these newly emerging market-oriented economies into the European Union.

In 1997, the ERT stepped up its activities in this field by creating a special working group on enlargement, chaired by ERT veteran Percy Barnevik of the Swedish company, Investor AB. In December of that year, the ERT presented its enlargement action plan to the EU Summit in Luxembourg, inciting leaders to quickly ”integrate all the candidate countries into a larger, more competitive and reinvigorated European Union."[1] ERT demands included ”radical economic transformation within the candidate countries"; to facilitate this, it announced that its member companies would ”cooperate directly with the Commission and in Business Advisory Councils which are being set up within the candidate countries."[2]

In February 1999, the ERT’s Enlargement Working Group published *The East-West Win-Win Business Experience*. In confident ERT-speak, the report aims at ”fostering integration" and inspiring actions to strengthen economic relations between East and West. A number of so-called ”win-win" case studies, drawn from the experiences of ERT companies in Central and Eastern European (CEE) countries, are provided to support the thesis that investment by Western companies will bring only benefits for both the EU and host countries.[3]

However, this rosy presentation is based on flawed case studies, and declines to mention the negative impacts on employment and environment that dependency on foreign investments have already had in CEE societies.[4] In Hungary, for instance, TNCs currently account for up to 30 percent of Gross Domestic Product (GDP). Local companies throughout the region struggle - often unsuccessfully - to compete with large corporations, which benefit from enormous advantages of scale, access to cheaper capital, superior technology and massive advertising budgets. That TNCs are able to produce greater quantities at less expense and with fewer employees gives them a distinct advantage, but creates the legacy of increased unemployment.

Unilever and Procter & Gamble are two examples of Western companies that have profited from the unequal playing field in Europe. They have basically divided the CEE market for personal care products markets between them, shutting down a number of national companies in the process. Recently, Procter & Gamble announced that it would shed 15,000 jobs in its ever-decreasing international workforce, of which the hardest hit would be Western Europe. One may dare to question, how the "win-win" analysis offered by the ERT, can be envisaged in the face of the increasing trend by TNCs to downsize and cut costs.

While it is true that TNCs often use cleaner technology in their Western operations, they do not automatically introduce the best available technology in their operations in CEE or elsewhere. There are numerous examples of TNCs using dirtier technology and lower production standards in Central and Eastern Europe than in Western Europe. In general, the negative environmental impacts of TNC investments are often substantial, as lower emissions per product unit are often cancelled out by significantly increased production volumes. Western investments in CEE countries are currently multiplying rapidly, with current annual foreign direct investment flows to the region totaling nine billion euro.[5] ERT companies have been particularly active, with exports to the region totaling 70 million euro in 1996.[6]

Business Enlargement Councils

ERT Business Enlargement Councils (BECs) have already been established in Hungary, Romania and Bulgaria under the leadership of Royal Dutch/Shell, Suez Lyonnaise des Eaux and Solvay respectively. More of these bodies, which bring together business leaders from multinational and local companies and senior government officials, are soon to follow. Member companies "of course have a certain commercial interest in doing it," according to ERT Secretary-General Wim Philippa. Beyond this, however: "It's an education process, where with the close involvement and support of national governments we are guiding, training and leading the national industries in a quick way to a situation where they can enter the European Union."[7]

The BECs will spread the ERT's competitiveness message, focusing on the need for structural adjustment in CEE countries in order to attract foreign investment. The ERT's cherished recipe includes market liberalisation in the energy, transport and telecommunications sectors and increased public investment in transport infrastructure.

Although the ERT admits that the drastic restructuring of societies will cause problems, these are downplayed. "Structural change inevitably means changes in employment patterns; jobs are destroyed in some areas but protected and created in others. Any adverse short-term effects within the EU and the CEE are likely to be similar to those resulting from recent restructuring of industry, as a consequence of changes in technology and globalisation."[8] At any rate, enlargement woes are of no concern to the ERT, as Keith Richardson explains: "Our job is to say that the potential gains are much more important."[9]

From the perspective of citizens' groups, things look very different. A recent report on the impacts of economic globalisation written by a coalition of Central and Eastern European environmental citizen's groups warns against "the globalisation of the patterns of wasteful consumption and hazardous production…The marginalisation of the sustainable development options," the report concludes, "will in the long run prove detrimental to economic, social and environmental security in these countries."[10]

Notes

1. *ERT Warning to European Council over Enlargement*, European Report, December 10 1997, III, p. 3.

2. Ibid.

3. The ERT report gives 17 case studies of "win-win" situations, each of which links an ERT company with a CEE host country. The companies involved are the following: B.A.T., Suez Lyonnaise des Eaux, Philips and Royal Dutch/Shell in Hungary; Bertelsmann, BP, GKN and Saint-Gobain in Poland; Krupp and Unilever in Romania; Lafarge, Suez Lyonnaise des Eaux and Royal Dutch/Shell in Czech Republic; Profilo Group in Lithuania; Renault in Slovenia; Siemens in the Slovak Republic; Solvay in Bulgaria and Veba in Latvia.

4. CEECAP. *Report on the Impacts of Economic Globalisation and Changes in Consumption and Production Patterns.* CEECAP, 1998. p. 32 - 37.

5. And cumulative investment since 1989 of over 50 billion euro. Source: European Bank for Research and Development, Transition Report Update, April 1998.

6. *ERT, EU Enlargement: Message to all 15 EU Heads of State and Government,* 1 December 1997.

