



WORLD GROWTH

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Green Risk and Red Ink: WWF's Threat to Free Enterprise



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Executive Summary

The World Wide Fund For Nature (WWF) is a large, multi-faceted international non-governmental organization. It has a high income and expenditure, in excess of US\$650 million annually. It devotes as much as one-third of its operating budget to forestry issues, either through conservation work or via lobbying governments and the private sector on forestry policy. It enters into partnerships with corporations that impose a cost on business.

Its varying programs and coalitions with other NGOs and the private sector wield considerable policy influence over governments, intergovernmental organizations and the private sector in general.

It has no public or binding charter of accountability. Government bodies, intergovernmental organisations and corporations with budgets of that size are expected to be entirely transparent with their decision making processes. WWF is not.

WWF's policy influence is significantly broader than typical grassroots NGOs, which generally rely on occupying media attention and/or direct lobbying of governments and organizations.

The significance of this influence for the private sector and economic growth in developing countries cannot be underestimated. WWF's targets are measured in terms of the protection, management and restoration of forests – not poverty reduction; growth or development. Consequently, the organization will continue to issue demands for greater conservation areas.

Yet there is a tension between WWF's advocacy objectives – lobbying for greater conservation areas – and its projected image as an impartial organisation that bases its work on scientific research.

This tension was recently brought to the fore in its work with the Intergovernmental Panel on Climate Change. In this case, WWF data was used in high-level government reports in the belief that it was thoroughly researched and impartial. Yet

journalist investigations showed the data to be highly suspect and bordering on advocacy.

There are consequences here for businesses that perceive WWF to be an impartial group that shares its objectives. Rather than being a supporter of business objectives, WWF is an organisation that will attempt to leverage business to further its own policy agenda.

One of the key elements to its influence over the private sector is to portray itself as a “business friendly organisation”. As part of this, it has developed certification systems and “buying networks” that pressure private sector purchasers and retailers to adopt WWF positions and incorporate WWF-defined policy into broader corporate policy.

WWF is aware that companies in industries that are perceived as contentious are vulnerable. The forestry industry is an important target for WWF's forest activities. In a report published in 2001, WWF identified the top 100 buyers and processors of wood and wood products, providing a list of companies that are vulnerable. These are the sorts of companies that groups like Greenpeace have pressured with “greenmail tactics”. Once the shakedown has taken place by the “bad cop”, the “good cop” (WWF) offers its “solution” to the affected industry.

WWF's solution is to encourage businesses to join partnerships and buyer's groups such as the Global Forest Trade Network (GFTN). The WWF goal is to have businesses agree only to procure and trade products that meet its standards, such as certification by the Forest Stewardship Council¹. In return,

1 WWF and Greenpeace regularly claim that the FSC is the only effective international system for forest certification. This is incorrect. An alternative system is that administered by the Program for Evaluation of Forest Certification (PEFC) which worldwide certifies more forests as sustainable than FSC.

the businesses gain “endorsement” by WWF. If a business does not meet the standards or commitments, WWF will publicly attack the company.

Moreover, WWF happily admits that once commitments and standards are met, it will attempt to stretch the company further, and place even stricter conditions on its operations.

To the casual observer this may seem reasonable. Yet this is not the way equitable business partnerships operate. This arrangement is closer to a “Trojan Horse” in public policy.

An equally large problem for business is that WWF’s endorsed standards inhibit economic growth, particularly in developing countries. FSC standards effectively block procurement of timber from natural forests. It is accordingly unattainable for most developing countries which use their native forests for development. FSC prohibits forest conversion under most circumstances, including for the establishment of plantations or non-forest land uses. WWF has also successfully pushed for FSC certification to be a precondition of World Bank lending and for project financing by commercial banks that impact on forests (under the Equator Principles).

Also working against the forestry industry in developing countries are WWF campaigns and lobbying to reduce imports of non-certified timber into developed countries². WWF also seeks to influence government timber procurement policies in developed countries to limit the purchase of timber from “legal and sustainable” sources.

