

**DEVELOPMENT - THE WAR OF THE GREEN STICKERS:
RELEVANT OR POLITICAL TOOL?**



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Founded in 1993, the Forest Stewardship Council (FSC) was originally a technical process to determine whether forest products entering the market space were legally sourced and maintained in accordance with standards acceptable to the industry, the public, the community, and civil society actors. But over time the lucrative business of gaining corporate contracts has created competing green labels that are battling for market space dominance under the guise of sustainability, environmental protection, and questionable development agendas.

Increasingly the disagreement between the labels has become less about the technical process and has instead been hijacked by political interests that want to gain dominance over the industry and force industry sectors to become compliant with the green political agenda. Critical voices within the industry and among the FSC, World Business Council of Sustainable Development (WBCSD), and the public are becoming louder and forming a critical resistance movement against the politicization of the label. Many commentators have taken the view that the FSC has departed from being a technical certification label and has instead become a platform for political agendas.

Politically contentious legal concepts such as Free, Prior and Informed Consent (FPIC) (a Western-derived invention ill-suited to local circumstances in many developing countries) have been built in and venture capital structures used to gain competitive market positions. The industry is reacting with considerable negativity. Even among the FSC membership there is open discontent over the practices of the label. One major Asian-based paper corporation went so far as to fire the FSC, although the FSC and civil society and non-state actors portray a different picture.¹

The “wood wars”² between the FSC, the Sustainable Forest Initiative (SFI), and the Programme for the Endorsement of Forest Certification (PEFC) is one of open hostility. At the October 2013 FSC conference in Copenhagen, FSC Director General Kim Carstensen made no secret of his views towards the competing brand. The Greenpeace International Political Director, Daniel Mittler,³ endorsed the FSC⁴ and active discussions were initiated during the conference to address fears expressed by FSC Australia, which was concerned about prevent the rise of the PEFC because Greenpeace attacks had undermined the credibility of the FSC brand.

The open alignment between Greenpeace, a *movement* according to the Political Director of Greenpeace, a certification scheme like the FSC, and the engagement with the UK-based venture capitalist firm Historic Futures (HF)⁵ as the FSC designated electronic data platform to upload all competitive information, has created abundant discomfort among industry players. The FSC and environmental groups are facing questions about unfair trade practices,

¹ http://www.cleanbiz.asia/news/april-side-steps-fsc-deforestation-investigation#.Um0VQ_lmiSo

² <http://www2.buildinggreen.com/blogs/are-fsc-and-leed-killing-american-jobs-look-evidence>; 23 February 2012

³ <http://ingoodcompany.fsc.org/no-permanent-friends-no-permanent-enemies.53.htm>

⁴ http://www.youtube.com/watch?v=roQMUKTrE_l#t=17

⁵ <http://www.sacert.org/woodmark/newsandfeatures/articleid/4644/fsc-plans-to-introduce-online-claim-platform>; 22 November 2012

WTO trade violations, and security and integrity issues about the ways they use competitive information. All of this raises big questions for policy makers, consumers, and companies alike.

It begs the question if the FSC dispute with the other green logos is a matter of certification only? Or have the FSC and the other green logos turned to political agendas that depart from technical perspectives? Is the FSC label or any label a market relevant certification body? Or has the FSC morphed into a tool to assert political pressure on the market to force change? Is the FSC relevant in the context of its original ideas or has it mutated into a political platform in pursuit of questionable social concepts that lead to instability and promote political doctrines and dogma? Do consumers, industry, or the public actually benefit from the FSC, which is after all a private certification scheme?

The empirical evidence of the FSC membership suggests no clear benefit to the industry is present, although many views exist. Costs for the end-user, that is the consumer, increase without real tangible benefit to the environment or communities. Industry insiders say that the few critical voices that exist within the industry are drowned out by the climate change machinery and groups like Greenpeace or the FSC are unwilling to listen to the industry. The “us or the highway”-attitude applied by the FSC coalition is frustrating the industry, hampers much needed development, and is reflective of the increasing militancy of the environmental movement. A backlash by policy officials, political leaders, and the public is being seen in the current anti-Greenpeace public sentiment following the arrests of the ill-fated Arctic action. There are signs that the public, as well as increasingly key industry players, is stiffening its resistance against ideologically-driven agendas by the FSC and its green coalition partners.

