

Another baby milk scandal in China

In September 2013, the Chinese State Television (CCTV), reported that Dumex, Danone's main baby food unit in China, paid doctors and nurses in the northern city of Tianjin to promote its formula products.



The CCTV report began by showing how a newborn baby in Tianjin was fed a bottle of formula by a nurse and a family member saying,



“The hospital prepared this, we knew nothing about it.” CCTV then asked more mothers and their families

about the formula that the babies had been given. None had any knowledge about the first milk their baby received. Those interviewed said that the hospital must have arranged it. Parents don't have a say.

A former sales manager told CCTV: *“You give money. Every year we worked with the hospitals and gave them money. Hundreds of thousands, there's a secret agreement.”*

That secret is explained on this sheet the contact sent to CCTV.

年份	医院名称	负责项目的专业人员	项目支出计划
2013.2.20-2013.3.20	镇国医院	冯宏	800
2013.2.20-2013.3.20	桂甲堂医院	于洪娜	300
2013.2.20-2013.3.20	祝阳医院	金柱红, 董柱凤	2000
2013.2.20-2013.3.20	顺兴医院	梁颖	200
2013.2.20-2013.3.20	宜兴医院	林金丽	400
2013.2.20-2013.3.20	北原中医院	李瑞霞	7200
2013.2.20-2013.3.20	顺源医院	刘慧慧	400
2013.2.20-2013.3.20	宁河县医院	董桂茹	400
2013.2.20-2013.3.20	小段医院	刘艳	400
2013.2.20-2013.3.20	和平产院	王红霞	3600
2013.2.20-2013.3.20	和平中医院	林伟	500
2013.2.20-2013.3.20	尚营门医院	张倩, 李敏婷	300
2013.2.20-2013.3.20	一中心医院	郑耀兰, 董柱凤	600

List of doctors and nurses who received money under the guise of sponsorship.

A CCTV reporter then went undercover to interview a doctor, a nurse and a shopowner who all confirmed that kickbacks were given to health workers for introducing the company's infant formula to new parents.



One of the 'listed' doctors being questioned on TV.

‘...baby will reject breastmilk..’

Another former marketing manager revealed *“As soon as the baby is born, it doesn't matter if you agree or not, it doesn't matter if the mother can breastfeed or not, the baby is fed with milk powder. It's the norm.”* When asked about the impact on the baby of the first sip of Dumex, the interviewee responded: *“She'll reject the mother's breastmilk, the taste is different.”*

When this story broke, IBFAN asked Danone headquarters in Paris what it was going to do about this Dumex scandal in Tianjin. The reply was to await internal investigations.

In October 2013, Dumex accepted *“full responsibility”* for the illegal payments made by its employees, and promised that *“disciplinary actions”* will be taken. Bribes had been paid to 116 doctors and nurses across 85 medical institutions in just one city alone. The company blamed staff for mismanaging the mother and child health education programme it sponsored. It expressed regret and announced suspension of the programme. It also promised to start a three-month training programme in marketing responsibility for all employees and an improved governance system.

The Chinese health authorities dismissed or suspended 13 employees who had taken bribes.

By November 2013, the government said it would tighten the Chinese Rules by banning child pictures on packaging and prohibiting hospitals from receiving gifts or inducements.

Public Statement on Danone/Dumex Bribery scandal

Dumex/Danone were found guilty of bribing doctors and nurses in China. Their promise of “disciplinary action” falls far short of what needs doing, says ICDC, the International Code Documentation Centre. In fact, ICDC wonders: “Are they just waiting for the dust to settle?”

On 17 September, Chinese State Television (CCTV) investigators published the [story](#) of how Dumex (a fully owned subsidiary of Danone) routinely bribed doctors to promote its infant formula in hospitals in Tianjin. The investigation once more puts the spotlight onto Danone’s violation of internationally agreed baby food marketing standards. When the story broke, IBFAN asked the Danone headquarters in Paris what it was going to do about this Dumex scandal in Tianjin. The reply was that it would have to wait for internal investigations to be completed. Now they are completed.

