



McBoycott: the Impact of BDS on McDonald's

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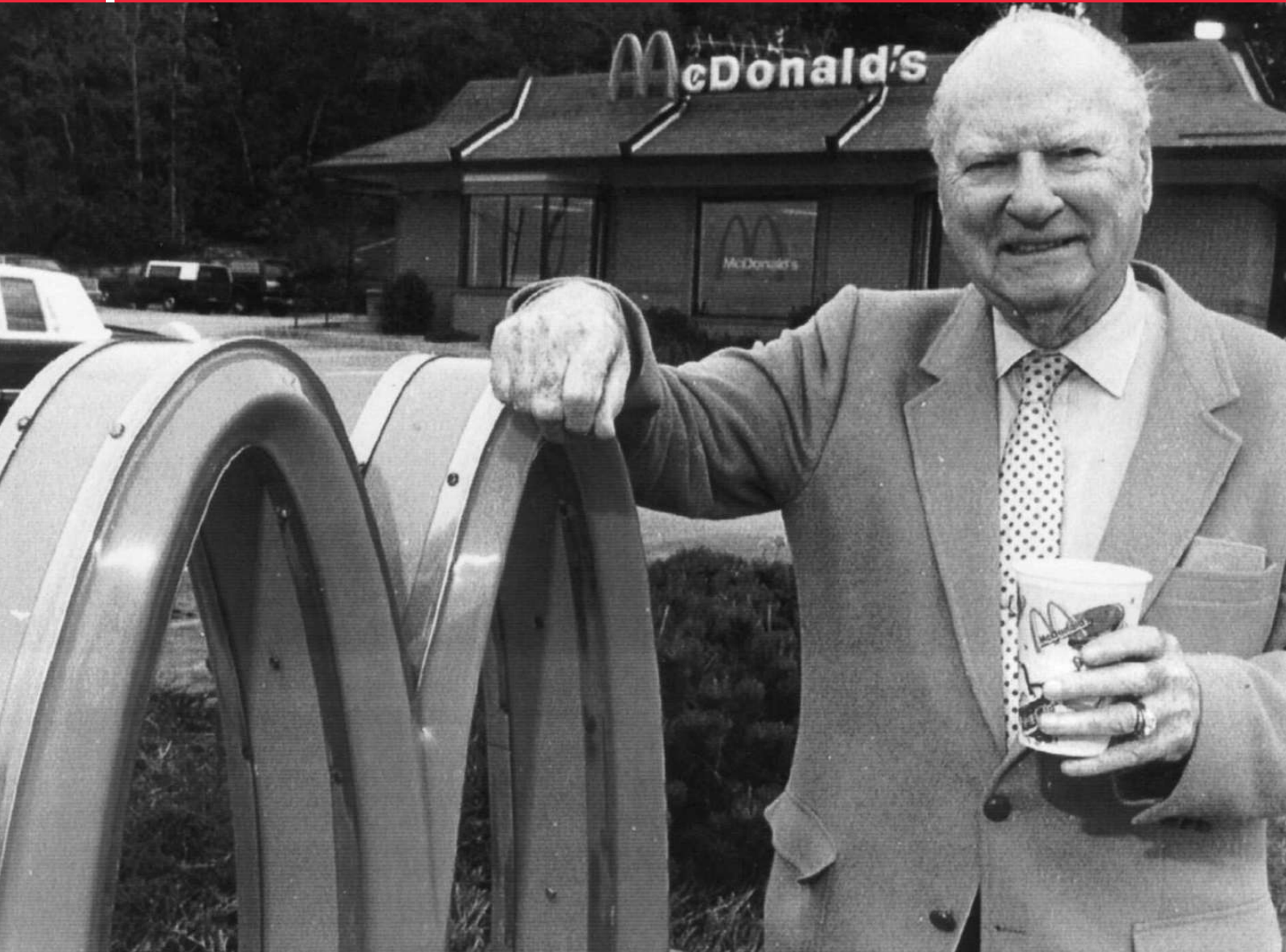
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The History and Ownership of McDonald's



01

The History and Ownership of McDonald's

McDonald's Corporation is an American multinational fast food chain, founded in 1940 by Maurice and Richard McDonald.¹ It was bought by Ray Kroc, who later made the company public.² Some of the largest shareholders include The Vanguard Group, Inc., SSgA Funds Management, Inc., and BlackRock Fund Advisors.³ McDonald's is also a real estate company through its ownership of around 70% of restaurant buildings and 45% of the underlying land, which it leases to its franchisees.⁴