The dilemma for the industry

The battle of the green stickers has created a dilemma for the industry. FSC members are regularly attacked by Greenpeace and associated NGOs. One member summarized this policy as “never be good enough for Greenpeace.”⁶ With conditions imposed by the FSC the market perception was created that only the very large U.S. corporations like Coca-Cola and Kimberly Clark are really able to afford the eco-sticker. Other complaints such as the “greed of the FSC,” lack of tangible environmental benefits versus other “green attributes,” and research showing that consumers do not know what the label means are recurring critical views that plague the FSC⁷ and voiced by the audience in the conference in Copenhagen in early October this year. Members questioned if the FSC label is actually useful for the industry.

FSC members noted that the FSC only represents approximately 10 percent of the global forests members lamented that consumers do not care for the green label one way or the other. This is supported by a global trend. Global studies on the subject show a wide variety of “trust” issues with eco- or green labeling. For example, a 30 percent trust deficit is experienced by Australian consumers in Chinese labeling processes.⁸ This is a perception not unlike that was felt about products made in Japan in the 1970s. It was also a sentiment confirmed by the attending audience of the FSC conference in Copenhagen, which was not helped by the political director of Greenpeace naming his presentation, *no permanent enemies, no permanent friends*. The dogmatic belief that direct action by Greenpeace only brings political change is a narrative not shared by the HSBC panel speaker.

⁶ Interview notes with FSC member on 20 October 2013

⁷ <http://ecopreneurist.com/2011/03/07/a-negative-tipping-point-for-fsc-certification/>; 7 March 2011

⁸ <http://orgprints.org/16980/1/16980.pdf>; The Value of Eco-Labeling; John Paul (2009)

Industry players, even if they want to participate in the FSC process, are having limited choices: a. submit the company to the examination of the FSC (and therefore Greenpeace) and face allegations, b. join a competing label program and anticipate allegations by Greenpeace and the FSC or c. not join anything at all and anticipate allegations by Greenpeace and other cooperating civil society actors. The hostile relationship and increasing costs associated with a label which provides no clear benefits to the membership is slowly creating an environment for rethinking the industry-FSC relationship. This is being driven by many who have watched the ugly fight between the labels with Greenpeace clearly siding with and being part of the FSC fray.

Anecdotal evidence suggests that although peer pressure works executives were appalled by what one executive called “skinning Asian Pulp Paper (APP) alive⁹” with restitution payment demands by the Forest Peoples Programme bordering on extortion. Such extortive behavior creates a negative perception with many public, industry and policy officials. One French executive compared the methods applied by the NGO collective to the war restitutions imposed on Germany after World War One. He argued that eventually the backlash will be severe. The environmental movement’s vilification of the forest industry will push the industry to apply pressure on policy officials to rein in the private eco-label. He pointed out that such policy changes are already underway in Australia, Indonesia, Russia, and the United Kingdom as a long term result of direct action campaigning. Even in Germany the Greens have suffered an election defeat. The public is having enough.

Numerous examples of NGO miscalculations have driven the current reluctance by industry players to start new engagements with FSC because a *too close* relationship with Greenpeace, the Rainforest Action Network (RAN), and other militant action groups is deemed inappropriate. In one extreme case, false allegations leveled by a consortium of three NGOs resulted in an Asian-based company firing the FSC.¹⁰ And a European producer is faced with murder allegations¹¹ made by the Global Witness (a close Greenpeace ally) and the European Center for Constitutional and Human Rights (ECCHR)¹², which is trying to hold an executive responsible¹³ for the alleged death of villagers by applying ‘strategic litigation’.^{14 15}

At the time of this commentary, no criminal charges or conviction were seen in the public space, thereby providing little credence to the complaints made by the NGOs and Greenpeace. As the Public Prosecutor in Tübingen, Germany pointed out, the claims made cannot be independently verified since all NGOs involved in the allegations are part of the Global Action Network (GAN).¹⁶

Policy officials in Indonesia point out the lack of compassion expressed for a murdered worker in Asia who was the victim of a premeditated killing by perpetrators who were members of a

⁹ Interview with European paper executive; 17 June 2013

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<http://www.aprilasia.com/images/pdfs/APRIL%20Statement%20on%20FSC%20Termination%20Announcement%20-%209%20Aug%202013.pdf>; 9 August 2013

¹¹ <http://www.zeit.de/2013/18/kongo-verbrechen-danzer-verantwortung>; 25 April 2013

¹² <http://www.ecchr.de/index.php/surveillance-technology.html>; 25 April 2013

¹³ <http://www.dw.de/german-court-investigates-raid-on-congolese-village/a-16800263>; 8 May 2013

