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Wangan Maathai — the world's first female African Nobel Prize winner and originator of the forest conservation Green Belt movement in Kenya — was recently asked on CNN what was the best way to stop deforestation. Her answer? "Address poverty."

Forestry experts know it is the hunger of the poor for land for food, not commercial forestry, which drives deforestation. Frances Seymour, noted US environmentalist and international forest researcher told the United Nations recently that more than a decade research has found "most drivers of forest loss originate outside the forestry sector".

Yet Rainforest Action Network (RAN) is urging luxury goods companies to boycott paper products from one of Indonesia's biggest producers, Asia Pulp and Paper (APP), on a false claim — that it is one of Indonesia's "biggest forest destroyers". The slur is set out in a RAN report, "Don't Bag Indonesia's Rainforests". It is based on misrepresentations and factual errors. RAN now looks set to pursue APP's largest

Indonesian competitor, Asia Pacific Resources (APRIL).

RAN has an established record of publishing falsehoods. Claims that its CEO witnessed rape and cultural genocide of forest peoples on a visit to Malaysia were denied by a traveling companion. RAN said the claims were to raise money for air travel and costs.

Nearly half of Indonesia's 245 million people live on less than two dollars a day. 35 million live in poverty. The Indonesian paper industry employs 400,000 workers and contributes US\$5 billion a year to the Indonesian economy, mostly from exports. That reduces poverty.

World Growth has previously warned that these types of strategies make victims of the world's poorest children and families. Luxury goods businesses that join the campaign will make them victims too. What would luxury good consumers in fast-growing emerging markets think?

Analysis of “Don’t Bag Indonesia’s Rainforests”

The RAN Report is an invitation to fashion and luxury good businesses to join the RAN campaign to undermine:

- **strategies to reduce poverty and greenhouse gas emissions in poor countries; and**
- **the global competitiveness of the fashion and luxury goods industries.**

The Campaign

The Rainforest Action Network (RAN) has released a report, “Don’t Bag Indonesia’s Rainforests”.

It urges luxury goods and fashion industries not to buy fashion carry-bags made from paper produced by the Indonesian pulp and paper industry.

A False Environmental Critique

The case in the report against the Indonesian industry is bogus. The report, delivered to key fashion retailers and the US media, contains falsehoods and egregious factual errors that misquote journalists, environmental organisations and research reports, and grossly exaggerate past cases and current scientific research.

The claims that the plantation forest industry in Indonesia is the leading destroyer of biodiversity and the leading cause of deforestation, and that it jeopardizes the livelihoods of local people, are all untrue.

The pressure from growing population for land for food and habitat is recognized by forestry and conservation experts worldwide as the leading cause of deforestation and forest fires in poor countries.¹ This is ignored by RAN.

The industry is playing a leading role in raising living standards for people in forest areas. It employs around 400,000 people and contributes US\$5 billion each year to the Indonesian economy. Forty-nine percent of Indonesians live on less than US\$2 per day.

The Indonesian paper industry is implementing world’s best practice sustainable management of its plantations². Plantations create new carbon sinks that will be equal if not superior to traditional forests for absorbing greenhouse gases.

The major pulp and paper companies are leaders in programs to protect biodiversity in Indonesia. The first company targeted by RAN, Asia Pulp and Paper (APP), is the first private company ever to win United Nations endorsement to create an environmental biosphere.³

The False Claims

A close analysis of the RAN report shows that many of the claims cannot be substantiated. They have exaggerated numbers, misquoted news reports, misused scientific analysis on climate change and misrepresented numbers on biodiversity. Moreover, they have omitted the positive work being undertaken by the industry.

False RAN Claim

Biologically and culturally important places are quickly disappearing because the industry is cutting down forests in Riau.

The Facts

Riau makes up just 4 per cent of Indonesia's land mass. More than 40 per cent of Indonesia is forested. Half of Indonesia's forests are protected or conserved.⁴ The land used by APP's pulpwood suppliers' operations in Riau has been designated for commercial use by the National and Provincial governments to promote sustainable development for its growing population. By way of comparison, Riau has land area and population size similar to that of Ireland but has a forest area four times the size of Ireland's.

The world's leading forestry bodies agree that most deforestation is the result of demands from population pressure, not forestry operations.⁵

The company APP is destroying habitat critical to endangered creatures.

