

BRICSAM Civil Society Networks Denounce Corporate Capture of Health and Food Sectors

(Geneva, Nov. 18th 2015) – At the opening of the UN Business and Human Rights Forum in Geneva, civil society networks from Brazil, Russia, Indonesia, India, China, South Africa and Mexico (ECSN-BRICSAM networks) expressed their concern with the undue influence exerted by corporations over global governance and national decision-making processes and the resulting prevalence of private interests working against public interests.

In a series of cross-country studies to be published in December, the networks have identified several mechanisms of “corporate capture” of international and domestic regulatory entities and processes. Research from Russia and from India identified multiple instances in which corporations influenced health policies and norms, including those regulating medicine prices and clinical trials, to protect their own commercial interests. Pharmaceutical companies have also allowed the inclusion of drugs without proven benefits in essential medicines’ lists and influenced global intellectual property norms. According to Oleg Kucheryavenko, co-author of the study on corporate capture of the health sector in Russia, “It is clear that companies have been successfully manipulating supposedly democratic institutions whose mission is to defend the public good so as to defend their own interests”.

Another study examining the food sector in South Africa, Mexico and Brazil, concluded that a small group of companies (such as Monsanto, Cargill, Syngenta, Nestle, Coca-Cola, Walmart and McDonalds) capture small farmers/producers wealth by channeling their production toward a small variety of patented products, such as genetically modified seeds and essential agrochemicals.. Also, as the main buyers of crops, these corporations have the power to fix prices at low levels.

For ECSN-BRICSAM networks, people from the Global South are particularly vulnerable to corporate capture due to power asymmetries in relation to large economic actors. A third study commissioned by the networks on the capture of growth and politics in emerging economies has shown that the benefits deriving from growth have been mostly captured by economic elites, with inequality rates remaining among the worst in the world. According to the report, elite wealth is acquired through owning and running large raw-material, media and infrastructure companies – all activities that require strong political influence. The most common strategies used by BRICSAM elites, say the authors, are using personal connections to generate private profits from public goods, while taking advantage of the ‘revolving door’ between business and politics, sponsoring massive public infrastructure projects and funding election campaigns.[\[1\]](#)

Furthermore, when businesses commit crimes or human rights violations, access to justice is limited by a double “architecture of impunity” – built on international trade and investment agreements, Investor-State Dispute Settlement (ISDS) mechanisms in conjunction with domestic legal systems and policies.

For the ECSN-BRICSAM networks, voluntary codes of conduct (such as the Guiding Principles on Business and Human Rights) and multi-stakeholder approaches (such as the one defended by the Global Redesign Initiative commissioned by the World Economic Forum) are not sufficient to prevent corporate capture of sectors that are essential for the public interest, such as the food and health sectors. On the contrary, as evidenced by the GRI these approaches institutionalize capture. To prevent and combat the prioritizing of private interests over the public interest, civil society networks issued a series of recommendations:

1. Protect democratic procedures and public institutions by:
 - Improving anti-corruption laws with higher penalties to agents of corruption;
 - Setting lower limits for personal monetary contributions to parties and promoting balanced and transparent public funding of electoral activities.
 - Ensure fiscal justice through equitable tax legislations and remove legal loopholes that allow corporations to evade taxes in emerging economies.
2. Ensure transparency regarding the origin of funds for international bodies and organizations.
3. Limit and monitor capital flight.

4. Ensure social participation in the design and implementation of public policies that aim to protect the public interest.
5. Allow access to information and ensure transparency of all decision-making processes affecting the public interest.
6. Abandon multi-stakeholder approaches that give corporations the same status as States.
7. Adopt international binding mechanisms such as the binding obligations to businesses that are being negotiated at the UN Human Rights Council.

The (ECSN BRICSAM) is a program supported by the European Union aimed at strengthening the collective capacity of multi-thematic civil society organization (CSO) networks across Brazil, Russia, India, Indonesia, China, South Africa and Mexico to engage in multi-stakeholder dialogue and influence global policy-making fora, with a particular focus on issues of inequality.

For more info regarding the studies of the ECSN-BRICSAM networks, please contact: Eva Matos – (Global Programme Coordinator, ematos@oxfam.org.uk | Fluent in English and Spanish | www.csnbricsam.org)

[1]Oxfam (2015). For Richer... or Poorer? The Capture of Growth and Politics in Emerging Economies. Available at: https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/ib-for-richer-or-poorer-250915-summ-en.pdf



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