However, the impact of these policies has not gone unnoticed by governments and intergovernmental institutions. Lack of regard for measure to reduce poverty and promote development is a consistent theme in recent reviews of assistance

provided to WWF for forestry programs by the UK Department of International Development (DFID) and USAID. It has also been noted in reviews by the World Bank of the joint WWF/World Bank forestry programs operated by the Alliance.³

While the internal impact of this criticism is limited, it does validate the contention that WWF is opposed to commercial forestry and has little regard for the private sector and development outcomes.

In this regard, WWF is content to impose a cost on corporations that gives little return for the business. Businesses should be wary of what partnership with WWF means.

Case Study: SCA

Svenska Cellulosa Aktiebolaget (SCA) is one of the world’s largest producers of paper products. Its environmental management standards are considered among the world’s best. However, SCA, like all tissue paper producers, has come under considerable pressure from environmental groups.

As a means to manage this continuing risk, SCA entered into an agreement with WWF in 2007 that permitted SCA to use the WWF logo on the packaging of one of its leading toilet paper brands. The cost of this exercise to SCA was reported to be GBP10 million. SCA subsequently appeared as WWF’s paper supplier of choice.

This considerable outlay was alongside SCA’s long-term commitment to the use of FSC certification in its supply chain. SCA committed to FSC certification prior to 2001, in part due to WWF pressure.

² WWF says increasing the demand for certified timber.

³ DfID, 2004, “Evaluation of the Partnership Programme Agreement (PPA) between and WWF-UK”, September, accessed at: <http://www.dfid.gov.uk/pubs/files/wwf-ppa-eval-report04.pdf>; Hermosilla, A.C. and Simula M., 2007, The World Bank Forest Strategy: A Review of Implementation, World Bank, Washington DC, accessed at: <http://siteresources.worldbank.org/INTFORESTS/214573-1113990657527/21565480/Review.pdf>

Case Study: SCA (continued)

Despite this, Greenpeace launched a highly visible campaign against SCA's paper products as recently as 2009, taking particular aim at the company's use of FSC certification.

The Greenpeace campaign accused SCA and its auditors of engaging in a pattern of collusion that had resulted in the implementation of what it considered to be a "lax" forestry standard. Greenpeace eventually called for a tightening of the FSC standard in Sweden, despite a revision that had taken place two years earlier and was to be implemented that year.

SCA was in a position where it could do no more; it had made a long-term commitment to WWF policies and been generous in its donations. It had adhered to the standard recommended by WWF. Yet it was still under attack from campaigners and, worse, the standard it had signed on to was at risk of being changed without its consent.

I. A Science-Based Organization?

WWF claims that one of their guiding principles is to “use the best available scientific information to address issues and critically evaluate all its endeavours”.

However WWF has a long and chequered history of misusing data to inflate, exaggerate and manufacture their case against economic development and growth. This erroneous data has been central to WWF attempts to exert pressure and change behaviour to suit the WWF agenda.

WWF and the Himalayan Glaciers

In late 2009 it was revealed that figures from WWF and quoted in the Intergovernmental Panel on Climate Change Report which stated that the Himalayan Glaciers would disappear by 2035 were incorrect and without foundation or substantiation.

The IPCC Report cited a 2005 WWF report which stated that “glaciers in the Himalaya are receding faster than in any other part of the world and, if the present rate continues, the likelihood of them disappearing by the year 2035 and perhaps sooner is very high if the Earth keeps warming at the current rate.”

The 2005 WWF Report incorrectly attributed the claim to an unpublished 1999 report by the International Commission for Snow and Ice (ICSI). While WWF stated that ICSI was the source, the claim was actually made in an online news article based on a telephone interview with Indian scientist, Syed Hasnain.

WWF were later forced to concede that the claim was incorrect after even Hasnain admitted it was “speculation” and other scientists had described the claims as “ludicrous”.

This claim by WWF and the IPCC was one of several factors which lead 250 American scientists to write an open letter to “bring the focus back to credible science, rather than invented hyperbole”⁴.