7. Personal interview with Wim Philippa, Brussels, December 16th, 1998.

8. ERT, *The East-West Win-Win Situation*, Brussels, February 1999, p. 25.

9. Personal interview with Keith Richardson, Brussels, 21 February 1997.

10. CEECAP. *Report on the Impacts of Economic Globalisation and Changes in Consumption and Production Patterns.* CEECAP, 1998. p. 39.

AmCham and the Brussels Corporate Choir

Strange as it may seem, one of the most important corporate players on the Brussels political scene - and the first to introduce the US style of corporate lobbying to Brussels - is a lobby group representing US-based corporations. AmCham, or the EU Committee of American Chambers of Commerce, established an initially somewhat sleepy presence in the European capital in the 1970s. In the early 1980s, it underwent a major renaissance and became one of the first industry lobby groups to systematically monitor and influence European Commission policy making.

Although national corporate identities are increasingly blurred by transatlantic mergers and globalisation, AmCham's membership remains predominantly restricted to "European companies of American parentage or those with control ultimately resting in the US."[1] *Boeing, DuPont, Exxon, General Motors, McDonald's, Monsanto and Procter & Gamble are among the 145 plus industrial giants gathered under the lobby group's umbrella. Although large US corporations such as these have enjoyed a steady influx into European markets since the 1960s, the advent of the Single Market and the euro have encouraged new waves of US corporate expansion in Europe. AmCham companies currently have approximately three million employees and US$350 billion worth of investment in Europe.*[2]

The Corporate Choir

AmCham works closely with the two of the most influential 'European' corporate groupings, the employers' confederation UNICE and the European Roundtable of Industrialists (ERT). As AmCham's Manager for European Affairs, John Russel, explains: "We exchange a lot of information, have joint meetings and even publish joint papers."[3] These three corporate buddies use what Russel calls "the choir approach," strategically reinforcing and supplementing each other's positions.[4] "It is normally more effective not to say everything together, but to have different people telling the institutions more or less the same thing," explains Russel.[5]

AmCham, as well as the other members of the corporate choir members, tends to warble on about the urgency of adjusting European societies to be more internationally competitive in the globalising economy. To avoid relocations and create jobs, the EU should strive for "flexible workforces" and "further liberalisation and a competitive regulatory environment," according to AmCham Chairman, Keith Chapple.[6] "Europe will feel the squeeze if it lags behind in making itself a truly competitive place to do business,"[7] says Chapple, who is also Marketing Director of semi-conductor giant Intel, a company which has moved substantial parts of its US production to low-wage countries like Indonesia and China. He warns: "Europe will increasingly be in competition with developing countries which can offer attractive alternative bases for business ... To be competitive in this shrinking world, Europe has to be flexible, drive out unnecessary costs and be open in its trading relationships."[8] AmCham rarely passes up the opportunity to stress the threat of corporate relocation in its European lobbying on various issues of interest to its members.

A Lobbying Machine

AmCham offers its members a finely honed lobbying strategy, and its techniques have been a major source of inspiration for UNICE and other corporate lobby groups in Brussels. In the late 1980s, AmCham established itself as the main clearinghouse for businesses requiring EU policy information.[9] The group's mandate, according to Russel, includes monitoring EU policies and processes, furnishing relevant information to members, and providing "constructive input into the legislative process, or, one could say, lobbying."[10]

After identifying juicy EU legislation, AmCham contacts the relevant Commission officials and begins to churn out position papers and specific amendments. In 1998, AmCham produced approximately 60 policy papers and 10 books, and had "about 350 meetings with the Commission and the Parliament," according to Russel.[11] AmCham also has access to another powerful political actor in Brussels: the Committee of Permanent Representatives (COREPER), the group of member state 'ambassadors' to the EU which prepares decisions for the Council of Ministers. In addition to regular hobnobs with the Committee, AmCham enjoys special biannual sessions with

COREPER representatives from the country holding the EU presidency.[12]

AmCham's secretariat, which has doubled in size since 1990 and currently houses 20 staff members, works closely with the more than 650 individuals from AmCham member companies. Business is conducted mainly through twelve subcommittees which focus on weighty issues such as trade, consumer affairs, fiscal initiatives and competition policy, and the details are filled in by some 40 specialised working groups. The Environment Subcommittee, for example, is comprised of nearly 100 companies, which are split into ten working groups and task forces on specific issues such as packaging, liability, waste and eco-taxes. These groups are engaged in an ongoing attempt to modify or destroy EU legislation that might harm the interests of AmCham's corporate membership. In the spring of 1999, for instance, AmCham lobbied strenuously to change EU waste management proposals which prioritised recycling over incineration. It cynically urged the EU to "move away from a rigid interpretation of the hierarchy" and to recategorise incineration as environmentally friendly.[13]

AmCham is viewed as one of the most powerful lobby groups in Brussels, and the organisation is proud of the remarkable access and close working relations it has forged with EU institutions. "I never say 'the EU Committee did this and we influenced that and those amendments were ours'… But if the Commission contacts you or wants to have a meeting with you, or when you contact them and they are more than happy to meet with you, then that is useful," says Russel modestly. The EU's regulations on electronic commerce are only some of the many policies on which AmCham fingerprints can be discerned; thanks to energetic lobbying, the group successfully discouraged business-unfriendly taxation and other government regulation. The multinational nature of AmCham facilitates the rigorous comparison of rules and regulations in the various countries in which its member companies operate. Russel boastingly explains that the multinational club of industries can "bring their expertise, from a global perspective, on what's happening in other areas. It is almost a benchmarking of what is good in other regimes."[14]