McDonald's is the world's largest fast food restaurant chain, serving over 69 million customers daily in over 100 countries, with more than 40,000 outlets.⁵

McDonald's relies on a franchise system in which thousands of independent businesses operate most of its more than 40,000 stores around the world.⁶ Operators can run their businesses independently from the flagship brand and may tweak offerings for local markets.⁷

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McDonald's and Israel



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02

McDonald's and Israel

McDonald's has a long history of business in Israel.⁸ The first McDonald's opened in Tel Aviv in 1993, and it has become the largest burger chain in Israel, with about 60% of the market share.⁹ McDonald's Israel is owned and run by Israeli businessman Omri Padan and claims to source over 80% of its ingredients locally.¹⁰

In 2004, the company was criticised for ordering its Arabic and Russian-speaking staff to speak only Hebrew during work hours, to “prevent uncomfortable situations for workers and clients who mostly speak Hebrew”.¹¹

In January 2011, McDonald's Israel introduced McFalafel in all its restaurants, contributing to Israel's erasure of Palestinian food heritage.¹²

In 2019, McDonald's bought an Israeli start-up company, Dynamic Yield, for \$300 million.¹³ The American fast-food giant wanted to leverage the startup's AI technologies to improve service and profitability at locations with a McDrive.¹⁴

McDonald's does not have any outlets in Gaza or the occupied West Bank.¹⁵

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The McBoycott



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The McBoycott

Since the current genocide in Gaza, organic grassroots campaigns to boycott corporations that support this crime against humanity have grown worldwide.¹⁶ Since 7 October 2023, McDonald's Israeli franchises have supported the Israeli occupation forces with free McDonald's meals during the ongoing genocide of 2.3 million Palestinians in Gaza.¹⁷ According to McDonald's Israel's social media posts, the chain has given out over 100,000 free meals to the occupation forces so far.¹⁸

The campaign against McDonald's began on social media, with the hashtag #BoycottMcDonalds gaining worldwide traction.¹⁹ After this, the BDS movement, which did not launch the campaign, endorsed and encouraged it.²⁰

The actions of a McDonald's franchisee cannot be isolated from the company's worldwide operations.²¹ McDonald's Corporation, headquartered in Chicago, owns the McDonald's brand and is responsible for ensuring that its franchisee is not involved in conduct that damages the reputation of McDonald's, including any association of the brand with grave human rights violations.²²

The McBoycott calls on all supporters of Palestinian rights to escalate the global boycott of McDonald's until the parent company:

1. Terminates its agreement with its Israeli franchisee over its support for Israel's war crimes, crimes against humanity and genocide;²³
2. Terminates its agreement with its Malaysian franchisee, unless it drops its frivolous lawsuit against BDS Malaysia and apologises for smearing the group and its leaders.²⁴

There were also large protests at McDonald's restaurants around the world, including in Lebanon, Egypt, and the UK – where a man threw rodents into a McDonald's restaurant.²⁵

McDonald's says that the boycott has hurt its sales.²⁶ The fast food giant reported weaker than expected sales in its fourth quarter: sales increased 3.4 per cent in the three months to the end of December 2023, short of analyst expectations for an increase of about 4.9 per cent.²⁷ Shares in McDonald's were also down by 4.3 per cent.²⁸

The impact was greater within the over 80 international markets where McDonald's has licensed its franchising rights.²⁹ Here, sales increased only 0.7 per cent in the period, far below analyst expectations for an increase of 5 per cent.³⁰ McDonald's primarily blamed this on a drop in demand at its restaurants in the Middle East as well as those in predominantly Muslim countries such as Indonesia and Malaysia.³¹

In April 2024, the fast food giant announced that it will be buying every one of its 225 franchise restaurants in Israel from current Israeli franchise Alonyal.⁵⁴ This comes after a statement in March 2024, by the company's CFO, who reported the boycott campaign had resulted in the corporation losing approximately \$7 billion of its value within hours.⁵⁵

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McDonald's Response to the Boycott



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McDonald's Response to the Boycott

McDonald's CEO

McDonald's CEO said in a statement that it “is not funding or supporting any governments involved in this conflict”, adding that “actions from our local developmental licensee business partners were made independently without McDonald's consent or approval”.³²