WWF and the Amazon

The IPCC Report also cited a WWF Report to make the assertion that “up to 40 per cent of the Amazonian forests could react drastically to even a slight reduction in precipitation”⁵.

The IPCC Cited a WWF report which drew the claim from an article in *Nature* which did not address climate change, but looked at the impact of logging.

WWF still maintained that the statistic was correct, but was instead incorrectly cited. It later stated that the citation should instead be the Instituto de Pesquisa Ambiental da Amazonia (IPAM), headed by a senior scientist at the Woods Hole Research Institute, which is closely linked with WWF.

However Brazilian scientist from the Brazilian National Institute for Space Research, Dr Jose Marengo has recently stated that “the way that the WWF report calculated this 40 percent was totally wrong, while [the new] calculations are by far more reliable and correct”⁶. Further public claims by journalists have stated that the IPAM Report makes no reference to 40 percent of Amazonian forests being vulnerable.

While the “Amazongate” controversy continues in a game of “he said, she said” WWF has nonetheless breached its own principle to use the “best scientific knowledge possible” and to “critically evaluate” data.

Once again this makes it clear the WWF considers scientific rigour as secondary to its activism and public campaigning.

WWF and Indonesian Forests

In 1997, WWF president Claude Martin declared it “the year the Earth burnt”. He declared that more forest was burnt in Indonesia that year than in history.

4 <http://www.openletterfromscientists.com/>

5 Intergovernmental Panel on Climate Change Report 2007, Working Group II, Chapter 13

6 New study debunks myths about Amazon rain forests, 11 March 2010, accessed at: http://www.eurekalert.org/pub_releases/2010-03/bumc-nsd031110.php

However when these claims were reviewed by Danish statistician and environmentalist, Bjorn Lomborg, he found that figure included burnt land that was not even forest; the figure was 10 times larger than the official Indonesian number; each year on average more forest was burnt in China and Russia than Indonesia that year; and fires in Indonesia burnt a bigger area just over a decade earlier.

These erroneous claims on forestry in South-East Asia have spilled over into WWF's "illegal logging" campaign.

In 2008, WWF claimed that 70 per cent of timber from Papua New Guinea is illegal. Just a few years earlier in 2004, WWF recognised that there was not enough information available to estimate the levels of illegal logging from PNG.

To make matters worse, the 2008 report sourced the figure from a Seneca Creek report, which states there is no "persuasive or supporting information" to back it.

Ironically, in 2001, WWF established a community forestry in Papua New Guinea. It was accused by local NGOs and by the PNG Government of undertaking illegal logging.⁷

II. A Disregard for Development

WWF is a conservation organisation and its targets are measured in terms of the protection, management and restoration of forests – not poverty reduction, growth or development.

Despite this, WWF often portrays itself as an ally of "sustainable development". Yet this often simply means economic development on WWF's terms.

WWF's prioritising of conservation over economic development has been particularly noticeable in Indonesia.

In 2002, WWF engaged Conservation International to assess the economic viability of forests and conservation in and around Tesso Nilo National Park, in Sumatra, Indonesia. The Conservation International study indicated that "the protection of Tesso Nilo forests, currently under timber concessions, would entail considerable opportunity costs for the concessionaire companies as well as local employment."⁸ It also recommended that WWF focus on government policy — not the private sector. Despite this, WWF continued direct its efforts at Indonesian forestry businesses.⁹

WWF then commissioned a study to determine employment figures in the forestry sector in Riau, an Indonesian province. It found that the forestry sector in Riau employed 86,500 people in 2001. Approximately half of workers involved in commercial timber extraction or pulpwood production worked in pulpwood planting or plantation harvesting. Pulpwood production accounted for 14 per cent of timber processing jobs. It found that its proposed conservation programs "would not likely create as many jobs in the short term as logging and wood processing was contributing to Riau."¹⁰

WWF chose not to publish the report, and instead called for a "broader cost-benefit analysis of economic issues... not just jobs, but issues such as the sustainability of maintaining hydropower for the pulp mills over time with declining forest cover ..."¹¹

The case in Indonesia is indicative of its broader pursuit of actions that adversely affect the poor.