Pro Globalisation, Pro EU

Economic globalisation explains the phenomenon that AmCham and European corporate groupings such as the ERT and UNICE speak in unison to Brussels decision-makers. According to Russel, the AmCham constituency "tends to be those that are in the mainstream of globalisation." Thus, European TNCs "tend to be very much our natural allies," whereas those "parts of European industry that are tied very much to the local economies" are disregarded. Like its European sister groupings, AmCham is an avid fan of European unification. "We may disagree with the Commission or the Parliament on certain issues," says Russel, "but this strategic direction of where Europe is going - as far as greater integration and companies preferring to deal with Brussels rather than with fifteen member state administrations and political systems - is quite straightforward."[15]

In the past, US corporations, generally lacked strong political access in the EU member states. As such, the growing powers of the disconnected European Commission in the 1980s provided a golden opportunity for political influence. Their efforts have primarily been channeled through AmCham,[16] and thus it is not surprising that the lobby group vociferously supports a strong, centralised European Union. According to Russel, AmCham is continuously "calling for more power to Brussels - even more probably than European industry, because they are tied more to the vested interests of particular member states."[17]

Nonetheless, representing the interests of US-based corporations, AmCham does face certain limitations in what it can say and how it operates. "We are extremely careful of the boundaries," explains Russel. "There is still the foreign label, there is a sensitivity."[18] Indeed, high profile Commission initiatives are more likely launched in collaboration with a representative of the ERT than with an AmCham CEO. Furthermore, membership in high-level working groups such as the Competitiveness Advisory Group is not feasible for so-called 'European firms of American parentage'. There is no doubt, however, that in the less visible, day-to-day operations of the Brussels political machine, AmCham is a real heavyweight.

Notes

1. Interview with John Russel, EU Committee of American Chambers of Commerce, 16 December 1998. The exceptions include Northern Telecom, SmithKline Beecham and Rhône-Poulenc, corporations that are normally regarded as Canadian, British or French. As AmCham spokesperson John Russel explains, "It is a matter of globalisation of industry and mergers, so obviously we have to adapt."

2. AmCham website: <http://www.eucommittee.be/Pages/prof1.htm>

3. Interview with John Russel, EU Committee of American Chambers of Commerce, 16 December 1998.

4. Ibid.

5. Ibid.

6. Keith Chapple, Chairman of the EU Committee of American Chambers of Commerce in Belgium, in the European Voice 30/4 - 6/5 1998.

7. Ibid.

8. Ibid.

9. An example is its 1988 publication *Countdown 1992* which gave a complete overview of the legislative process for all 282 original Single Market directives and over 500 other pieces of single market legislation.

10. Interview with John Russel, EU Committee, 16 December 1998.

11. Ibid.

12. Cowles, Maria Green. *The EU Committee of AmCham: The Powerful Voice of American Firms in Brussels*. Journal of European Public Policy, 3:3 September 1996. pgs. 339-58.

13. *EU recycling support plan worries US firms.* ENDS Daily March 1st 1999.

14. Interview with John Russel, EU Committee, 16-12-1998.

15. Ibid.

16. Cowles, Maria Green. *The EU Committee of AmCham: the Powerful voice of American Firms in Brussels.* Journal of European Public Policy, 3:3 September 1996. pgs. 339-58.

17. Interview with John Russel, EU Committee, December 16th,1998.

18. Ibid.

The Two Faces of EU Transport Policy

The widely celebrated Auto-Oil Programme, which sets stricter fuel standards for cars, is only one aspect of EU transport policies. Simultaneously, the booming transport volumes in Europe are fueled by the massive EU-supported construction of new transport infrastructure, including towards Central and Eastern Europe (see below). Efficient policies to reduce freight transport by road are not on the EU's agenda, as the Swiss people recently experienced when they were forced to reduce road tolls and allow increased access to heavy lorries and unfettered access to light lorries.

"The Alpine Barrier"

Just how sacred the free movement of goods is for the EU became clear in the conflict with non-member state Switzerland over lorry transit from EU countries. In a 1994 national referendum on the protection of the Alpine area against transit traffic, the Swiss voted that all freight crossing the country must go by rail beginning in the year 2004. To achieve this goal, the government planned to impose high levies on freight lorries wishing to pass through Switzerland. These policies were supported by the outcome of another referendum in the autumn of 1998.

The EU strongly objected to these restrictions upon freight transit. It put the Swiss government under heavy pressure to review its policies, for example by threatening to block six trade agreements between the EU and Switzerland that were then under negotiation. Dutch Transport Minister, Annemarie Jorritsma, even threatened to withhold landing rights for Swiss Air if the Swiss stuck to their position. In December of 1998, the Swiss government finally caved in, increasing the number of heavy lorries from EU countries allowed to cross the country (from 250,000 in 2000 to 400,000 by 2003), granting unlimited access for lighter lorries beginning in 2001, and charging a maximum toll of 200 ECU per trip, far below the planned 350 ECU. However, Swiss environmental groups strongly objected to this deal, and the final agreement may still be rejected by the Swiss population in a new referendum.

