

Press Release - Thursday 1 December 2005 08:30GMT

FAO Business/Newsdesks

For Immediate Release

## **FINANCE SECTOR PROFITING FROM POVERTY, ENVIRONMENTAL DAMAGE AND HUMAN RIGHTS ABUSES, SAY LEADING UK CHARITIES**

NEW REPORT PUBLISHED as UK Presidency CSR conference opens in London

Joint release from Amnesty International, CAFOD, Christian Aid, The Corner House, Friends of the Earth, Global Witness, New Economics Foundation, Tax Justice Network, WWF

Ten leading UK charities (1) today (1 December) publish a report that exposes the damaging impacts of the European finance sector on the environment, human rights and development.

The publication of the report coincides with a major European conference opening in London today hosted by the UK Presidency of the EU, "Investing in the Future: a European conference on CSR and the finance sector".

The report has been compiled in response to the UK government's failure to exercise leadership to ensure that the finance sector does not continue to undermine global policy objectives in areas ranging from climate change, to corruption, to the Millennium Development Goals.

The ground-breaking report, 'A Big Deal? Corporate Social Responsibility and the Finance Sector in Europe', accuses European banks and financial institutions of benefiting from corruption, profiting from poverty and social exclusion, as well as contributing to human rights abuses and environmental degradation, and includes case study examples of all of these. The report includes alternative proposals that are more likely to deliver greater accountability and lasting sustainable development.

In spite of the overwhelming evidence to the contrary, the agenda for the UK's EU Presidency CSR Conference assumes that the industry's largely ineffectual attempts at self-regulation are working. Yet initiatives such as the Equator Principles or the UN Global Compact have failed to achieve progress in the sector as a whole.

'A Big Deal?' presents six case studies which clearly demonstrate the finance sector's inability to embed corporate responsibility on a voluntary basis. The report finds that the finance sector:

- \* provides a haven to siphon off much-needed tax revenues from cash-strapped developing countries, only benefiting a wealthy minority who avoid paying tax altogether;
- \* has abjectly failed to factor in the financial risks of climate change, which may ultimately lead to a global economic breakdown as the costs of climate change begin to outstrip increases in global GDP;
- \* is a primary conduit for bribery and corruption, providing billions of dollars in loans to repressive governments. European filters of finance, such as the UK's Export Credit Guarantees Department have failed to prevent bribery and corruption on a massive scale;
- \* perpetuates poverty and social exclusion in Europe, by providing unscrupulous levels of debt at high rates to those least able to afford it, all the while bringing in record-level profits;
- \* regularly puts a price tag on human rights, financing projects which pose a threat to the implementation of human rights laws in developing countries, while breaching the sector's

own guidelines in the process.

John Christensen, Coordinator of the Tax Justice Network(2), argued that the tax practices of the European finance sector fundamentally undermine CSR:

*"Companies committed to social responsibility should demonstrate that they are fulfilling the economic duty at the heart of the social contract - by paying their tax."*

*"The voluntary CSR initiatives being advanced by the EU Presidency are powerless to stop the aggressive tax avoidance practices promoted by most of the financial institutions gathered in London today. What's needed is anti-avoidance tax legislation, and global cooperation to enforce it."*

According to Deborah Doane, Chair of the UK Corporate Responsibility Coalition:

*"All the UK Government is doing is showcasing the finance sector's current array of international CSR initiatives that have proved incapable of preventing the serious problems and abuses that they purport to address. It is not just a few pressure groups that are demanding greater accountability of the finance sector, but increasingly also investor associations and consumer bodies."*

## Background and notes

The Euro zone is now the second largest economy in the world after the US, with \$8.2 trillion in GDP in 2003. Europe's finance sector is part of a massive global industry which now controls a staggering \$118 trillion. As such, the sector's influence has enormous consequences for efforts to achieve sustainable development both in Europe and elsewhere.

The Tax Justice Network calculates that offshore tax avoidance and evasion deprives governments of \$255bn in tax revenue annually: enough to finance all of the UN Millennium Project goals, which aim to double aid to poor countries by 2010.

(1) Action Aid, Amnesty International, CAFOD, Christian Aid, The Corner House, Friends of the Earth, Global Witness, New Economics Foundation, Tax Justice Network, WWF

(2) The Tax Justice Network is a global network of researchers and civil society organisations on five continents, working for just taxation around the world.  
[www.taxjustice.net](http://www.taxjustice.net)

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