7 "No Way to Save the Trees". Sydney Morning Herald, 2 March 2001

8 CEPF (2003). *Economic Analysis of Tesso Nilo Forest Concessions*. CEPF final project completion report. http://www.cepf.net/ImageCache/cepf/content/pdfs/final_2eci_2eecontessonilo_2epdf/v1/final.ci.econtessonilo.pdf.

9 Ibid.

10 Ibid.

11 CEPF (2004). *Use of Forest Resources in Riau: A Look at Legal and Illegal Employment*. CEPF final project completion report. http://www.cepf.net/ImageCache/cepf/content/pdfs/final_5fwwf_5friau_2epdf/v1/final_5fwwf_5friau.pdf

Anti-Free Trade

WWF has long believed that trade liberalisation and environmental standards cannot co-exist in their current form. While WWF portrays itself as the pro-business environmental lobby, they often push for an increase in trade regulation or a slowing of liberalisation, placing it firmly contrary to the interests of the poor and business.

WWF has claimed since the late 1990s that trade liberalisation was the cause of increasing environmental degradation in developing nations. At its core WWF's believes that environmentalism should be preferred over free trade.

WWF has lobbied extensively at World Trade Organization (WTO) negotiations for the creation of a set of environmental rules which existed separately and in preference to trade rules¹².

In 2006, WWF stated that “[g]overnments must grant the UN environment body and MEAs (Multilateral Environmental Agreements) with trade-related provisions, objectives, or obligations, observer status and must make it clear that the WTO does not have a mandate to set rules or criteria that might in any way define or restrict the use or national implementation of any trade measures agreed to in MEAs”¹³. In other words, WWF seeks to remove the WTO's capacity to rule that an environmental standard is a trade barrier, ultimately undermining the free trade agenda.

WWF has also stated that trade liberalisation in agriculture has led to a “price squeeze” which has precluded the tightening of environment standards on a cost basis alone,¹⁴ once again showing that WWF does not consider free trade and the environment to be complimentary.

WWF has criticised WTO rulings that have favoured free trade over the environment. It has also accused it of only focusing on trade liberalisation and enforcing the belief that “if trade is good, more trade is better” – making WWF's contempt for the free trade agenda clear.

Indeed, it has previously complained that increased trade liberalisation will lead to increased consumption – which of course, is a fundamental goal of free trade, as it will allow those who were previously too poor to access a product with increased access.¹⁵

The creation of buyers groups, or Global Forest and Trade Networks, has seen the WWF put into practice the position it has taken to the WTO and CITES for the increased regulation of trade.

The Networks aim to turn demand for wood products into “a positive force to save the world's most valuable and threatened forests”¹⁶. The Networks work to regulate trade to favour certified and “legally produced” timber and push to change national regulations to limit trade to “legally produced” timber.

Companies that have entered into relationships with WWF regularly comment in private circles that WWF's institutions do not add to their business; rather, they enter the relationship in the belief it will prevent negative campaigning or to gather intelligence on NGOs.

Carbon Funds

WWF is an “in principle” supporter of using schemes such as REDD as a tool for reducing emissions from deforestation. However it does not support the “open-slaughter” sale of carbon credits from forests on the open market as it does not believe it

12 http://news.bbc.co.uk/2/hi/special_report/1999/11/99/battle_for_free_trade/533619.stm.

13 <http://www.stakeholderforum.org/policy/ieg/SubmissionsToThePanel/WWFANPEDandGreenpeace.pdf>

14 www.wwf.org.au/publications/NativeVegetationRegulation.pdf

15 www.unece.org/timber/docs/dp/dp-19.pdf

16 http://gftn.panda.org/about_gftn/

will reflect the true value of forests.¹⁷ WWF presumes that a system of carbon credits will not include the value of “ecosystem services”.