A recent European Commission study predicts that freight transport across the Alps will increase by 75 percent between 1992 and 2010. Public resentment and anger is also growing within EU member states in the ecologically vulnerable Alpine region with the upsurge in lorries passing through narrow valleys and the building of new infrastructure to accommodate the traffic. In June of 1998, protesters peacefully blocked the Brenner motorway through the Austrian Tirol region. A month later, the Mont Blanc tunnel in Chamonix, France was blocked by local groups.[1]

The Auto-Oil Programme

Instead of addressing the relentless growth in transport volumes, the EU has set its hopes on repairing some of the damage with technological improvements. The Auto-Oil Programme, for instance, aims to reduce air pollution by setting tougher standards for automobiles and fuels. In fact, the programme was created in collaboration with industry, and attempts to make it more stringent were partly repelled by massive industry lobbying.

Work on the Auto-Oil Programme began in 1993 with three years of consultations between the European Commission and the auto and oil industries to agree on ‘the most cost-effective’ measures of pollution reduction. Member state governments and NGOs criticised this approach as well as the resulting proposal of June 1996, which was clearly biased towards the interests of the oil industry in particular. NGOs pointed out that the calculations of ‘cost effectiveness’ were not reliable, as the cost estimates were supplied by the oil and car industries themselves. According to the Commission proposal, substantial levels of sulphur, benzene and other pollutants would still be allowed in petrol and diesel until 2005, and reductions were to begin only in 2010.

Both the Council of Ministers and the European Parliament rejected the Commission’s proposal as too weak, much to the surprise of the oil industry which immediately initiated a massive lobbying offensive to prevent the tightening of the minimum standards for fuel. The assault was led by EUROPIA, a lobby group representing 29 oil companies operating in Europe. EUROPIA’s dramatic warnings that the proposed standards would mean the end of oil refining in Europe had a significant impact on several national governments.[2]

In the first half of 1998, the Commission presented a revised version of the Auto-Oil Programme to the Council and Parliament. This time, the UK government, which at that time held the presidency of the EU, was EUROPIA’s prime lobbying target. The oil industry claimed that the revised proposal would be far too expensive, and threatened to close all refineries in the UK. Although these threats were later shown to have been invented solely for the purpose of manipulation, they did incite Labour MPs from constituencies with refineries (for instance the area surrounding the Elf refinery in South Wales) to lobby the Blair government to accept the original Commission proposal.[3] In the end, the Council accepted a quite weak, industry-friendly Auto Oil Programme.

The European Parliament, which had veto power on this issue,[4] was less impressed by EUROPIA’s lobbying campaign. In a report drawn up by MEP Heidi Hautala, the Parliament accused the oil industry of greatly exaggerating the costs of introducing cleaner technology. The Parliament’s calls for much tougher standards led to a conflict with the Council of Ministers, and a compromise was reached only after a three-month conciliation procedure. The 2005 deadline for improved fuel standards was made obligatory rather than merely indicative, but the Parliament ultimately accepted the less stringent standards proposed by the Council of Ministers.[5] The Auto-Oil Programme, which also bans leaded petrol in most EU countries beginning in 2000, could in the most optimistic scenario halve automobile air pollution per kilometre. But if nothing is done to prevent the anticipated doubling of traffic volumes within the next 15 to 20 years, air quality will still be a dire problem in the next century.

Dealing with CO_2

The Auto-Oil Programme includes no standards for CO_2 emissions from cars. Instead, in the summer of 1998, the European Commission made a voluntary agreement with European car industry representatives gathered under the umbrella of ACEA (the European Automobile Manufacturers Association) to reduce average

CO_2 emissions for new cars. Whereas Commissioner for Environment (DG XI), Ritt Bjerregaard, claimed to be "very pleased with this agreement,"[6] environmental NGOs called it "a setback for efforts to combat global warming."[7] Critics pointed out that pressure from the car industry had forced the Commission to lower the CO_2 emissions reduction target, and that the agreement between the Commission and ACEA was not binding for the individual car-producing companies. The watery agreement means that there will be no new legislation in this field until 2008, even if the car industry fails to live up to the agreed targets.

The deal with ACEA is a major pillar in the Commission's promise to halve the expected growth of CO_2 emissions from transport by 2010. Other elements are the promotion of intermodal transport systems and "fair and efficient pricing", which sounds like ecological taxes but will likely entail the funding of future infrastructure expansion through road tolls.[8] Finally, reducing CO_2 emissions by increasing freight transport by rail[9] is used by the Commission as an argument for the further privatisation of railway companies and the introduction of Europe-wide competition - "completing the internal market in rail transport" - a policy which has met with opposition in many EU member states.[10]

With the Amsterdam Treaty, the EU committed to integrating environmental concerns into all Union policies. It remains to be seen whether EU transport ministers dare to take on the taboo of curbing the growth in transport volumes. Instead, they may simply continue to facilitate the transport boom, only partially compensating for the growing damage through cleaner technology. Unfortunately, recent history shows that the influence of vested corporate interests upon both the Commission and the Council of Ministers will make a revolution in EU transport policies highly unlikely.