The report claims declining elephant and tiger populations in Riau and Jambi Provinces in Indonesia are related to activity by APP's suppliers. However:

- Less than 10 per cent of the Indonesian elephant population lives in Riau;⁶
- Tigers are threatened primarily by poachers, who sell body parts on the black market for high prices. A tiger skin will fetch in excess of US\$1500 in Indonesia — more than double the annual average Indonesian wage.⁷ Three-quarters of all tigers are killed by poachers for sale.⁸

Pulp and paper companies such as APP are active in animal conservation. APP has established the Giam Siak Kecil-Bukit Batu Biosphere Reserve in Riau (GSK-BB). It is a 178,000 ha area, equivalent to almost 7 per cent of Riau's forests, and nearly one-third of all of Riau's protected forests. It includes reserves for Sumatran fauna and preservation of peat land. It is endorsed by UNESCO and is the first ever biosphere reserve proposed by a private company.⁹

APP has also promoted expansion of the Tesso Nilo National Park in Riau. In 2004 APP, in conjunction with local governments and communities proposed an increase to the Tesso Nilo National Park of 100,000ha, to be surrounded by plantations. This proposal was rejected by WWF at the time. The result is that the National Park is smaller than it could have been and often encroached by illegal loggers.

False RAN Claim

APP has cleared 2.5 million ha of natural forest and is a 'leader' in forest destruction.

The Facts

The claim grossly misrepresents a report from the Wall Street Journal. It cites WWF estimates that two companies combined — APP and APRIL — have harvested 2 million ha of natural forest for development as plantations, in line with estimates by credible forestry research organisations such as CIFOR.¹⁰

This figure is dwarfed by the total deforestation on Sumatra — approximately 21 million ha — which has largely occurred from small-scale illegal logging and agriculture. APP's contribution to this, which has been wholly endorsed by the government — is less than five per cent.

As the "third largest emitter" of greenhouse gases in the world, deforestation in Indonesia is causing climate change. Plantations in peat lands release massive amount of carbon dioxide.

Indonesia was rated by the official UN Climate change agency as fifteenth largest emitter three years ago.¹¹

The new claims that Indonesia is the "third largest" are based on recent and preliminary research on emissions from peat and recent forest fires, none of which validate this sweeping revision.¹²

A proportion of emissions has come from exceptional fire events, such as those triggered by the El Nino event of 1997. These are not annual events and there is no basis for claims recent fires will continue at the same rate every year.

According to Agus Purnomo, head of the Indonesian National Council on Climate Change Indonesia's ranking is somewhere between 15th or 20th.¹³

APP activity in Riau is responsible for Indonesia's very high rates of emissions, which are equivalent to that of the Netherland — a WWF report demonstrates this.

The WWF report draws conclusions which are not supported by fact or analysis. Assessments of peat emissions are based on unproven numbers. The report does not account for sequestration from reforestation and plantations; and it assumes without reference that natural forest is a bigger sink than regrowth plantation forestry.

Comparison with the Netherlands is contrived. Riau has a land area twice that of the Netherlands; its economy is generally poor, and use of forested land is primarily for subsistence and market crops — a function of poverty.

False RAN Claim

APP companies are responsible for serious human rights breaches and increased human-animal conflict.

The Facts

The claim is based largely on a report from 2003, published by US-based NGO Human Rights Watch. The accounts of the events reported are based entirely on one-on-one interviews, and not based on any official legal documentation or police reports.

The news report quoted by RAN about an incident in August 2008 actually states that Komnas HAM (Indonesia's human rights body) noted that the dispute arose from a decade-long misallocation of lands, and that the body would investigate further — a decision completely respected by the company.

Another incident attributed to action by the company was activity undertaken by the Riau police, not APP, against the Riau Farmer's Union. RAN ignores the findings of an independent investigation by six NGOs, which state that: i) the Riau Farmers' Union was acting unlawfully; ii) the Riau Farmers' Union was acting against the interests of indigenous communities and their claim to represent indigenous communities is questionable; iii) the death of the child was unrelated to any conflict.¹⁴

APP has destroyed valuable habitats and endangered efforts to reintroduce orang-utan in Jambi and Riau

The critically endangered Sumatran orang-utan is generally confined to the province of Aceh, in northern Sumatra, with small populations in the province of North Sumatra. There are no current populations of orang-utan in Riau or Jambi. The program to re-introduce orang-utan into Jambi was seriously flawed. The area selected had been designated for commercial forestry for more than a decade — this should have been known by the conservationists involved. WWF knows forestry regulations in Sumatra intimately. Despite this clear oversight, the incident was used in a broad campaign against the company in Australia and New Zealand.