WWF does not believe that carbon credits will be sufficient to halt deforestation. WWF favours a structured market mechanism or voluntary funding in preference to a carbon credit market. At no stage does WWF address whether REDD payments or carbon credits are capable of adequately compensating for the loss of economic development by substituting “carbon farming” for productive agriculture.

In short, WWF considers biodiversity and ecosystem services as more important than economic development. Furthermore, WWF’s preference for structured or managed markets or voluntary schemes are essentially command-and-control mechanisms which remove the capacity for small landholders and the poor to receive the highest price possible for their land, regardless of how it is utilised.¹⁸

No Conversion

Underlying all of WWF’s policy positions is the central fundamental goal of halting all land conversion, particularly in developing nations. WWF does not consider this an issue which can be debated – it is central to their existence as a lobbying and activist group.

The position stands at the polar opposite to attempts to reduce poverty in developing nations. The growth and development of a strong forestry and agriculture sector is the

central plank to economic development. Almost all developed economies have undertaken a period of economic growth based on agricultural development.

Use of forest resources is historically linked to stages of economic development – this has been identified by the United Nations Food and Agricultural Organization (FAO)¹⁹. The first of these is an intense period of population growth accompanied by large-scale exploitation of forest resources.

Some studies have shown a positive correlation exists between poverty and forest cover, and a negative correlation between poverty and agricultural suitability of land.²⁰ Forests are cleared for agricultural production to escape poverty.²¹

The Food and Agriculture Organisation (FAO), recently stated that “deforestation is land use conversion, not harvesting of timber.”²² This has been re-emphasised The Centre for International Forestry Research recently stated that “the underlying causes of deforestation that most drivers of forest loss originate *outside* the forestry sector.”²³

In essence, the WWF strategy is to deny developing nations the capacity to use their natural resources to pursue economic growth.

While WWF often attempts to appear “pro-poor” by siding with local and indigenous groups, it is clear that at their centre they are against economic development, growth and poverty alleviation in developing nations.

17 WWF, 2008, WWF Discussion Paper: Policy approaches and positive incentives for REDD, World Wide Fund for Nature, 11 September 2008, accessed at: http://www.panda.org/news_facts/publications/index.cfm?uNewsID=145123

18 See the *NGO Copenhagen Climate Treaty* which WWF and Greenpeace circulated during the Climate Change negotiations in Bangkok in September 2009. Accessed at http://assets.panda.org/downloads/treaty_vol2_web_compl.pdf.

19 FAO “Long-Term Historical Changes in the Forest Resource”, Geneva Timber and Forest Study Papers, No. 10, 1996

20 Tacconi, L. and Kurniawan, I. (2006). Forests, agriculture, poverty and land reform: the case of the Indonesian Outer Islands. Occasional Paper No. 9. Australian National University, Asia Pacific School of Economics and Government, Canberra, Australia.

21 Sunderlin, W.D. (2007). Poverty and forests: multi-country analysis of spatial association and proposed policy solutions. CIFOR. Bogor, Indonesia

22 Martin, R.M. (2008) “Deforestation, land-use change and REDD” in *Unasylva* 230. FAO, Rome, Italy.

23 Frances Seymour (2009). Presentation to the United Nations Food and Agriculture Organisation Committee on Forestry. COFO –World Forest Week, 17 March 2009

III. THE GREEN BUSINESS RISK

WWF's record on both economic development, trade and its use of science is questionable. Despite this, WWF portrays itself as a "business-friendly" environmental organization.

WWF's pitch to the business world is one of risk mitigation, i.e. partnering with WWF will effectively mitigate any risk of attack from more "radical" NGOs. However, the reality is that undertaking the environmental standards proposed by WWF and incorporating them into sustainability policies can, in fact, lead to greater risk of attack.

There is a classic "double play" that is mobilized by campaigners, and openly referred to by among campaign groups – it amounts to "good cop, bad cop".²⁴

The "bad cop" – usually a radical campaign group such as Greenpeace or Rainforest Action Network – will either threaten or enact a smear campaign against a major forestry company or commodity producer, and/or purchasers of said commodities. The threat will subside once the company has agreed to implement FSC-based production or purchasing policies. This will be accompanied by time-bound commitments to enact the policy, generally through an agreement with a "buyer's group".