TENs on a Fast Track

A permanent feature of EU politics is Transport Commissioner Kinnock's tireless campaign to solicit more funding, government and private, for the Trans-European Networks (TENs). When launched in the early 90s, this largest plan for transport infrastructure in European history - over 150 projects and an estimated budget of 400 billion euro - looked financially unrealistic. However, according to the most recent Commission figures, the TENs plans are in fact largely on track. The tight budgetary policies necessitated by the EMU project have only marginally delayed the construction of TENs projects. In 1996-97 alone total investment in the TENs was a stunning 38.4 billion euro, of which one third came from various EU funds and the European Investment Bank, the rest from national governments.[11]

Although Transport Commissioner Kinnock insists that the TENs are largely about rail, roughly the same percentage went into roads as in rail (respectively 38% and 39%), while 15% was spent on building new airports. Almost two-thirds of the rail investment was spent on expensive, energy guzzling high-speed train links. Total spending on new TENs roads was 14.6 billion euro in 1996-97, a substantial share of the total 81.9 billion estimated to be needed to complete the Trans-European Road Network (TERN).[12]

Going East

In the last few years, the expansion of the TENs to Central and Eastern Europe has become a major priority for the EU. To facilitate the predicted four or fivefold increase in freight transport on international East-West routes, the Commission has reserved some 15 billion euro from various EU funds for the construction of new transport infrastructure in CEE in the period between 2000 and 2006.[13] According to Commissioner Kinnock, "nothing symbolises or serves the integration of Europe better than the physical linking of transport systems and nothing is more important for the development of applicant countries than the achievement of efficient infrastructures."[14]

The EU has indicated that it would like to see no less than 90 billion euro invested in road and rail infrastructure in the region.[15] Referring to a study from the Centre for European Policy Studies, a Brussels-based corporate think-tank, Kinnock argued that "total transport infrastructure investment in these countries needs to rise sharply from its current level of just over 1% to 2% of GDP annually."[16] The EU's approach towards the Central and Eastern European countries disturbingly mirrors its regional development policies in the four poorest EU countries (Spain, Portugal, Greece and Ireland), in which the construction of transport infrastructure is a dominant feature. 75% of EU regional aid has been spent on road building.[17]

The current transport infrastructure frenzy takes place on a backdrop of traffic - and particularly road traffic - growing far beyond ecologically sustainable limits in all countries of the European Union. From 1985 to 1995, the CO_2 generated from road transport grew by over one-third. CO_2 emissions from transport are predicted to increase from the current 26 to almost 40 percent of overall emissions in the EU by 2010.[18] The two-faced approach by the Commission to dealing with transport policy, and the strong influence that industry has on such policies, will only exacerbate the problem.

Notes

1. *Transport & Environment Bulletin*, October 1998.

2. EUROPIA, established in 1989, in its own words, "informs the European Commission, the Council of Ministers, the European Parliament and other European institutions and the general public on matters of interest to the European downstream industry." The president of EUROPIA is Francois Cornelis, CEO of PetroFina and active ERT member. Source: EUROPIA website <http://www.EUROPIA.com>.

3. On July 6th, 1998, only a few days after the Auto-Oil Programme was finally passed, Elf announced that it would, that same autumn, begin supplying its service stations in the UK with diesel produced according to the 2005 standards of the Auto-Oil programme, with 90 percent less sulphur content. Source: Interview with Frazer Goodwin, Communications Manager, Transport & Environment, February 17th,1999.

4. Decision-making on the Auto-Oil Programme followed the so-called co-decision procedure involving the European Parliament in the process.

5. Interview with Annette Hauer, assistant to the Green group at the European Environment Bureau, 26 January 1999.

6. *Transport & Environment Bulletin*, August/September 1998.

7. Ibid.

8. *Commission Outlines Measures to Reduce Carbon Dioxide Emissions from Transport*. Brussels, 31 March 1998. Source: Commission website < http://europa.eu.int >.

9. Currently only 14 percent of freight is transported by rail in the EU, down from 30 percent in 1970.

10. Johnston, Chris. *No Smooth Ride for Transport Sector*. European Voice, 24 January 1999.

11. *1998 Report on the Implementation of the Guidelines and Priorities for the Future*. European Commission.

12. Ibid.

13. *Trans-European Transport Network projects now on track: three due for completion by 2000*. Brussels, June 3rd,1998. European Commission DG VII website <http://europa.eu.int>.

14. Transport Commissioner Kinnock, at the conference: *Bridging Gaps in Financing Infrastructure*. Amsterdam, 31 March 1998.

15. From various pre-accession funds as well as the EU's structural and cohesion funds. *T & E Bulletin*, May 1998.

16. *European Voice* 24/1, 1999.

17. Ibid.

18. Ibid.

19. Eurostat figures quoted in *T & E Bulletin*, October 1996.

Corporate Cooptation of the UN Continues

The increasing corporate cooptation of the United Nations is a disturbing development. Historically, the UN system has been a relatively democratic forum which has provided Southern governments and citizens' organisations with greater access and influence than in other international bodies. Corporate control over the UN constitutes a serious threat to those groups and interests losing out in the globalisation process, whether they be workers, communities, indigenous peoples, women or the environment.

UNDP AND TNCs: Integrating Two Billion People into the Global Economy?

In March 1999, a coalition of citizens' groups challenged what is probably the most ambitious project between the UN and business until now: the Global Sustainable Development Facility project (GSDF). Leaked documents reveal the proposed project, set up by the United Nations Development Programme (UNDP), aims to "eradicate poverty, create sustainable economic growth and allow the private sector to profit through the inclusion of two billion new people in the global market economy" by the year 2020.[1] The GSDF involves

20 well-known corporations, including many with seriously flawed social and environmental records such as ABB, British Petroleum, Novartis, Rio Tinto, Shell and Statoil.[2] Each of the corporate partners is charged a participation fee of US$50,000. Among the six senior advisors to the GSDF are International Chamber of Commerce (ICC) Secretary-General Maria Livanos Cattaui and Björn Stigson of the World Business Council for Sustainable Development (WBCSD).