On 15 October, Dairy Reporter wrote that “Dumex China accepted “full responsibility” for the illegal payments made by its employees, and promised that “disciplinary action will be taken according to the relevant company regulations... Bribes had been paid to 116 doctors and nurses across 85 medical institutions...” in just one city alone. The company said it supports breastfeeding and blamed staff for mismanaging a Mother and child health education programme, sponsored by Dumex. The company expressed regrets and announced that it had suspended the programme. (not closed, just suspended). The second promise was to start a three-month training programme in marketing responsibility for all employees and third, more recently but without elaborating, Dumex said it would appoint “new management personnel”.

So, Danone has temporarily stopped this programme following the embarrassing media attention, but its expressions of regret and blaming of staff are insufficient, particularly as it clearly intends to continue the programme when the dust has settled. Aside from the bribery issue, the International Code of Marketing of Breastmilk Substitutes, adopted by the World Health Assembly, bans companies from seeking direct or indirect contact with pregnant women and mothers, so there should never have been such a programme in the first place. Danone’s marketing policy, however, glosses over this and several other Code provisions.

Not just bribery

Danone is repeatedly found to push its products in violation of marketing requirements. In January 2013, Save the Children documented violations in China and Indonesia by Danone. On 29 June 2013, the front page of [The Independent](#) in the UK revealed how Danone was undermining breastfeeding in Turkey. Earlier, Danone supplied 1625 uniforms to nurses in Ethiopia; they were marked with the company logo & ‘Danone Baby Nutrition’. That was OK, said the company as it did not show a brandname. IBFAN disagrees and is in ongoing communication with Danone about systematic violations and the way the company refuses to accept the validity of the Code and subsequent World Health Assembly Resolutions or to pledge to bring policies and practices into line. It seems like only bad publicity will make it sit up and pay attention.

China is a goldmine

70 percent of the 20 million babies born in China each year are fed with milk formula, according to CCTV. The government has banned hospitals from promoting milk powder. But that hasn’t stopped it happening. The market is too lucrative; companies find clever ways around the inadequate and poorly enforced Chinese law, such as sponsoring “educational” programmes. And when these go out of hand...? They are just suspended while the staff gets “re-trained” by way of “disciplinary action”. IBFAN believes these measures are totally inadequate. Chinese health authorities dismissed or suspended 13 employees who had taken bribes but Danone/Dumex allow the bribe-givers to go scot-free.

The CCTV reporter asked marketing staff why it was so important to get health workers to do promotion for a specific brand. “As soon as the baby is born, it doesn’t matter if you agree or not, it doesn’t matter if the mother can breastfeed or not, the baby is fed with milk powder. It’s the norm.”

Reporter: “When the first sip is from Dumex, what impact will it have on the baby?” “She’ll reject the mother’s breastmilk, the taste is different.” So there is cut-throat competition between dairy companies for the first feed of milk a baby takes. And thus the China market is a goldmine for companies like Dumex, even more lucrative once it gets doctors and midwives to do the promoting for them. Another Danone-owned company, Nutricia, as reported by BBC News on 26 September, is also accused of bribing over 100 doctors in Beijing to boost sales of its products.

Once again, IBFAN calls on Danone to bring its policies and practices into line with the marketing requirements and stop ALL violations – not just those exposed by television news. It should have asked its subsidiary to conduct an investigation into nation-wide marketing practices. Where else is bribery taking place? What other promotional practices are used to get into hospitals and clinics? Annelies Allain, Director of ICDC, said: “This is far from an isolated incident. If Danone was serious about marketing its products ethically, it would bring its policies into line with the Code and WHO Resolutions, stop targeting pregnant women and mothers, stop giving samples and bribing doctors.”

Bribery exposure is not the only ‘hot water’ Danone/Dumex found themselves in. In August 2013, Dumex China was fined 28 million dollars for **price-fixing**. It admitted and paid up - aware that business was too lucrative to pick a fight with the government. Danone subsequently cut prices of its formula by 20%. This story highlights the problems of protecting child health in a country where companies view each baby as a cash cow. With 20 million new babies each year, the financial rewards for bad behavior are huge and competition is fierce, inviting bribery and corruption. But it is the babies that suffer and the world must know.

Also watch this first **documentary** by CCTV.

IBFAN-ICDC, 21-10-2013

Related story: [Look what Nutricia is doing in India](#) (updated 23 Jan 2014)