This commitment is brokered by the "good cop" – a "respectable" ENGO, such as WWF or the Rainforest Alliance. In WWF's case, the buyer's group is the Global Forest Trade Network (GFTN).

FSC: The Trojan Horse in Action

FSC has become an integral part of "double play" campaigns by WWF and Greenpeace to restrict commercial forestry, particularly in developing countries.

Campaigners advocate adoption of Forest Stewardship Council (FSC) certification, arguing there is a commercial benefit in adopting the system, that consumers will recognize the environmentally superior product through the FSC logo and pay the premium required to meet the cost applying SFM.²⁵ However, neither large certified areas nor price premiums have emerged.²⁶

In light of the lack of additional value presented by FSC, business should be wary of subscribing to FSC or any similar certification schemes for three reasons.

First, the pressure to adopt FSC is effectively pressure to conform to a non-government endorsed set of standards and regulations that apply across international boundaries. Pushing companies to only accept FSC-endorsed feedstock in developed countries has a similar effect to trade restrictions on environmental grounds in that it restricts suppliers to FSC-endorsed companies.

Other, more widely accepted certification systems under the PEFC banner are not endorsed by any campaign groups. This is despite the systems being almost identical in their on-ground management of forests. Radical campaigners have gone so far as to launch smear campaigns against PEFC-endorsed certification systems, such as the US-based Sustainable Forestry Initiative (SFI).

Second, FSC is effectively controlled by campaign organizations. Campaigners express preference for FSC over PEFC-endorsed standards because they are able to exercise a higher degree of control over the standard-setting process. This is due to:

- the "three chamber" voting system in FSC, where both social and environmental interests significantly outweigh

²⁴ Thomas P. Lyon (Ed.) *Good Cop / Bad Cop: Environmental NGOs And Their Strategies Toward Business*. Earthscan, London. 2010

²⁵ Costs are significant, similar to apply quality systems such as ISO 9000 and ISO 14000 across entire businesses.

²⁶ Klooster, Dan (2006). Environmental Certification of Forests in Mexico: The Political Ecology of a Nongovernmental Market Intervention. *Annals of the Association of American Geographers*. 96(3), 2006

business interests;

- the ability of the FSC secretariat to alter “rules of association” at will.

Third, despite language used by WWF to describe FSC as a transparent, independent standard, it is not.

WWF’s numerous publications on FSC do not set out standards (indicators) or processes for conforming compliance with the concept of High Conservation Value Forests (HCVF). HCVF effectively determines which parts of forest can be used within FSC and which cannot. The process of determining how HCVF is implemented is decided by executive decision; the environmental and social chambers (which have the majority vote) control that decision.

If best practice in standards and conformance were followed, clear standards would specify when the HCVF Principle is met or not. Demonstration a party is applying those standards would be third party certification that the system to be implemented conforms to those standards.

However, in the FSC model, the system employed and standards adopted to demonstrate compliance with the HCVF Principle is established by executive approval of a model developed by the parties in each case. This means that all third party certification does is verify compliance with what was agreed by executive decisions.

Further, WWF has publicly stated that it has pressured FSC’s executive to take actions against certain companies or move in a specific policy direction. In other words, the apparently independent standard embedded within a corporate policy can then be altered from the outside.

The question for business is whether ceding control of sustainability policies that impact upon procurement and

logistics over to a large coalition of environmental campaign groups increases or decreases risk to business, particularly when the “standards” offered by these groups as a means of risk mitigation are opaque and do not follow best practice.

The Economic Impact

Western environmental standards impose a cost on businesses and governments. This is a cost that can be borne easily in developed country markets; this is not necessarily the case in the developing world. While this is not a risk to business per se, businesses should necessarily contemplate whether their imposition of Western standards upon countries unable to afford it is equitable.