Privileged Access

The companies involved in the GSDF will be granted privileged access to UNDP offices in over 135 countries. Through their collaboration with the UN body, "corporations will gain valuable insights into local conditions, key priorities and issues in developing countries, which will help them shape corporate strategies and products for these emerging markets." The UNDP boasts that the project will provide TNCs with "worldwide recognition for their cooperation with the UN/UNDP," and that a special GSDF logo will allow business to highlight this relationship. The project will be kicked off with a feasibility phase of up to ten pilot projects jointly funded by UNDP and the corporations involved, and followed by an official launch. Regarding the projects themselves, which should "contribute to the overall strategy of creating opportunities for poor people to become active participants in the global economic system," the UNDP proposal is quite vague. Examples include "rural telephony and electrification, developing products and services adapted to 'emerging markets' of the poor, access to technology and connecting the microfinance industry with the global financial markets."[3]

Corporate Greenwashing

On behalf of citizen's campaign groups from around the world, the US-based Transnational Action and Resource Centre (TRAC) wrote an open letter to UNDP Executive Director James Gustave Speth, urging him to cancel the GSDF project. Speth defended the GSDF, stating that the UNDP's goal is "to ensure that at least some of these investments occur in ways that are pro-poor, pro-environment, pro-jobs and pro-women."[4] Despite these soothing words, TRAC Executive Director Joshua Karliner, feels that the GSDF should be halted. "We fear that these global corporations care more about 'greenwashing' their own tarnished public images than about meeting the pressing needs of the world's poor," he said. "The UN should not be building collaborative projects with corporations which are the architects of a system that is usurping the UN's authority, and which are the perpetrators of human rights and environmental problems which so hinder sustainable human development."[5] The UNDP's alternative vision, however, is that "in the long term, a strong relationship exists between sustainable human development and the growth of shareholder value."[6]

It is hardly surprising that large corporations with an unlimited need to expand their market share would be happy to have two billion people added to the global pool of consumers and producers. There are many who categorically do not want this, including the indigenous peoples around the world whose traditional lifestyles are incompatible with the global market economy and the farmers' movements in India and Latin America which have identified economic globalisation as the main threat to their livelihoods.

For more information, see the study *A Perilous Partnership - The United Nations Development Programme's Flirtation with Corporate Collaboration* (TRAC, March 1999) on the Corporate Watch website: http://www.corpwatch.org/

Notes

1. All quotes from UNDP internal document referred to in footnote 3.

2. "A Perilous Partnership - The United Nations Development Programme's Flirtation with Corporate Collaboration", TRAC, March 1999.

3. Examples from UNDP, internal documents on the Global Sustainable Development Facility project, July 1998. In the preparatory phase of the GSDF project, the partners involved discussed questions such as: "What will the result be if an additional two billion join the market economy and double or triple their income? How could these developments change corporate balance sheets? What products and services are needed? What would happen if the two billion people remain excluded from the market?" *Preliminary guidelines for GSDF Pilot Projects.*

4. Deen, Thalif. InterPress Service, 22 April 1999.

5. *A Perilous Partnership - The United Nations Development Programme's Flirtation with Corporate Collaboration*. TRAC, March 1999.

6. UNDP, internal document on the Global Sustainable Development Facility project, July 1998.

European Think-Tanks Series -- Part Two

EUROPEAN POLICY CENTRE STRIKES BACK

The last issue of the Corporate Europe Observer featured a short profile of the Brussels- based think-tank, the European Policy Centre (EPC). In the article, we argued that seemingly neutral think-tanks such as the EPC, generously funded by large corporations, play a dubious role in society by promoting corporate visions of European unification and specific EU policies to policy-makers, the media and the public. Brussels, with its complex, opaque and often undemocratic decision-making processes provides fertile ground for these corporate front groups.

Stanley Crossick, one of the three founders of the EPC, responded to our article on his brainchild, defending the independent character and broad constituency of the EPC. We bring you his letter (dated March 3rd 1999) and our reply:

We are flattered that you chose us as the first European Policy Centre to profile.

We invite you to visit our new website at http://www.TheEPC.be from which you will observe that, in addition to our 26 corporate, 8 consultancy members and 36 professional and business associations: We have 40 country members; we have recently opened subscriptions to NGOs and regional bodies.

Of the three founders of the EPC, only I come from a business career. Max Kohnstamm was former Vice President of the Jean Monnet Action Committee; former President of the European University Institute, Florence and John Palmer was European Editor of The Guardian and neither of them associated with industry.

We do indeed emphasise the government-business interface (but define business as including both social partners). We are now promoting interfaces involving the NGOs and Regional Bodies.

In examining our team, you should also note our Special Advisors who include a number of specialists from non-industry backgrounds.

You mentioned our DG III sponsored study. We also did a DG V sponsored study on Job Creation Through the Third Sector: The role of the corporate sector.

We jealously guard our independence from any one interest.

Yours sincerely,

Stanley Crossick

CEO Responds

Dear Mr. Crossick,

In response to your letter of March 3rd, 1999, a thorough look at the new website has not changed our minds about the EPC. Contrary to the image of neutral observer of the European Union, which the EPC seeks to cultivate, your institute has a clear bias towards the interests of large corporations. This is not changed by the fact that the Centre has recently opened subscriptions (not membership) to NGOs and regional bodies. Five NGO subscribers in no way balances the 38 business organisations (including the European Roundtable of Industrialists (ERT) and the European employer’s federation UNICE) and 36 corporate members of the EPC.

