On January 26, 1984, the activist groups represented by INBC agreed to suspend their boycott against Nestle. This was done in a jointly held news conference by Nestle and INBC at the NCCN's offices in Washington, D.C. The suspension was made final on October 4, 1984, in Washington, D.C. It was a culmination of the efforts that started immediately after the passage of the WHO Code and subsequent Nestle's commitment to implement the code in its Third World operations. The process of discussions-negotiations, the external conditions that brought it about, and changes in Nestle's organizational structure, operating practices, attitudes toward its critics, and negotiating tactics, all offer an excellent road map with which to enhance our understanding of how corporations might best work in a proactive mode with their critics in the public policy arena.

*It was an unshakable tenet of faith with Nestle that the company would not directly negotiate with its critics. As far as the company was concerned, the word "negotiations" was not part of its lexicon when meeting or dealing with the activists. Hence throughout the entire controversy, Nestle insisted on calling its meetings with the activists as "discussions" while to the rest of the world, they were negotiations by another name. In order to avoid opposing contentions by the two parties, in this chapter we have referred to these contacts as discussions-negotiations.
Antecedents to the Final Discussions-Negotiations

Immediately upon the establishment of NCCN, its chief executive, Ray Pagan decided that a core element of his company’s strategy to bring about an end to the boycott would be to create an environment wherein the company and its critics could engage in meaningful discussions to understand each other’s concerns and find ways to deal with them.* This was not easily accomplished, however. Both Nestle and INBC viewed each other with extreme suspicion, did not trust the other group’s integrity, and felt that discussions would not be conducted in good faith. An even more important issue, from Nestle’s viewpoint, was the legitimacy of the activist groups. To wit, who did they stand for; what right did they have to represent the Third World people; and where is the assurance that any agreements made by the company would be honored by the critics?

To the activists, however, the legitimacy and recognition were of paramount importance. It was they who had organized the boycott, mobilized public opinion in the United States against Nestle and other infant formula manufacturers, and provided the major momentum to the nongovernmental organizations (NGOs) at the World Health Assembly that led to the passage of the infant formula code. It was their boycott, and therefore Nestle must negotiate with them on the terms and conditions under which that boycott would be terminated and the process by which Nestle’s compliance efforts monitored. A second concern for the INBC leadership was that of maintaining control over their internal constituencies and support groups. They could not be seen giving in to the company or compromising on the basic issue of full compliance with the code throughout the world.

The two positions seemed irreconcilable. The company had realized that it must explore new ways for coping with its critics and for ending the boycott. An important step in that direction had been the establishment of NCCN. Nevertheless, the internal organizational imperatives and personalities involved made it difficult for Nestle’s top management to accept the reality of holding face-to-face discussions-negotiations with the activists. Therefore, Nestle — Switzerland gave specific instructions to NCCN’s Pagan that he was not to establish any direct contact or initiate direct dialogue with the activists. Thus, during the initial period of its operations, NCCN focused its attention on establishing relations among the moderate elements of the boycott movement — who may or may not be members of INBC — while avoiding any direct contact with the INBC leadership. Nevertheless,

*For a detailed discussion of NCCN’s strategies and tactics see Chapter 15, "Nestle Coordination Center for Nutrition, Inc. (NCCN): Nestle’s Change in Organizational Structure and Strategies."