In developed countries, the adoption of FSC presents few problems. Most developed countries have high levels of regulation for forest management. The imposition of FSC is simply another conformity test, albeit a highly bureaucratized one.

The imposition of these standards by developed countries upon developing country suppliers will have an impact on economies reliant upon forest products, pulp and paper. They will negatively impact developing and emerging economies.

Economic modeling on the imposition of an EU-backed scheme to impose legality standards on forest harvesting that are relatively more straightforward than full sustainable forest management certification indicate the imposed cost would have a significant impact.

The modeling indicates that forest harvests in VPA partner countries will decline by 20 per cent (covering Indonesia, Malaysia, Gabon, Cameroon, Congo, Ghana). In six other nations (Russia, China, Brazil, Vietnam, Belarus, Ukraine) harvests decrease by an average of 10 per cent.²⁸

This impact would be particularly acute in the pulp and paper

sector, reducing production by 14 per cent under current arrangements and 16 per cent under expanded arrangements. Under both scenarios, value-added for the forest industry in target countries is expected to decline by more than 17 per cent in both cases.

IV. CASE STUDIES

The genuine economic impact of NGO policies in developing countries has rarely – if ever – been documented.

However, over the past few years, the implementation of WWF's policies within corporate social responsibility programs has caused a number of problems in terms of implementation and, occasionally, a backlash from local communities that have found themselves subject to the policies. Four case studies follow.

Australian Paper Retailers

In 2007, the Australian retail market was subject to a campaign that pushed for the boycott of Indonesian tissue paper on environmental grounds. The campaign was largely funded by the trade union representing Australia's paper manufacturers and forest workers. At the same time, Australia's leading tissue paper producers were lobbying the Australian government to impose duties on imported paper from Indonesia and China. This was because the industry's two leaders found themselves with flagging sales and declining profit.

The government lobbying effort failed. A government investigation discovered that the real source of the Australian industry distress was not imported paper, but domestically produced paper from a newer, more efficient company.

However, the trade union's efforts prompted Woolworths, Australia's leading supermarket chain, to reassess its procurement policy for paper. It brought in WWF to draft it. WWF recommended the sourcing of FSC paper for its private label products.

No Indonesian pulp and paper manufacturer can supply FSC-certified products; the rules of FSC effectively exclude it.

In addition, no Australian company could supply FSC certified tissue products. In the Australian context, FSC policy was impossible to implement without causing further damage to the Australian industry. Woolworths broadened its position and stated it would accept PEFC certified tissue also.

In this case, the implementation of WWF policy ruled out competitive supplier agreements with Indonesia, China and Australia. A broadening of the policy – outside WWF's strict controls – would have meant a level playing field from the beginning.

Carrefour in Asia

Carrefour has utilized WWF for its advice on corporate social responsibility for more than a decade. This has been practical in European markets where customers have higher expectations of large retailers, and suppliers are able to adhere to very high social and environmental standards.

However, it has been a different case for Carrefour in developing and emerging markets, particularly Asia. Carrefour was one of the first global retailers to arrive in Asia. Despite this, it has been unsuccessful in most Asian markets, with the exception of China.

Industry commentators have put this down to a lack of cultural sensitivity in the new markets; Carrefour has effectively taken its European operations and placed them in Asia with no modification for differing consumer behavior. Consequently it is selling the majority of its Asian operations or seeking business new, on-ground partners (with the exception of China).

Its approach to corporate social responsibility has been no different. Its wholesale importing of WWF's CSR policies has effectively prevented it from purchasing palm oil and pulp

and paper from Indonesia for its private labels – thereby preventing it from benefiting from Indonesia’s global competitive advantage. Worse, it has meant that it must source imported product to service its Indonesian markets.

It is now required to source paper and forest products from other countries, as Indonesia’s forest products industry does not meet Carrefour’s standards. This has drawn the ire of Indonesia’s pulp and paper union – and led to accusations of being “anti-Indonesian”. This has further increased the perception that Carrefour cannot adapt to new markets – and has been reinforced by shareholders.



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