

HOLD-UP

I N T E R N A T I O N A L

POSTAGE
PAID



Mister Nicolas SARKOZY
President of France
Palais de l'Élysée
55, rue du faubourg Saint-Honoré
75008 PARIS

I WANT TO TAKE PART

Last name _____

First name _____

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HOLD-UP

I N T E R N A T I O N A L



" An appeal for Europe
to set the rules for
companies "

La Presse

Starring

COMPANIES WITH UNLIMITED UNRELIABILITY

With

THE EUROPEAN UNION

WHY THIS CAMPAIGN ?

Confronted by the scale of the current crisis, political figures are vying for attention, speaking out on the need to take into account commercial activities and financial actors. Why not keep them to their word? A company is not simply there to turn a profit and produce goods and services. Job creation, along with paying taxes and other contributions work to thoroughly involve a company and its business within a region and a community. In what are called developed countries, activities are in theory subject to laws and collective agreements put in place to uphold the general interest and ensure that the wealth generated is redistributed..

In what is called the South, economic globalisation, far from leaving democracy and development in its wake, is still all too often synonymous with plundering and the violation of fundamental human rights. The lack of international regulation on the activities of multinational corporations

(MNCs) has led to a frantic scramble for short-term gains that has brushed aside both ethical concerns and local economic development goals. Many women and men would like to change their companies from the inside, but lack the means to do so. These companies could be playing an important development role but instead many choose to emulate the worst behaviour of their rivals, and in doing so undermine economies both in the North and in the South.

“Left to their own devices, these companies commit unacceptable abuses”

It's in the South that the most dramatic impact is felt in day to day life. Governments, under the tutelage of international financial institutions, have attracted MNCs with large financial incentives. The weakness of some states in terms of fiscal administration capacities, customs duties,

work inspections and environmental controls encourage corruption. Left to their own devices, these companies commit unacceptable abuses:

-The human and social level: the right to work is discarded and child labour exploited.

-The ecological and sanitary level: monopolies are established over natural resources, irreversible pollution is released.

-The economic level: large-scale tax avoidance with the risk of a steep loss for state budgets, the burden of taxes carried by the poorest and local business, worsening inequalities and the erosion of the social contract.

In the South as in the North, the economic and financial crisis has shaken to its core the logic of an economic system led by finance. The European Union (EU) committed itself to actively promote sustainable development around the globe. It has the duty to abstain from promoting economic growth at the expense of states and peoples of the South by allowing companies to violate human rights with impunity. It has the means to act. The European market is impossible to ignore. The majority of large MNCs have their headquarters in Europe. Over half of all tax havens can be found in Europe or its overseas territories. Europe is capable of imposing regulation on an international scale.



«Workers' homes are built within the banana plantations themselves. Upper Penja, Cameroon»

Mobilise to get the EU and the member states to listen to our regulation proposals and to act on them.
Hurry!

WHAT WE ARE PROPOSING:

Force MNCs to behave with responsibility and transparency, it can be done! Our proposals require a minimum of reform within the European judicial framework to limit the negative impact of MNCs and to get them to really contribute, through their business, to the development of countries in the South.

Starting with Denmark and the Netherlands, many member states have already taken steps in the right direction, but a concerted European framework is lacking. It is for the European Commission to take the initiative, but member states, like parliament, can play a part in pushing for action. France has already made commitments that now need to be consolidated. Hence the request to the President of the Republic and the candidates for the European elections in June 2009 to try everything in their power to get the Commission to pass European regulation on companies.

Social and environmental reporting.

Big corporations must give accounts of the environmental and social impact of their activity within their sphere of responsibility, through an annual report based on precise standards. Reporting standards already exist in certain European countries such as France: we need to extend them to improve their effectiveness!

Transparent accounting

International accounting standards must be revised to push MNCs, in every country where they operate, to own up to their activities, their profits and their tax returns. Some companies within the extractive industries sector are already doing this on a voluntary basis, there is no reason why this practice shouldn't be extended as a rule for all sectors!