APP does not carry out environmental impacts assessments.

This claim is untrue. Indonesian law mandates that each allocated concession must undergo an initial environmental impact assessment (AMDAL), which sets aside a minimum of 30% of the total area for conservation, infrastructure and community use. The concession must also undergo a macro-delineation and a micro-delineation, which aims to ensure that natural forest with high conservation values is protected and preserved.¹⁶

False RAN Claim

APP has a ‘covert’ marketing operation.

The Facts

This claim is unfounded. Most producers of paper products — or any consumer products — have multiple product lines that carry different branding. ‘Private labels’ or supermarket branded products are often produced by companies for supermarket chains with no identification to preserve commercial-in-confidence agreements.

APP ‘misleadingly’ refers to ISO and chain-of-custody certification.

The source for this claim is a 2001 report by Friends of the Earth. The report did not state how APP was being ‘misleading’ stating that it has ISO14001 certification for its operations, nor does it mention how its PEFC chain-of-custody for four of its operations is ‘misleading.’

APP has never made claims that ISO 14001 is anything other than an environmental management systems standard, nor that chain-of-custody certification is anything other than what it purports to be.

RAN’s Disregard for the Poor, Disregard for Business

RAN’s history of campaigning against businesses has been marked with deceptions against the poor in developing countries.

In 1993, RAN founder Randall Hayes misled fundraisers by claiming to witness “rape” and “cultural genocide” of the Malaysian indigenous Penan people, while on a tour of Malaysia. A travelling companion stated that did not occur. Hayes stated the funds raised went to paying for Hayes’ airfare and office expenses for the organisation’s San Francisco office.¹⁷

A decade later, RAN targeted Scott Paper’s proposed US\$635 million investment in plantations in West Papua, part of Indonesia. RAN claimed that the investment would destroy 2.1 million hectares (ha) of forest. However, the planned concession area was just 200,000 ha and meticulous land-use

planning was undertaken to safeguard environmentally sensitive areas. Nonetheless, Scott gave in to boycott pressure from RAN and withdrew the investment. In its place, Indonesian company PT Hutani II set about establishing a 600,000ha plantation development instead.¹⁸

Despite this, Hayes declares that victories over corporations “strengthen the hands” of RAN, even if the losers are the impoverished and the environment.

RAN has also deliberately targeted and attacked the World Bank for poverty-reducing projects in developing countries. In 1999, RAN took out advertisements in the New York Times protesting a Bank-backed development in Chad and distributed ‘Wanted’ posters featuring World Bank President James Wolfensohn.¹⁹

Hayes has also described both global trade and capitalism as “an absurd economic system,” and calls for an end to global

trade flows through what he calls 'localisation'.

This is poison to the luxury and fashion goods industries. For LVMH — owner of Louis Vuitton — more than 30 per cent of revenue is generated in Asia.²⁰ For PPR — owner of Gucci — international sales account for more than 50 per cent of total sales.²¹

RAN will not simply be content to attack APP or its affiliates. Its past record demonstrated that it will next attack other forestry firms in Indonesia and South-East Asia, further imperilling livelihoods in the world's most populous region. They have already commenced campaigning against APP's competitor in Indonesia, Asia Pacific Resources International Limited (APRIL).²²

A Callous Campaign to Bully a Poor Country

Indonesia is a poor country. Most people live on less than US\$2 per day. In rural areas, poor people convert forest areas to cropland in order to feed themselves and their families. This land conversion is cited by many climate organisations as Indonesia's main source of carbon emissions. Not nearly enough is known about that to justify that claim.

The case against forestry in Indonesia is part of a campaign to pressure Indonesia to commit to cut greenhouse gas emissions more deeply than other developing countries, and sooner than rich countries such as the United States and the EU.

Climate change negotiators from all countries will meet in Copenhagen in December to settle a new global treaty to tackle climate change. All experts admit chances are slim. The time is wrong.

Rich countries are deferring plans to cut emissions. There is concern in Washington and Brussels that acting hastily now will worsen unemployment and retard economic recovery.

The Congress will not reconsider climate change legislation until 2010. The Administration accepts this.

To try to rescue the Copenhagen meeting, RAN, Greenpeace, the World Wide Fund for Nature (WWF) and other environmental activists have mounted a campaign to pressure poor countries like Indonesia to commit to end conversion of forest land to reduce emissions. In Indonesia's case, the proposal is as much as 40 per cent by 2030 — similar to cuts proposed in the Waxman-Markey Bill currently before the US Senate.