Moreover, apart from these numbers, there is a qualitative difference in what you offer business than to NGOs. Whereas ‘civil society’ is offered “insight about strategic developments in Europe” and “informal contacts with the business community,” business enjoys far more interesting benefits such as “an opportunity to influence policy-making… contacts with Commissioners, Directors-General, MEPs, Permanent Representatives, other politicians and officials, journalists and NGOs.” Other services provided to business include “identifying EU policies which need to be encouraged” and “interpreting the effect of EU policies.” In addition, the forums and conferences organised by the EPC are business-focused and attended *en masse* by heavyweight industrialists. Is it a mere coincidence that the EPC website features the two latest reports on EU enlargement published by the ERT and AmCham respectively— two major corporate lobby groups based in Brussels?

The five NGOs subscribed to the EPC represent only a tiny fragment of civil society in Europe and their participation can certainly not be used to support the EPC notion of civil society acceptance for the policies promoted by the Centre on behalf of its corporate funders. In fact, we find it rather disturbing that these Brussels-based NGOs contribute to the undeserved objective image of the EPC. We suspect they are not fully aware of the EPC's corporate connections and will contact them to ask if they consider it appropriate to legitimise the EPC and its policies.

The non-industry background of the other two EPC founders and some members of the advisory board was acknowledged in our original article. The EPC advisory board is nonetheless strongly dominated by industry— composed of businessmen, industry lobby groups and media representatives, as well as former directors of the European Commission and academics. The presence of representatives of the press in the EPC advisory board is disturbing and raises questions about the objectivity of some elements of the Brussels-based press. We regret that our last article did not mention the EPC study on *Job Creation Through The Third Sector: The role of the corporate sector*, sponsored by the Commission's DG V.
We remain deeply concerned about the fact that corporate sponsored think-tanks, such as the EPC, continue to exploit the absence of a broad public debate on the European Union level on various issues of democracy, accountability, and transparency, in order to orchestrate virtual, decidedly non-democratic debates to promote their own political agenda.

Yours sincerely,

Corporate Europe Observatory

Explanatory note to the readers: NGOs subscribed to the EPC are the consumer coalition BEUC, the Euro Citizen Action Service (ECAS), an unknown NGO called IDEA, The Platform of European Social NGOs and the World Wildlife Fund (WWF). The Commission's DG III (Industry) has sponsored an EPC study on the effect of product and labour market regulations on employment. The EPC web page can be found at: http://www.theepc.be

ICC Geneva Business Dialogue

ICC Secretary-General Maria Livanos Cattaui during the September 1998 ICC Geneva Business Dialogue (see Corporate Europe Observer October 1998). On her left then WTO Director-General Renato Ruggiero, on her right Siemens' CEO Heinrich von Pierer and Unilever boss Nigel Fitzgerald. (Photo by: K. Hedinger).

NEW CEO BOOK

CEO has just finished a new book, which will be published by Pluto Press (UK) in the early autumn. The book (200+ pages) is an updated and significantly expanded version of our 1997 report *Europe, Inc.:Dangerous liaisons between EU institutions and industry.*

The book is the product of years of research by Corporate Europe Observatory on the shady political activities of powerful corporate lobby groups in the European Union. Through the book, we hope to raise awareness in Europe about the undemocratic and unaccountable nature by which the EU decision-making processes operate.

Besides examining case studies on corporate lobbying in the European Union, the book contains a large section on the influence of industry groupings over economic globalisation projects and institutions such as the Transatlantic Economic Partnership (TEP) and the World Trade Organisation (WTO). The book also introduces the most important corporate groupings operating on a global level, including the International Chamber of Commerce (ICC) and its attempts to gain increased control over UN institutions. More details in the next issue of the *Corporate Europe Observer*.

ACCESS TO COMMISSION DOCUMENTS

As described in the last issue of the Corporate Europe Observer, CEO has engaged in a systematic effort to get access to documents regarding the contacts between the European Commission and corporate lobby groups such as the European Roundtable of Industrialists (ERT).[1] According to the EU's official Access to Information rules, established in 1994, correspondence and minutes from meetings should be available to the public. This test case of the Commission's promises of transparency has until now been disillusioning.

Our quest began on May 20th, 1998, when Corporate Europe Observatory formally requested access to all correspondence and minutes of meetings held between representatives of the ERT and Commission President Santer, former Commission President Delors, and former Commissioners Davignon and Ortoli. Although requests should be responded to within one month, this has proved to be a long-term project. Over a year later and after numerous appeals and reminders, the Commission has only responded twice on the Davignon and Ortoli cases, claiming that they do not have any relevant documents. This is rather peculiar given that the ERT has itself publicly acknowledged the enthusiastic support of both Commissioners during the early days of the lobby group's existence.[2] These connections are also extensively documented in academic literature.[3]

Private Encounters?