Credit photo: Howard Davies / Oxfam

In the countries of the South, tax evasion carried out by MNCs mounts up to 125 billion euros a year, or 30 times the total international aid for basic education..

A group of companies acting together = one and the same responsibility

Holding companies must be held to account for the human and environmental impact of their subsidiaries, subcontractors and suppliers. Law already provides for this sort of responsibility regarding damage done to the environment; we have to go further to fight against holding

Ending opaque structures in tax heavens (THs)

Eliminating shell companies from European and overseas territories through the creation of a European register that allows the identification of owners and real beneficiaries of every legal entity created.

“TAKE THE MONEY AND RUN”

Over time a forest of legislation has grown up to increase profit through affordability. In Paris and London eyes are closed to the financial methods. Even better than this is to have no duty to open them in the first place! Unravelling the mechanisms that guarantee businesses their unlimited unreliability.



Plantationdebananiers.Haut-Penja,Cameroun.

© ACAT Littoral Cameroun

Sorry I'm not myself

Even if a group of companies, a holding company and its subsidiaries, functions to all intents and purposes as a single economic entity, each subsidiary benefits from its own status as a legal person and from the ensuing limits on its penal and civil responsibilities. So, the parent company is able to reap the profits from its subsidiaries without in the meantime being implicated in any eventual violation or abuse of power of which its subsidiaries might be found guilty.

“Talk to the hand”

In addition to the situation of the subsidiaries, the expansion of subcontracting has allowed all kinds of processes to be outsourced, those that are labour-intensive, that are harmful to health or that damage the environment and which cannot be allowed to become part of the brand image. The pressure placed on these subcontractors (prices, specification requirements, time constraints), already facing fierce competition, does the rest.

“No comment”

In France, only companies quoted on a stock exchange are obliged to release an annual report on their social and environmental impact. Without any hard and fast rules on layout or content, the report has become more of an exercise in communication than transparency.

“Postcards from haven”

Tax havens (THs) are territories that provide those who choose to set up in them with very low tax rates and transparency obligations, thanks to bank secrecy and complex legal structures (shell companies) that are impossible to dismantle. Half of all global trade passes through them and the estimated 2.4 million shell companies that they shelter. Not satisfied with the tax exemptions that they negotiate, many multinationals use these shell companies to transfer their profits to THs, where they won't be taxed. False accounts between businesses and transfer mispricing between subsidiaries within the same group, deprive the the South's coffers of 125 billion euros every year : enough to cut global poverty by half from now until 2015.

“Only the poor pay taxes”

Three companies control two thirds of the global banana trade. They have organised their structure so that the lion's share of profits are made in tax havens. For example between 2002 and 2007, 1.1 billion euros in profits and 156 million euros in taxes, which means just 14 per cent of profits as opposed to the average for Europe, 32 per cent . The accusation: transfer mispricing-between subsidiaries from the same group (trade transactions within compagnies no accounts for around 60 per cent of global trade).