These changes cannot be made with lowering living standards. Rich countries such as the US might be able to bear the cost in good economic times. But Indonesia is not rich, and the world is currently undergoing an economic downturn. Can the average annual Indonesian income of US\$2200 — compared to US\$47,000 in the US — bear these costs? Such a cut would make poverty in Indonesia even worse.

This illustrates how little regard wealthy environmental groups in the US and Europe have for the world's poor. The solution of RAN allies, Greenpeace and WWF, is to call for world aid to be more than doubled. This plan would doom poor countries to a permanent welfare queue, if it were realistic. Aid donors will not increase aid to those levels.

A Long Running Campaign

The RAN campaign is currently directed against just one Indonesian company, APP, which is part of the Sinar Mas group. It accounts for about half of the production of pulp and paper in Indonesia.

The RAN report "Don't Bag Indonesia's Rainforests" reads like a character assassination. It claims the company refuses to negotiate with environmental activists,

has been dumped by reputable certification bodies and is “too risky to associate with”.

There is a common element to all three accusations — the grounds for these claims have been created by unethical and contrived actions involving WWF, RAN and other NGOs over the past decade.

The global goal of WWF and RAN is to pressure developing countries not to use forestry for national economic development, as was done in Europe and the US in the past. Strategies to achieve this have failed.²³

The developing countries which are targets today have in fact done more to preserve forestry than was the case when forests were cleared in the US and Europe over the past two centuries.²⁴ Global targets to set aside forestry for conservation have already been achieved.

The environmental activist Plan B is to pressure the leading forestry companies instead, treating them as proxies for national forest policy. The WWF strategy to target the world’s leading companies was set out in a publication released in 2001.²⁵

The campaign against Indonesian forestry has been repeated against other, comparable companies in Papua New Guinea, Malaysia, Congo, Guyana and Brazil. The campaign to restrict commercial forestry is global.

Related domestic campaigns have run against companies in Finland, Sweden, Australia, Canada and the United States. Since all these countries practice world’s best practice sustainable forestry, this demonstrates that the fundamental intent of these groups to halt forestry worldwide.

Unethical Greenmail

The strategy relies on some international NGOs mounting on-ground activism against the producer at home, while

other NGOs attacking purchasers in consumer countries and pressure governments to impose trade bans.

WWF began campaigning against APP from around 2001. Other NGOs had begun campaigning against the establishment of plantations by the pulp and paper industry a few years earlier. In 2004, APP agreed to work with WWF. However, the agreement lapsed when WWF abrogated it, accusing APP of not undertaking appropriate monitoring activity. In the next 12 months, WWF and other NGOs launched a broad attack on APP, further accusing the company of illegal logging, causing biodiversity loss, massive deforestation and large carbon emissions.

RAN first commenced campaigning against use of Indonesian products in 2001, targeting Staples, Office Depot and Office Max for carrying Indonesian paper lines. They have since issued missives against office suppliers carrying Indonesian products, even if they are certified by Lembaga Ekolabel Indonesia (LEI) — Indonesia’s certifying body for forest products.

In the United States RAN and its partners, ForestEthics and the Dogwood Alliance, have campaigned heavily against retail suppliers that carry any products that are not certified by the Forest Stewardship Council (FSC). Rainforest Action Network assisted in the founding of FSC alongside WWF and Greenpeace in the 1990s.

Since then, the declared aim of RAN and its cohorts has been to ensure that no wood product is sold in the United States without FSC’s approval. This means equally credible certification systems, such as the US-based Sustainable Forestry Initiative (SFI) system and its umbrella system PEFC (which makes up more than 75 per cent of all certified timber products and is based on United Nations-backed principles on forestry) are systematically considered inferior by RAN. They even ran a ‘Don’t Buy SFI’ campaign against the certification system which started in 2003, which lobbied against alternative certification systems.²⁶

In short, it is not simply enough for WWF and RAN to have products on the market that meet effective and reputable standards — they must meet WWF and RAN’s standards.

But it is not enough to achieve FSC standards to satisfy these groups. RAN claims that APP was “dumped by reputable certification bodies”. Only one certification body dumped APP — FSC.

This was not because APP did not meet its standards. It had been independently approved for several years as qualified to use an FSC certification on the source of timber, and had been granted it. FSC withdrew that approval under pressure from some of its most powerful environmental members, particularly WWF and RAN.