Addressing the boycott specifically, McDonald's CEO said that calls from pro-Palestinian groups to boycott McDonald's have had a “meaningful” impact on sales, and that these calls are based on “misinformation”.³³

McDonald's told CNN that it is making a \$1 million donation to be split evenly between the Red Cross and the World Food Program to help those in the region.³⁴



McDonald's Malaysia

McDonald's franchise in Malaysia, owned by the Saudi company, Lionhorn Pte Ltd, has filed a SLAPP or “shock-and-awe” lawsuit against BDS Malaysia, a solidarity group advocating justice and equality for Palestinians, accusing it of “defamation” and seeking damages of over \$1 million.³⁵

Under the UN Guiding Principles on Business and Human Rights, parent and holding companies can be held liable for failing their due diligence duty in cases when their subsidiaries, franchisees, or any other suppliers within their value chain are implicated in grave human rights abuses and violations of international law.³⁶

McDonald's Malaysia is bullying and intimidating BDS Malaysia, which did not launch this campaign, because popular support for boycotting McDonald's is growing in Malaysia and everywhere else.³⁷ Instead of pressuring its parent company, McDonald's Corporation, to terminate its shameful franchise agreement in Israel, McDonald's Malaysia and its Saudi owner are desperately trying to silence voices of peaceful solidarity with the Palestinian liberation struggle in Malaysia.³⁸



McDonald's Kuwait

McDonald's Kuwait said in a statement that “McDonald's Kuwait is a 100% locally owned and operated Kuwaiti company, owned by Al Maousherji Catering Company,” which stands “with our brothers and sisters in Palestine, especially in Gaza”.³⁹

McDonald's Kuwait is said to have made a \$250,000 donation to the Kuwait Red Crescent Society “to help with relief efforts in Gaza”.⁴⁰



McDonald's Oman

McDonald's Oman released a statement saying: “Let us all combine our efforts and support the community in Gaza with everything we can,” and pledged \$100,000 towards humanitarian relief efforts in Gaza.⁴¹



McDonald's Pakistan

McDonald's Pakistan released a statement saying: “McDonald's Pakistan is a wholly Pakistani entity, owned and managed by SIZA foods”, and that it has made a donation to help ease the “tragic humanitarian crisis in Gaza”.⁴²

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The Future of McBoycott and BDS



The Future of McBoycott and BDS

Many pro-Palestine campaigners and supporters have been doing more than ever before to support BDS and act in accordance with their ethical responsibilities: blocking arms shipments, occupying seats of government demanding a ceasefire, joining mass protests, telling the truth, however difficult.⁴³

The combination of these actions may well have contributed to the most significant development in the history of BDS: South Africa's application to the International Court of Justice (ICJ) in The Hague accusing Israel of committing genocide and calling for provisional measures to stop its attack on Gaza.⁴⁴

Grassroots boycotts are already impacting several companies. In December, Puma – one of BDS's top targets – publicly announced that it will terminate its controversial sponsorship of Israel's national football team.⁴⁵ Before that, there was an exodus of artists from a major comics festival in Italy, after it emerged that the Israeli embassy was among the sponsors.⁴⁶

Calls for boycott have even extended beyond Israeli institutions to other countries complicit in Israeli genocide.⁴⁷ An anonymous group called Strike Germany has called for a boycott of German cultural institutions over their "McCarthyist policies that suppress freedom of expression, specifically expressions of solidarity with Palestine" in a petition with thousands of signatories.⁴⁸

There have been many positive unintended consequences of the boycott, which have resulted in more ethical consumption.⁴⁹ Many pro-Palestinian social media accounts have taught people healthier recipes for replicating some of McDonald's food from home, and many people have enjoyed finding independent alternatives to Starbucks coffee.⁵⁰ Actively pro-Palestinian brands, such as Huda Beauty, have also seen a rise in publicity as Palestine supporters search for more ethical ways to spend their money.⁵¹

In the Middle East, boycotts have also benefitted domestic corporations – such as Egypt's alternative to Coca Cola, Spiro Spathis, who have seen their sales increase since 7 October 2023.⁵² This shift has benefitted brands that often struggle to compete with Western global corporations, whilst also reducing Middle Eastern countries' foreign dependency.⁵³

Footnotes

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