¹ Christian Aid's 2008 report Death and taxes: the true toll of tax dodging

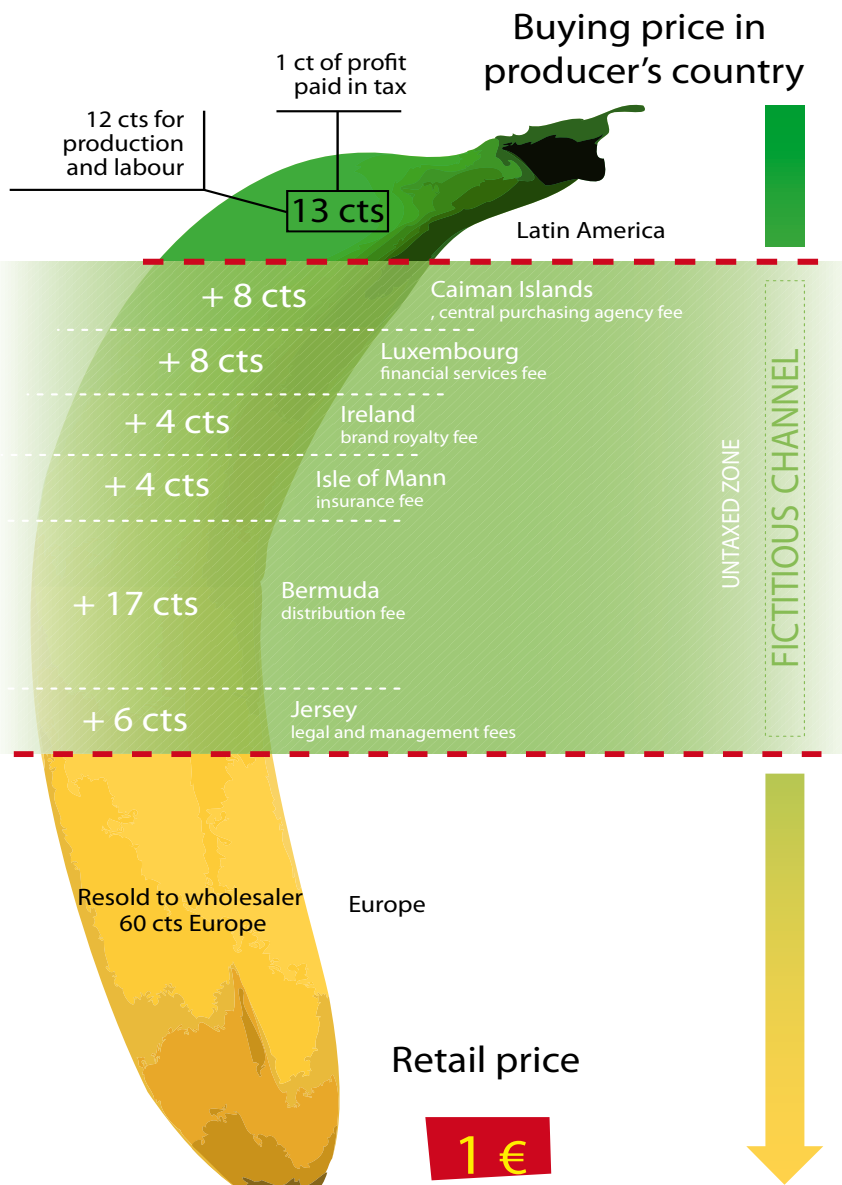
THE BANANA, MISERY BY THE BUNCH

The absence of rules ensures that businesses behave irresponsibly. It allows serious abuses and potential deviation from basic standards of decency, as illustrated by conditions in banana cultivation in Cameroon. Cameroon is the principal producer of bananas on the African continent. Compagnie Fruitière, a French company is a major player in the sector: it controls, through its subsidiary Plantation du Haut Penja (PHP), plantations in the Njombe-Penja region, north of the capital Douala. On paper the company seems spotless, contributing to development in a deprived area, offering above-average wages, obtaining environmental certification and making donations to charities fighting against the spread of Aids. On the ground, accounts differ: task-based pay (36 euros a month for the lowest salaries, that is to say a fifth of the minimum living wage), shifts in excess of 12 hours, employee intimidation, seizing land from local peasant populations, the spreading of pesticides that put at risk the health of labourers and locals... and the total lack of revenue for the Cameroonian state. The PHP has ducked paying any trade licence for 30 years, all the while profiting from European subsidies for the banana industry. Penja's new mayor, elected in 2007, won a reassessment of PHP's tax contributions in December 2007. In February 2008 he was locked up. In January 2009, he was sentenced for looting as part of a gang following hunger riots. He was ordered to pay "in concert with some of the coaccused 1.2 million euros to the civil party made up of the company Plantations du Haut Penja (PHP) and other individuals".

"PHP's plane does not spread the chemical at a particular time (...), as it flies over, everybody suffers from the toxic chemicals dispersed in the air, it has made a good many workers blind and sick, which is not taken into account by PHP." Anonymous testimony recorded by ACAT Cameroun (Association of Christians for the Abolition of Torture).