The Wall Street Journal carried a warning for business when reporting the incident with APP. The story quoted the Indonesian representative of SGS, one of the world’s most reputable auditing agencies (which had verified that APP met the FSC standards) as noting business in future would waver of investing in FSC certification, saying that FSC’s stance “will surely drive away most of the big players in tropical forestry.”²⁷

Fashion and luxury houses have no doubt received calls from RAN to not just drop APP as a supplier, but also to only use paper approved by FSC. If they go along, they should expect future entanglement in ‘greenmail’ strategies and threats to besmirch their brands once engaged. Moreover, they should expect to be paying more for their products.

Forest businesses worldwide are wary of the FSC system. More forest operators prefer the more reputable system of the Program to Evaluate Forest Certification (PEFC) because it is not dominated by politically-driven environmental activists.

WWF has formed a partnership with the other large pulp and paper producer in Indonesia, APRIL, and is now being criticized by other environmental forest activist groups for turning a blind eye to forest practices which do not accord with WWF policy.

The implication in the RAN report is that it is fine for fashion and luxury good businesses to buy paper from APRIL. However, APRIL is already being criticized by RAN and Friends of the Earth, also a member of the Forest Stewardship Council, for not meeting FSC standards. Business would be well advised to recognize the “good cop, bad cop” strategy.

APRIL is being set up for the squeeze. The ultimate goal in this campaign is to pressure the fashion and luxury goods industries not to buy any paper from Indonesia. The real target is Indonesian Government policy, not the practices of the companies.

The only safe business strategy for companies in these circumstances is to be certain of the facts and to avoid engaging with the strategies of environmental activists. Extricating the business from relationships with these environmental activists is, as APP has found, messier than declining to join the first place.

The justification for not going along in this case is easy. First, doing so supports the interests of the poor. Second the case of environmental damages does not stand. That will carry brand value in the rapidly growing emerging markets for fashion and luxury goods.

RAN and Trade Protectionism

Low tariffs and open markets have been critical to growth of the luxury goods and fashion industries.

It is notable that the RAN report regularly refers to Indonesian paper being “cheaper” — it is. The ability to source product in developing markets is one of the natural routes for economic development that the open world economy offers poor countries. It also helps industries in developed economies to expand markets.

The Obama Administration has led declarations by the G20

countries not to resort to protectionism to lay the basis for recovery from the global economic recession.

Notwithstanding that, WWF and Greenpeace have regularly pressured Brussels and Washington to prevent imports of timber and paper products from developing countries. They recognize the strength of the appeal to call for import controls to environmental lobbies and industries with failing competitiveness in Europe and the US.

They have succeeded. The Lacey Act, originally passed to prevent imports into the US of wildlife protected in other countries has been amended to include plant species. In Europe, trade barriers against imports of cheaper biofuels have been enacted.

The RAN campaign is also designed to pressure fashion and luxury goods industries voluntarily to restrict imports, the principal effect of which will be to reduce their global competitiveness. This has been the case with RAN's previous efforts with its campaigns against retailers in the US. The annual 'Green Grades' report, published by RAN's campaign partner ForestEthics effectively grades paper retailers against RAN's demands. Of the 'top' four companies graded, i.e. those that RAN approves of, only one has a positive net profit margin for the past 12 months. All of the 'bottom' four are operating in the black.²⁸

WWF Policies Towards Forestry in Tropical Developing Economies

The RAN campaign is wholly aligned with WWF strategies. WWF policy demands that conversion of forest land to more productive industries (like forest plantations — the Indonesian paper industry model) stops. This undermines national strategies to promote growth and end poverty.

The environment is not in danger. Don't listen to the activists, look at the facts. Nearly all tropical forest developing countries have reserved areas of forestry well in excess of the United Nations standard. WWF and its environmental activist allies, and that appears to include RAN, evidently think that is not enough, and hang the consequences for poverty.

They want forest areas in these poor countries crafted to how they think they should be, not according to technically-based conservation values. As Malaysia's former Agriculture Minister recently observed in the International Herald Tribune, there appears to be an inclination among groups in rich countries to decide how these poor countries should develop. He wondered if the "white man's burden" which guided colonial rule of poor countries in the past, is now replaced by the "Green man's burden".

Do the fashion and luxury goods industries think it appropriate that they determine how hundreds of millions of people, less better off than them, should organize their lives?

Endnotes

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