¹⁴ http://www.greenpeace.de/fileadmin/gpd/user_upload/themen/waelder/Forest_Crime_File.pdf

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<http://www.greenpeace.org/international/Global/international/publications/forests/2011/stolen%20future.pdf>

¹⁶ <http://www.wageningenportals.nl/sites/default/files/resource/glasbergen-collective-action.pdf>; Glasbergen (2011)

foreign NGO coordinating body¹⁷. Any mention of murder is glaringly absent from the reporting by the NGOs. By overlooking the consequences of the direct action in keeping Greenpeace “in the tent” the FSC has departed from a technical approach, and has converted the certification scheme to a direct action extension aiming to force corporations to submit to the “green” dogmatic ideology of change without questioning the association with the direct action groups. With Greenpeace supporting the FSC, the once-recommended arms-length relationship between the political movement and the FSC (which was founded by the WWF) has been eroded. This should raise questions of whether anti-trust legislation is being violated. Without doubt the industry will increasingly take offensive action against eco-labels and green militant groups as policy oversight is missing.

Grumbling in the FSC ranks

Participants in the FSC conference held in October drew similar conclusions. Speakers argued that the FSC brand doesn’t hold much credence in the market space and complained that competing labels like the PEFC are not attacked by Greenpeace. This has prompted speculation about whether Greenpeace will target the competing brands, which in turn would further highlight questions about the integrity of the Greenpeace and FSC brands. A 244-page FSC produced publication counters this position.

It upholds the views of Greenpeace and WWF, and supports the FSC perspectives.¹⁸ But Jon Entine, writing in Forbes and quoting Michael Goergen, Jr., CEO of the Society of American Foresters, criticized the U.S. Green Building Council (USGBC) for not including other standards, stating, “FSC or better is neither logical nor scientific, especially when it continues to reinforce misconceptions about third-party forest certification and responsible forest practices.”¹⁹

A 2008 study²⁰ argues that if an NGO green label like the FSC is added to a market with an existing industry label the industry weakens its standards and industry profits increase.²¹ If an industry-developed green label enters a market where an NGO label like the FSC already exists, the NGOs may look to strengthen or weaken the label. The question is whether the strengthening or weakening is a deliberate effort. For example, although the EU ratified Indonesia’s SVLK (Sistem Verifikasi Legalitas Kayu/Timber Legality Verification),²² green groups immediately commenced attacks calling on the Indonesian Government to “finally fix” the SVLK thereby challenging the governmental agreement. If the SVLK type of bilateral agreement is the future trend it raises the question: are the FSC and other financially lucrative eco-sticker systems becoming obsolete?

¹⁷ The first offender was convicted receiving a 16-year jail sentence for participating in the premeditated crime.

¹⁸ www.fsc-deutschland.de/download.fsc-impact-study-engl-73.pdf; 18 September 2009

¹⁹ <http://www.forbes.com/sites/jonentine/2013/04/09/forestry-labeling-war-turns-ugly-as-greenpeace-bungles-logging-industry-attack/2/>; Forestry Labeling War Turns Ugly as Greenpeace bungles Logging Industry Attack, Forbes; Jon Entine; 4 September 2013

²⁰ <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.175.20&rep=rep1&type=pdf>;

²¹ <http://www.fastcompany.com/1543957/eco-labels-do-they-really-matter>; 11 February 2010

²² <http://www.sgs.com/en/Our-Company/News-and-Media-Center/News-and-Press-Releases/2013/09/The-Timber-Legality-Assurance-System-Effective-in-Early-2013.aspx>

No permanent enemies, No permanent friends

The Atlantis perspective of the global climate being in crisis (“we are collectively doomed”) is driving ideological debates and has taken hold of what were once technical definitions of standards. Whereas we agree it is best to not merge the two issues, the German eco-label FSC is doing exactly that. The argument presented by either side may or may not hold true in the politically charged atmosphere but the political positions of Greenpeace embraced by the FSC show the evolution of the FSC certification. It has become a politically motivated organization.

The Greenpeace political position of *no permanent enemies, no permanent friends* is a high handed perspective of a political movement, adopting Charles De Gaulle’s statement to Clementine Churchill, *France has no friends, only interests*, and assuming a semi-state status. But Greenpeace is not a state, nor does it have state-like status. And as a matter of fact, Greenpeace has no legal immunity, except perhaps that afforded to a reporter, and is subject to legal liability, criminal and civil laws. This is often forgotten by the public, corporations, and policy officials. The recent Russian affair hammers home the point that Greenpeace, like the FSC, is a private enterprise.