¹ http://www.cameroon-info.net/cmi_show_news.php?id=24389#
² ACAT is a partner of CCFD-Terre Solidaire.

HOW DO MULTINATIONALS AVOID PAYING TAX



The principle of transfert mispricing between subsidiaries of a single group

Or how Jersey becomes one of the largest exporters of bananas to Europe.

- 1 – The multinational buys bananas for 13 euros. At this price, only a centime of profit is paid in tax.
- 2 – On paper the company then sells the bananas on to subsidiaries based in tax havens. These organisations take it in turns to charge for a whole series of services which are in fact provided by the holding company in Europe. Profit made in this way is not subject to taxations.
- 3 – Within the illicit profit processing mechanism, the 13 centimes swell to 60 centimes (+460%), the resale price to European wholesalers. Scarcely more than half the production chain will be taxed.

In 2008, the Compagnie Fruitière signed a partnership deal with Unicef "1kg of fruit bought = 1 reason for a child in Africa to smile = 2 euro centimes paid to Unicef. This deal has allowed the Compagnie Fruitière to present an angelic image of itself, and on the cheap! This partnership, condoned by the charity Survie, is one example amid many others where a business voluntarily acts to clean up its image, just like the guidelines for good behaviour and other virtuous promises that promise... precisely nothing.

A CAMPAIGN LED BY...

Oxfam France - Agir ici

Oxfam France – Agir ici is an association for international solidarity that aims to build, with the help of every citizen, a fairer world, where basic human rights are respected. The French member of Oxfam International, a confederation made up of 13 independent associations, working with 3 000 partners spread across 120 countries, Oxfam France – Agir ici proclaims political, denominational and financial independence.

www.oxfamfrance.org

CCFD-Terre Solidaire

Created in 1961, CCFD-Terre Solidaire is the largest French NGO engaged in development work. On every continent it supports over 500 development projects every year undertaken by its partner organisations in 80 countries. In France, boasting a 15 000-strong network of members, CCFD-Terre Solidaire encourages every citizen to become an agent for daily international solidarity. It is a member of CIDSE, an international coalition of 16 development organisations.

www.ccfid.asso.fr

Supplement with Infor'Actions no. 100 – cost: 1 €
Editors: Yannick Vicaire, Nathalie Grimoud, Maylis Labusquière, Jean Merckaert
Cover art: Agence Opéra,
Designer: Hin
Concept and draft design: advitam –
www.advitam.org
Printing: Typoform
Joint Committee No. 0412G85825
ISSN: 1155-200 X
Copyright: February 2009

Ref.: campaign no. 85 – March 2009
Document published by:

CCFD-Terre Solidaire
4, rue Jean-Leantier
75001 Paris
tel. +33 144 828 000
www.ccfid.asso.fr

Oxfam France – Agir ici
104, rue Oberkampf
75011 Paris
tel. +33 156 982 440
www.oxfamfrance.org

FIND OUT MORE

Resources linked to the campaign will be available from April for download at www.ccfid.asso.fr and www.oxfamfrance.org

-Paradis fiscaux et judiciaires, cessons le scandale (Tax and legal havens, end the scandal), the brochure on the platform against tax havens, can be downloaded from www.argentsale.org

-Pas de pouvoir sans responsabilités (no power without responsibilities), ECCJ 2008 can be downloaded from www.ccfid.asso.fr

-The corporation, a film made by M. Achbar, J. Abbott and J. Bakan, www.corporation.com

-Nous achetons qui paye? (We're buying, who's paying?) a DVD from Lota Film, can be ordered from www.ethique-sur-etiquette.org

-French-language site providing information on CSR

www.rse-et-pied.info

-La Grande évasion (The great escape), a film made by Frédéric Brunnquell, CAPA Productions 2008.

www.capatv.com

WITH THE SUPPORT OF..

Forum citoyen pour la RSE (Citizens' forum for CSR) Created in 2004, it promotes converging discourse from organisations within French civil society on corporate social responsibility.

www.forumcitoyenpoumlarse.org

ECCJ, European Coalition for Corporate Justice

Created in 2005, the network groups together over 200 organisations active in 15 European countries. These campaign for corporate social and environmental responsibility mechanisms based on a harmonised European judicial framework.