With regards to former Commission President Delors, we received the very direct reply that "In view of the fact that the archives of the President, Commissioners, former Presidents and former Commissioners are regarded as being of a private nature, Mr. Delors has informed us of his wish not to grant you access to his documents regarding the ERT."[4] Privacy was also given as the reason for the Commission denying us access to documents on the contacts between the ERT and Santer. It is hardly acceptable that meetings between the ERT and the President of the Commission are considered personal matters. The general rule is that access should be available to all internal Commission documents, "including preparatory documents regarding Commission decisions and policy initiatives... and other kinds of information which form the background of Commission decisions and policy measures."[5]

In the light of these facts, we appealed the Commission's responses on all three cases. The

appeal in the Delors case was the first one to be answered. The Commission sent us a small number of fairly uninteresting documents, which seemed to us to be intended to satisfy our requests.[6] Santer's case took longer. More than 6 months after sending the appeal letter we received eight letters from Santer to, respectively: the then ERT President Jerome Monod; Solvay's Daniel Janssen; and to former ERT Secretary-General Keith Richardson. Spread over a period of three years, this seems like a meager harvest for what were quite close contacts. The various letters are full of affectionate wording encouraging the ERT to continue collaborating with the Commission. He acknowledges the valuable input that ERT reports have provided on policy areas such as competitiveness, benchmarking, employment, international investment, climate and information technology. It is worth noticing that the Commission does not only react to ERT proposals, it also actively invites the Roundtable to suggest direction for Commission policies. In one letter, for example, Santer asks Jerome Monod for advice on "policies or initiatives" to improve the financial situation of small and medium-sized companies, as a contribution to a report that the Commission was preparing for the 1995 Madrid EU Summit.[7]

Knowing that there should be much more correspondence with the ERT in the Commission archives, not to speak of minutes from meetings, we appealed both cases again. As those who have read the CEO report *Europe, Inc.* know, the ERT had a decisive role in promoting the Internal Market and the TENs (Trans-European Networks) during Delor's presidency of the Commission. The cosy contacts continued during Santer's tenure, resulting for instance, in the creation of the Competitiveness Advisory Group (CAG) and the institutionalisation of public policy benchmarking, but the Commission still bluntly refuses to make documents on its contacts with the ERT available to the public. The appeal in Santer's case has only been answered with a request for more time, and concerning Delors, we have only obtained one rather uninteresting letter from 1988 addressed to then ERT President Wise Dekker (on the *European Company Statute* proposal).[8] There should be many other relevant documents held by the Commission on its contacts with the ERT. If the Commission, on the other hand, has not kept record of these contacts, this would be an unacceptable lack of accountability.

In July 1998, we broadened the scope of our requests asking to get access to all documents produced by Trade Commissioner Sir Leon Brittan and DG I (External Economic Relations) relevant for the support and development of the Multilateral Agreement on Investment (MAI) negotiated at the OECD. A new wave of requests were submitted on November 24th,1998, this time asking for correspondence between Transport Commissioner Neil Kinnock and the ERT's transport offspring, ECIS (the European Centre for Infrastructure Studies), as well as between Single Market Commissioner Mario Monti and the three main biotechnology lobby groups, EuropaBio, the SAGB (Senior Advisory Group on Biotechnology) and the FEBC (Forum for European Bioindustry Coordination). The most recent request aims to get further insight into the contacts between the Commission and the Trans-Atlantic Business Dialogue (TABD). The transport and biotech requests have not yet been answered, despite several reminders.

Business and the MAI

The MAI documents are a different story. Four months after the first request we received seven Commission documents relating to the MAI. By this time, it was clear that the MAI, at least in the OECD, was dead. One cannot avoid thinking that the three extra months that the Commission took to reply after the official one month deadline had passed were politically very convenient for them, as some of these documents could have been very efficiently used in the campaigns against the MAI. None of the documents however, had any mention to business lobby groups, so we appealed right away specifying that our *Access to Information* request included correspondence with corporate groupings such as the Business and Industry Advisory Council to the OECD (BIAC), the International Chamber of Commerce (ICC) and the ERT. Subsequently, in March 1999, again four months after the request, we received a new supply of Commission documents. Most interesting were the ones referring to the Investment Network, a process of consultation on international investment policies between the Commission and over 50 large European TNCs. The documents revealed that the Commission was being two-faced towards the civil society groups that were involved in the official dialogue process around the EU position for the next Ministerial Conference of the World Trade Organisation (WTO). The NGOs had not been informed about the parallel consultation process with industry. After continued pressure, the Commission has now put the minutes of two meetings of the Investment Network on its website.[9] We will be providing more information on the EC's investment ambitions in the WTO and the cooperation with industry in the upcoming special WTO issue of the *Corporate Europe Observer*.

CEO will continue to work to get access to documents on corporate involvement in the Commission's decision making. The experience until now, including rejections on weak grounds, silence, long delays and the drip-drop release of documents, does not correspond well with the Commission's self-proclaimed transparency.

Notes

1. Access to information rules are based in the Commission decision of 8 February 1994 on *Public Access to Commission Documents* (94/90/ECSC/EC/Euratom).

2. After their time in the Commission, Davignon and Ortoli joined the ERT as CEOs of Société Générale de Belgique and Total respectively.

3. See for instance Green, M., *The Politics of Big Business in the Single Market Program,* May 1993.

4. Letter from David Wright, Office of the President, European Commission, 15 June 1998.

5. *Access to Commission Documents. A Citizens' Guide.*

6. There were only two documents, referring to a letter and a meeting of Delors and the 'Group of 12', the European Information Technology Industry Round Table.

7. Letter sent by Jacques Santer to Jerome Monod, dated 5 July 1995.

8. Letter sent by Jacques Delors to Wise Dekker, dated 6 December 1988.

9. The minutes can be accessed through the following <http://europa.eu.int/comm/dg01/1meeinne.htm>

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