A good example of this policy of *no permanent enemies, no permanent friends* can be seen in the WWF publication *The truth behind APP’s green wash*²³ (Eyes on the Forest, December 2011), which targets APP and alleges wrong doings by the company. In a 2008 Greenpeace assessment Greenpeace recognized the FSC as the most credible certification scheme, only accepting Smartwood’s Verification of Legal Compliance and the Tropical Forest Trust (TFT), a UK company with charitable status, as credible legality verifiers.

At the same time, as Greenpeace Political Director Daniel Mittler said during the 2013 FSC conference, the Greenpeace attack against Nestle was in fact aimed against the Indonesian giant Asian Pulp Paper (APP). This statement negated the pretension that the FSC and Greenpeace campaigns were about technical standards. In early 2013, APP, after a protracted campaign, surrendered and submitted itself to the TFT, the Forest Peoples Programme (FPP), the RAN, and Greenpeace. The full cost to the consumer is yet to be determined or quantified, with the NGOs now demanding payments for alleged damages. In the view of Greenpeace, there is no doubt its direct campaign strategy has worked; but at what economic cost to broader stakeholders and consumers? The danger of the green war spinning out of control is ever present.

The Christmas tree model

Despite the need for certification of products being well-established and not the subject of debate, the continuous incorporation of additional elements into the political process turns the FSC into a Christmas tree of agendas. Everyone has one and everyone hangs it on the “FSC tree”.

In the emotional climate of the “eco-label wars” (defined as the battle over diversity of standards and who has the ultimately “greener” sticker), the political agenda of the FSC as the certification body (along with its political collaborators the WWF and Greenpeace) is not allowing the acceptance of other standards as an essential element of a free market economy.

²³ http://awsassets.panda.org/downloads/eof_14dec11_the_truth_behind_apps_greenwash_final_1.pdf

Freedom of choice must be accepted as a matter of principle by the FSC. Political rhetoric is impeding the ability of the FSC to remain relevant.

Though the politics of fear are being applied by transnational political movements like the FSC and the NGO coalition, the right of consumers to ultimately reject the FSC (or any other certification) must remain. Ultimately, market forces will choose. Like it or not, choice is an essential cornerstone of free market development and democracy. By adopting transnational political movement attitudes and by mobilizing labor and grass root societies the FSC crosses the fine line between development, good intentions, and state (unlawful) interference. Furthermore, its stakeholders are urging more direct action. Democracy, a subject often spoken about by the the FSC and its NGO collaborators but seldom practiced, does include the right of fair competitive practices.

Savior of worlds or creators of chaos?

An elimination of other certification processes would essentially create a monopolistic structure that supersedes the role of government. Yet this appears to be an aspiration its NGO stakeholders have for FSC.

When non-state actors such as the FSC and Greenpeace hold overwhelming influence over state officials, there is a danger of eroding the distinction between commonsense technical standards and politicizing an ideologically driven movement. Uncomfortable questions arise such as the legal issues surrounding FPIC, the creation of feudalistic concepts, and the inherent dangers presented by the introduction of feudalism.

Governments of the European Union, among them Germany, are encouraging improvements in the supervisory oversight of non-governmental organizations and civil society actors. Very little evidence of accountability is present now and there are few indications of unbiased supervisory structures that critically review allegations made against NGOs. The inherent dangers created by the ambiguity within the governance of the FSC – including the need to break down what are standards and what is politics - are yet to be fully comprehended. These are important policy questions.

The civil society and non-state actors argue that FPIC has reduced conflicts in forestry communities and therefore improved the production of small stakeholders; however, empirical evidence suggests that NGO actions in remote communities have contributed to the creation of social conflict, wrong expectations in the communities due to questionable influences by foreign activists, and at least in one instance led to the premeditated murder of innocent workers by perpetrators enabled by indirect and passive support by a militant action group through a foreign paid NGO structure.

The FSC has become an expensive label in Indonesia since the state has taken the lead on creating, negotiating, and agreeing to bi-lateral binding agreements. The cost, among other reasons, led to one Indonesian company firing the FSC. Could more companies, in Indonesia or elsewhere, be far behind? The FSC is not yet a thing of the past and will likely hang on for some time due to its political support by well-funded NGOs. Nevertheless, in light of the questionable practices and policies described, it should be viewed with a more skeptical perspective.

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