The Publish What You Pay Platform

The French branch of a coalition comprised of over 300 organisations from the civil societies of 70 countries, its mission is to promote transparency within the sector of the petroleum, gas and mining industries. This would then act as leverage for improved revenue management of this sector to the benefit of development for populations.

The European elections will take place on 7 June.

We will then appoint our representatives to the European Parliament. A chance to ask them to commit themselves to the defence and promotion of European corporate regulation.

From April, heckle the candidates for the European Parliament in your constituency! Organise a debate, make the candidates sign commitments... For more information, look on our websites.

Tax Justice Network

Created in 2003 at the World Social Forum in Porto Alegre, the international tax justice network is made up of various organisations as well as business people and academics in Europe, Africa and the Americas. Combining expertise, information, and advocacy on tax systems, development and tax havens.
www.taxjustice.net

Action catholique des milieux indépendants (ACI) – Action catholique des membres de l'enseignement chrétien (ACMEC) – Chrétiens dans le monde rural (CMR) – Centre de recherche et d'informations sur le développement (CRID) – Jeunesse indépendante chrétienne (JIC) – Friends of the Earth – Mouvement chrétien des retraités (MCR) – Mouvement rural de jeunesse chrétienne (MRJC) – Sherpa, a lawyers association.

Suggestions made to Nicolas Sarkozy and to the candidates for the European elections have been drawn up as part of the work of:

La Plateforme Paradis Fiscaux et Judiciaires

Created in February 2006, the platform draws together 14 unions, NGOs and associations that work together to fight against tax havens, tax evasion, money-laundering and corruption.
www.argentsale.org

MISTER PRESIDENT,

I am extremely worried about the effects of the activities of hundreds of multinational companies on populations in the South: Human Rights violations, polluting of land and waterways, hazardous working conditions and tax evasion.

The losses for poor countries add up to billions of euros. As you yourself said in your speech on 8 January 2009 "the current crisis confronts each of us with our responsibilities". Forcing multinationals now to adopt responsible, open behaviour is politically possible!

Several member states within the European Union, including France, have taken steps in this direction but we still lack a conforming European framework. This is why I'm asking you to try everything to win corporate regulation from the European Commission on the following issues:
-Fighting against the impunity of holding companies regarding the human and ecological impact of their subsidiaries, sub-contractors and suppliers.
-Pushing for the release of a report on the impact of companies' activities socially, environmentally and in terms of human rights.

- Revise the international accounting standards to push multinationals to acknowledge, in the countries where they operate, their activities, profits and taxes paid.
-Put an end to opaque structures in tax havens, by eliminating shell companies from European and overseas territory, by creating a European register that allows the identification of the real owners and beneficiaries of every judicial entity that is created.

France should also bring these measures to the international arena, especially with the G20, the G8 and the UN.

Very truly yours,

Surname:
First name:
Signature :

Surname:
First name :
Signature :

FOUR WAYS TO ACT

In order to allow us to count your participation and to keep you informed, please complete or check your contact details on the back of this card and send it to us at Oxfam France – Agir ici – 104 rue Oberkampf, 75011 Paris.

1 – Call to account

I have signed the card and am sending it to Nicolas Sarkozy
 I would like to receive information, to be able to question the candidates for the European elections:

by email by post

I have checked or filled in my details on the back of this card

2 – I would like to know more

I would like to receive the news, documentation and supporting material for the campaign

by email by post

I have checked or filled in my details on the back of this card.

3 – I would like to donate to the campaign

I have made you a donation (make out cheques to Oxfam France – Agir

ici) of:

20€ 35€ 50€ other amount:€

4 – I would like to distribute information

Send me _____ copy(ies) of the campaign flyer (1€ each; for 10 or more: 0.80€ each, postage incl.

I have got my friend to sign the card, he would also like to receive information and updates on the campaign. His contact details are below

Surname:
First name:
Address:

Email: