

# What's In A Label?

Fisheries leaders are interested but leery as Unilever and World Wildlife Fund team up to launch a seafood eco-labeling regime for seafood.

By Tana McHale

*The author is a fisheries consultant based in Sacramento, California. The following articles first appeared in abridged form in the February 1998 edition of "Pacific Fishing Magazine".*

ONE CAN'T HELP BUT NOTICE what an odd couple they are. On one side stands the World Wildlife Fund (WWF), best known for global crusades to salvage failing populations of rhinos, tigers and panda bears. On the other towers the multi-billion dollar British conglomerate Unilever PLC, past owner of whaling ships and world's first supertrawlers. This conglomerate also controls roughly 20% of the American and European frozen fish markets.

It's too early to tell whether the product of their partnership, the international Marine Stewardship Council, will turn out to be another Rosemary's Baby or a fantastic new vehicle for securing the future of world fisheries. Or perhaps it will fall somewhere between. One thing is for sure: WWF and Unilever mean business. So what could that mean for yours?

## A Question of Authority

Critics view the MSC initiative as a clear challenge to the authority of the government fisheries management regimes with which fishermen, processors and managers have learned to live. They contend that the MSC is likely to muddy the rules and burden producers with certification and labeling costs. Proponents say the new certification and labeling system could provide a competitive advantage for producers who operate in well-managed fisheries.

In either case, the new initiative is claiming an influential role. The Marine Stewardship Council (MSC) will "establish a broad set of principles for sustainable fishing and set standards for individual fisheries," according to one WWF fact sheet. "Only fisheries meeting these standards will be eligible for certification by independent, accredited certifying firms... Ultimately, products from MSC-certified fisheries will be marked with an on-pack logo. This will allow seafood consumers to select fish products with the confidence that they come from sustainable, well-managed sources."

WWF officials say the standards and criteria will be drawn from a combination of existing documents and international treaties as well as industry input, currently being gathered through a series of workshops that will continue around the globe into this coming summer. The voluntary certification and labeling (C&L) program should be in place sometime in 1998.

Fishing industry representatives in the United States are carefully weighing the concept. Some cautiously view it as a possible vehicle for preventing unfounded attacks on domestic fisheries. "Our office is looking at MSC with a great deal of interest; we're trying to get a handle on how it would work, how it could benefit industry in the long haul," says Lee Weddig, Vice President of the National Fisheries Institute, the major U.S. trade group for seafood producers and marketers.

However, at press time the Institute has not decided whether to endorse or oppose MSC, citing a laundry list of concerns that need answers first. Among them rests the fact that U.S. fisheries are already subject to state and federal management.

"Congress has determined, through a lot of pain, input and negotiation, a set of national standards by which we manage our fisheries: the Magnuson

|  |     |
|--|-----|
| About MSC Certification                                    | p2  |
| A Crash Course in Green Labeling Basics                    | p4  |
| Boycott-by-Proxy, Just Business — or Beaten-Wife Syndrome? | p5  |
| Introducing Unilever                                       | p7  |
| Coopers & Lybrand: The Brains Behind the Brawn             | p8  |
| Forest Stewardship Council                                 | p9  |
| Conclusion   | p11 |

Act. Magnuson contains criteria that are a matter of law reflecting the will of our people. It already addresses the sustainable fisheries objective and also habitat, coastal communities, economics, multiple use, all of the things on WWF's wish list," says Weddig.

"Congress did not create Magnuson on a whim," he continues. "We have a federal agency charged with implementing the law, publicly appointed people to make management plans and to determine regulations to administer a fishery in accordance with our national plans. The National Marine Fisheries Service reviews the resulting management rules to determine whether they meet the national standards. Public input is considered up and down the line. For someone to say 'We don't think that's adequate,' after all that... well, NFI is looking over the MSC concept while keeping these things in mind."

Internationally, industry groups are skeptical of the proposal. Many view it as an intrusion on government's turf. In November the International Coalition of Fisheries Associations, which includes NFI and similar organizations in 11 countries, said its members have "serious concerns" about the initiative. They "question... the need and feasibility of a non-governmental organization establishing universal criteria for fisheries management, certification and eco-labeling."

Some politicians apparently share these misgivings. Asked about the MSC initiative, Alaska Sen.

Ted Stevens told an industry gathering in Seattle last fall that non-elected groups should not pretend to "speak for the people."

Meanwhile, Unilever has already claimed to be acting for "millions of consumers" when it named sustainability concerns as a reason for boycotting one class of fish products. The firm announced its decision to stop buying fish oils (reportedly 118,000 tons per year) from industrial fleets fishing in European waters as a "concrete example of Unilever's commitment to sustainable fishing." The company plans to use alternative soya and palm oils in the production of its bakery and margarine products, and has also pledged to buy only MSC-certified fish by 2005.

"Two of our core principles are that sustainable business is good business, and that we work in partnership to meet our goals. This initiative, on behalf of millions of consumers, is entirely consistent with these principles," notes Unilever's International Fish Manager, Caroline Whitfield.

The potential for abusing the power of markets makes some industry players nervous. Could this initiative to lock out legally-harvested seafood from the marketplace? Would it disrupt international seafood trade? Would it repeat the simplistic and painful experience of "dolphin-safe" labeling, which depressed tuna demand, banned some product from the U.S. market, and endorsed (to this day) the catch of some international fisheries which still incidentally kill thousands of dol-

## About MSC Certification

CERTIFICATION TO ENSURE that fish meet MSC standards could include, according to UK newspaper accounts, the use of satellite monitoring to check fishing vessels' movements and genetic tracking of fish to verify where they came from.

Determining the exact origin of raw product has been a primary certification component within another WWF-implemented program, the Forest Stewardship Council (FSC) program. Note that MSC has been loosely modeled after FSC. This original guinea pig, operational since 1993 and currently headquartered in Mexico, thus offers a sneak-preview of how the very general C&L concept could work in the seafood trade.

As with any other service, industry would cover the costs of certification — although exact de-

tails have yet to be worked out. Michael Sutton, Director of WWF's Endangered Seas Campaign, "In the FSC example the costs of certification are distributed throughout the chain of commerce, in other words, the cost should not fall disproportionately on the fishers, or the processors, or the retailers. The big processors we've talked with have also indicated a willingness to invest to make sure that their suppliers are able to supply them with certified product in due course."

The World Bank and private foundations may provide financial assistance to developing countries to make sure they have equal access to the MSC C&L program. However, Sutton emphasized that keeping costs affordable for everyone will be a priority — and necessary for encouraging industry participation in MSC.

phins and millions of non-target fish?

### **Harnessing Consumer Power**

The move into eco-labeling marks a new direction for WWF in fisheries. Until now, the organization's fisheries efforts have followed the traditional strategy of environmental groups: promoting laws and treaties to protect certain species or habitats. Internationally, WWF's fisheries staff worked to promote the U.N. Agreement on Straddling and Highly Migratory Fish Stocks, and various country-specific fishery management efforts. In the U.S., the group lobbied for bycatch and overfishing language in the revised version of the Magnuson Act. It also had a hand in revising the Marine Mammal Protection Act.

The group has also sought to place some food fish - including Atlantic cod, haddock, swordfish and five species of tuna - on the International Union for the Conservation of Nature "Red List." The Red List is used as a guide for actions under the Convention on International Trade in Endangered Species (CITES), which allows for restricting or prohibiting international trade in "vulnerable" or "endangered" species.

"We've been very active at the political level and on the supply side, working towards better laws, treaties and regulations," explains Michael Sutton, director of the WWF Endangered Seas Campaign. "But a lot of us began to realize that just wasn't enough."

While all these efforts rely on government action, the MSC Initiative is a shift. It looks to market forces as an engine for environmental change. "By working together with progressive seafood companies, we can harness consumer power in support of conservation and make it easier for governments to act," says Sutton.

Many other organizations have tried to "harness consumer power" directly by encouraging boycotts in the past. However, lobbying individual members of the public to take such action generally does not work. For example, for roughly 20 years, tuna sales continued to increase despite calls for boycotts over dolphin-associated tuna fishing. Light meat tuna sales declined 20 percent in the five years following the introduction of the "dolphin safe" label in 1990.

### **Can Labels Obstruct Trade?**

Some critics say any program designed to "approve" only a selection of available seafood- while

rejecting other legally harvested product - could create barriers to world trade. Teresa Platt of the Fishermen's Coalition, a veteran of the tuna/dolphin controversy, paints the following scenario: "Imagine MSC declares your legally-caught-fishery unsustainable. The government begs to differ but your product is now blacklisted, buyers cancel contracts, others use the pressure to push for lower prices. This in turn affects prices paid to your brother fishermen on the other side of the world. Closing markets, anyone's market, without a concomitant reduction in production, drags down fish prices globally, hurting all fishermen. We need free, open trade for all legally caught fish."

Scott Burns of WWF's Washington D.C. office disagrees. "I think if the government was to put a labeling regime in place, that might raise more WTO issues than this does. This is a private labeling initiative, not a government initiative."

At a December meeting of the World Trade Organization (WTO) in Singapore, WWF accused the 128-member body of "playing Russian roulette" by opening the doors for consideration of trade disputes arising out of international environmental agreements. Some conservationists fear that the WTO's authority to enforce free trade accords could be used to gut environmental laws. According to Reuters news service: "At issue was sustainable development, including big industries like logging and fishing as well as protecting the environment from dirty industries..."

Does the voluntary nature of MSC rule out the possibility that it could erect trade barriers? Not according to a report by the Coalition for Truth in Environmental Marketing Information (CTEMI), which represents many U.S. businesses. After reviewing over a dozen similar, non-government programs CTEMI concluded: "The process of granting an eco-seal is based on value judgments by the issuing organization, not objective, scientific facts. The history of eco-seals is replete with failed efforts to paper over unresolvable conflicts inherent in varying geographic demands, environmental priorities and product attributes... (Eco-seals) are barriers to trade, because their criteria are frequently discriminatory and protectionist in nature, whether by design or not."

While it is too soon to make blanket predictions regarding the future of MSC, it's a good bet that the organization will face plenty of hard scrutiny as the labeling system gets under way.

# A Crash Course in Green Labeling Basics

GREEN LABELING IS SIMPLY A TOOL that allows manufacturers to tell consumers a little bit about a product, usually through a simple symbol. There are a number of familiar green labels in use today, including the “recycled product” symbol on paper products and aluminum cans, demonstrating how a manufacturer can quickly communicate a message to the public through a symbol.

Since green labels advertise a particular feature of a given product, whoever places such a symbol on a package has to respect all “truth in advertising” laws. Green labels are also subject to a special set of environmental advertising and marketing practices requirements as described in Section 5 of the Federal Trade Commission (FTC) Act, yet all the laws and requirements essentially comes down to truth in advertising. Note that any manufacturer or retailer can create an “eco-label” so long as the label represents a specific, valid claim and doesn’t mislead the public.

There are two major variations of the green label concept: the eco-seal and then government mandated labels, such as the dolphin-safe labeling law.

The first, the eco-seal, is used to identify a subset of products in a category that for “best” for the environment — as judged by an organization outside the production and manufacturing chain. Eco-seal programs are based on several premises that may or may be true, such as, the assumption that manufacturers cannot be trusted to provide meaningful and accurate environmental information to consumers, that existing “truth in advertising” laws are inadequate, and also assume the organization controlling the use of an eco-seal is the most qualified entity available to set standards and/or pass judgement on candidate products.

A number of problems have popped up with the use of eco-seals and prompted a great deal of debate around the world. In the spring of 1996 the Coalition for Truth in Environmental Marketing Information (CTEMI), which represents 1,200 US-based companies doing over \$900 billion dollars of business globally, published a comprehensive “Critical Analysis of Eco-Seal Programs” with summaries of the most common eco-seal concerns. This document resulted from a review of over a dozen eco-seal programs (addressing a variety of different products, including paint, detergents, dia-

pers and paper products) in 14 different countries and regions.

Among other things, CTEMI analysts found that eco-seal program criteria “are chosen so that only a minor share (e.g., 10-20%) of the category will qualify, in order to encourage environmental progress” and “criteria are revisited approximately every three years to ensure that environmental expectations continue to rise.”

However, “It is impossible to establish objective, scientifically defensible criteria that distinguish ‘environmentally superior and inferior’ products in a category. There are two primary reasons why: (1) No scientifically-based methodology exists to identify environmental ‘winners’ across an entire product category; (2) A desire to satisfy as many ‘stakeholders’ as possible causes authorities to negotiate inherently subjective compromise that ignore or modify scientific conclusions... thus, government bodies promote their national or regional environmental policies; environmental interest have specific product characteristics they favor; and manufacturers have various competitive interests. These often divergent views invariably lead to conflict among stakeholders that must be negotiated. The resulting compromises are often not supported by any scientific analysis.”

Other key findings from the CTEMI Critical Analysis report included:

- \* Eco-seals are an inherent barrier to product innovation for both the environment, and other consumer values (e.g., performance) because criteria can only be based on today’s understanding of products, technologies and environmental issues.
- \* Eco-seals create trade barriers by focusing on local or regional environmental priorities that may lack international relevance.

These two items naturally lead to the second major variation of green labeling: the government mandated label. In effect, this is when the government serves as an eco-seal authority while requiring full compliance with a set of standards designated by law.

The Dolphin Protection Consumer Information Action (DPCIA) in particular demonstrates how criteria based on yesterday’s understanding of technology and environmental issues can have unex-

pected, undesirable results. The original 1992 DPCIA prohibits fishermen from encircling dolphins with purse seine nets during tuna harvest operations. Although industry found ways of ‘escorting’ the dolphins out of the nets to safety, the practice was nonetheless rejected to require alternative fishing methods — which have in fact dramatically increased bycatch of non-targeted species while focusing harvest effort on juvenile tuna, unsustainable fishing by anyone’s standards.

Responding to this new knowledge now requires an new act of Congress, a process widely recognized as extremely time consuming and therefore not in the best interest of either the tuna or the list of untargeted species now caught up in what has become a dolphin-safe nightmare. An act of Congress — vs. simply working within the existing FTC process to meet truth in advertising requirements. Further complicating matters is the irony that a few dolphins (which are not a threatened or endangered species in the first place) are still occasionally caught using the approved alternative harvest methods. This means the government mandated “dolphin safe” program may not even meet the most basic FTC “truth in advertising” laws.

Finally, those nations that continue to escort dol-

phins to safety within encirclement-based fishing operations — while avoiding juvenile tuna and the increased bycatch problem — have been locked out of the US market altogether. Their harvest practices simply fail to conform to the US dolphin-safe standard and they are therefore being punished with a very solid, no-exceptions trade barrier. Cut off from the American tuna-consuming public, these tuna harvesters have thus been forced into selling their “inferior” product at bargain-prices elsewhere. This in turn has corrupted tuna market values worldwide and effectively erased the market sales advantage previously anticipated by fishermen working within the confines of DPCIA requirements.

All this — in addition to the complexities of state, federal and international fisheries management process. No wonder CTEMI concluded “eco-seals are an inherently flawed concept.” If the fishing industries want to tell consumers something about the seafood destined for their bellies, the existing FTC system already provides for the use of green labels. The only difference between this vehicle and the government mandated labeling / eco-seal programs is the necessity for industry to act on it’s own behalf.

## **Boycott-By-Proxy, Just Business — or Beaten Wife Syndrome?**

UNILEVER CLAIMS TO HAVE acted on behalf of millions of consumers — all at once — in what appears to be an historic boycott-by-proxy action.

Or did they?

Some fishing industry insiders are gossiping about Unilever’s palm oil interests, which reportedly include a palm oil refinery in Malaysia. And the palm oil market is enjoying rapid expansion, especially in Asia.

One report from the Institute for Prospective Technological Studies reads, “Driven by population growth, purchase power increase and consumer preferences, the worldwide consumption of vegetable oils is increasing faster than food consumption. The demographic growth will be strongest in Asia... In the last 15 years, several Asian countries have experienced an economic growth rate more than three times that of the USA and Europe... there is a very strong relationship be-

tween raising per capita income and the increased consumption of vegetable oils, in particular for fast increasing medium incomes. (These factors) explain that South-East Asia and South America will witness the most dramatic increase in vegetable oil consumption, especially for the locally produced palm oil.”

The grapevine is also buzzing with rumors that the Protest Piranha might have bitten Unilever one time too many, prompting them to seek ‘protection’ through WWF’s MSC plan. Indeed, this Empire is no stranger to harassment campaigns and boycott threats. They have endured complaints from countless organizations over the years for either real or perceived wrongdoings, including sometimes vicious attacks from Greenpeace.

Ten years go, in November, 1986, Greenpeace picketed Unilever’s headquarters in London while passing out leaflets entitled “Unilever Profits From

Misery: The Facts Behind the Murdering Multi-national.” The Greenpeace campaign against ‘industrial’ fishing also fingered the conglomerate as somewhere close to the bull’s-eye.

Greenpeace continued to watch over Unilever even after the food manufacturing giant joined with WWF in the MSC Initiative. In May 1996, fully one year after Unilever’s initial MSC announcement, 150 Greenpeace activists dressed in puffin costumes staged a particularly spectacular protest against the use of fish oil in front of London’s United Biscuit factory. By the day’s end United Biscuit executives agreed “to cease the use of fish oil from non-sustainable industrial fishing in European waters within one year.” One delighted Greenpeace spokesman commented, “It’s great news. United Biscuit’s, Unilever and Sainsburys now all recognize the folly of using unsustainable industrial fish oil.”

While the actual degree of influence Greenpeace had (if any) in influencing Unilever’s decision to stop using fish oils is difficult to document, the Big Green want to take credit. Their 07/03/96 Industrial Fishing Campaign Status Report includes the following statement: “Greenpeace has successfully urged companies to avoid purchasing the products of industrial fishing from sensitive areas in the North Sea, and after meetings and some protests, UK companies including Unilever, Pura Foods, Safeway, Sainsbury, Tesco and United Biscuits have all committed to move out of such fish oil.”

If Unilever did, in fact, hope for a break following their decision to use only soya and palm oils then Greenpeace’s new campaign — this one against genetically altered soya beans — might have come as a nasty surprise.

The modified beans, harvested for the first time here in the US last fall, are specially designed to resist Round Up (a commonly used herbicide). They are essentially identical to the unaltered ones

and, for better or worse, ended up in the same grain silos before getting shipped to Europe.

Concerned that the genetically altered variety will invade European food supplies unnoticed, various environmental and consumer groups immediately called for all products made with the new beans to be properly labeled as such. Food manufacturers were thus faced with a serious dilemma.

Greenpeace staged protests all over the world and demanded food manufacturers to reject genetically altered soybeans entirely. Various Unilever offices (including Germany, Sweden and Austria) “bowed to consumer pressure and announced they will not use the new variety even though they consider it safe” reported one newswire service. One company spokesman went a step further by adding, “U.S. farmers would should consider separating their gene-modified and normal soy crops next year if they were to expect to gain access to the European market.”

Yet Unilever UK apparently held out, stating they “...believe there is no reason for us not to continue to use soya. In reaching a decision on how we will use soya from this year’s crop we have concluded, after due diligence, that the systematic segregation of varieties of soya ...is just not feasible.” That is, according to Earth First! in the UK, which announced, over the Internet, it’s plan to write, fax and phone demands to reject all genetically altered soya beans to a London-based Unilever executive.

Then there were the Greenpeace Germany activists dressed as laboratory rabbits who also protested outside Unilever headquarters, calling on them to use their consumer power to demand non-genetically engineered soya...

At any rate, there’s just no proof that the company is influenced by such campaigns, or palm oil market trends, or moon cycles, in any way. It’s all pure speculation, boys.

# Introducing Unilever

UNILEVER, WHICH GENERATED an awesome \$47 billion in sales during 1994 alone, produces various brands of detergents, foods, personal products and specialty chemicals. Approximately half of all families on the planet have Unilever products in their homes. The third largest food business in the world, they own over 150 individual operating companies with 250 factories in 80 different countries. They sell more than 10 million tons of food products each year, including bakery products, margarines, ice creams and other edibles made with fish oils. The company also purchased Gorton's Seafood two years ago for a reported \$150 million.

## A Rich History in the Fishing Industries

William Hesketh Lever founded the company with his brother James in 1885. The Lever Brothers introduced Sunlight, the world's first packaged, branded laundry soap. Since that time Lever Brothers grew, and grew, and grew some more.

By the 1920s the company had diversified into the margarine business, and margarine, of course, is made from edible oils. In those days whales and seals were still an important source of edible oils throughout the world, and this apparently prompted Lever Brothers' purchase of the Southern Whaling and Sealing Company.

One 1994 article, "The Rise and Fall of the Trade in Edible Whale Products" by G. Jackson, describes the acquisition: "Lever Brothers... [purchased] Southern Whaling Company for some £360,000 in 1919...A 5,648 ton ship of 1902 vintage was converted to the company's first floating factory ship (Southern Queen) valued at £108,000..."

In the "History of Unilever Volume 1" Charles Wilson wrote: "Based in South Georgia this company had an average annual production of four to five thousand tons of whale oil. With the growth of their margarine production, whale oil was essential to Lever Brothers... The Southern Whaling and Sealing Company had a good year in 1925, contributing profits of nearly a quarter of a million pounds."

The "Rise and Fall" article picks up the time line thread once again, stating "Southern Whaling replaced its old factory in 1928 with the 12,398 ton Southern Empress (a converted petroleum tanker), said by a rival to be the first truly modern factory and the first to have a processing capacity equal to the ability of its fleet of catchers. The vessel was

valued at over £175,000, and was expected to return a profit of £100,000 per annum from a catch of 10,000 tons of oil; in fact in her first year she made £230,000."

Guinevere Glasfurd, a doctoral student of history at England's Lancaster University, found that Lever Brothers also established Mac Line Drifters and Trawlers Ltd. in 1919 and acquired the large Mac Fisheries fish retailing business in 1922. According to Glasfurd, by the time Lever Brothers merged with two other large companies and became Unilever Ltd., in 1929, they were already established heavyweights in the European fishing industries with interests in many other ventures spread throughout Europe.

This reportedly created a problem for Unilever in Nazi Germany, when the 1934 "Schacht New Plan" bound business to the Nazi state. This meant dividends from Unilever's various German interests could not leave the country.

"Unilever bosses met with Schacht, Hitler's economic advisor, to discuss alternatives to the intolerable situation," Glasfurd wrote in "The Northern Fleet at Fleetwood: Fishing Boom and Bust, 1936-37" (scheduled for publication in *Studia Atalantica 2*, Esbjerg 1997). "An agreement was reached whereby blocked marks might be used to finance a shipbuilding programme in Germany. Once built the ships could be used by Unilever in association with it's German industries, or could be shipped abroad for sale..."

As a result of this arrangement Unilever had a series of trawlers, tankers and whaling ships built in the shipyards in Hamburg and Bremen. These included a fleet 15 supertrawlers, dubbed the Northern Pride, that arrived in Fleetwood, England in July, 1936 and began fishing throughout the North Sea. Then a little more than a year later the entire fleet was sold off, liquidated.

The story of that fleet is nothing less than completely fascinating — those interested in learning more should keep a sharp lookout for Guinevere Glasfurd's article.

Yet the point here is, who's fooling who? Unilever may have owned fleets of trawlers and a slew of fishing interests over the years, yet only when doing so was convenient and fit in with their bigger-business plans.

# Coopers & Lybrand: The Brains Behind the Brawn

COOPERS & LYBRAND, an internationally renowned accounting and consulting firm, has been contracted to develop an organizational blueprint for MSC and advise the WWF/Unilever team on how to implement the program.

This firm advises some of the world's most impressive corporations and entities, including AT&T, the Bank of England, Digital Equipment Corporation, Fidelity Investment Management, Ford Motor Company, HJ Heinz Company (owners of StarKist Tuna), Johnson & Johnson, Levi Strauss & Co, Lloyd's of London, the London Stock Exchange, Philip Morris, RJB Mining, J Sainsbury (a major UK grocery store chain which has followed Unilever's lead in rejecting fish oils derived from "industrialized fishing" in European waters... and will also buy only MSC-certified fish when it becomes available) and also the World Bank. The firm of Coopers & Lybrand is apparently very, very good at what they do.

During a lengthy telephone interview, Roger Cooke, a Coopers & Lybrand partner in London, described key components of the firm's recommendations for MSC.

## **Suggested MSC Organizational Structure**

The firm has recommended that the MSC should have a "small office of around 20 people" run by a Director who would report to a Board of Directors. The Board would include 12 to 15 members from various constituency groups, including environmental groups and the fishing industries, and be supported by a series of subcommittees. These subcommittees would address MSC policy issues as related to fishery management, marketing, use of the MSC logo, and internal aspects of the organization such as financial and administrative programs.

In addition to this basic structure, Coopers & Lybrand suggests the creation of a 'consultative forum,' roughly 25 to 30 people in all, to provide wider representation of constituency groups. This forum would serve to challenge, stimulate, advise and assist the Board "into doing its job properly, and in making complex decisions." However, the Board in the Coopers & Lybrand vision would not be formally accountable to the suggested consultative forum.

The Forest Stewardship Council (FSC) is structured quite differently as it is a membership-based organization. However, Coopers & Lybrand executives were unimpressed with the FSC example.

"(With a membership-based structure) you risk complicating your entire administrative process with task of looking after your members, and risk slowing the decision making process down because you have to worry about carrying your members with you," explained Cooke. "So by and large our advise (to WWF and Unilever) was 'Don't, from day one, adopt all of the paraphernalia of being a membership organization.' Once the organization is running it could always be converted to membership, if that was wanted, whereas if it started out as a membership organization and proved to be a mistake, it's a hell of a lot more difficult to reverse that."

## **Cost**

Coopers & Lybrand developed a cost budget to accompany their recommendations for MSC, although the details were not made available. However, Cooke offered some comments: "We've costed the organization as we proposed it, and that came out in the order of roughly two million pounds a year. However, one of the points we made very strongly is that we don't know whether the revenue generating potential capacity of the logo, plus whatever grants and donations one could get a hold of, is going to sustain that sort of organization."

However, Cooke stressed that the basis for pricing and charging for the certification process and eco-seal would mandate the development of a full business plan.

## **MSC Image**

Cooke stated, "We've been extremely encouraged by the purposeful and focused way in which Unilever and WWF have set about the MSC task. Yet they agree it would be appropriate to slightly lower their own profile and bring in others to work with them in taking this initiative forward. They want MSC to be seen as a real partnership with fishermen, owners of fishing fleets, processors, and major retailers within the relevant market. They

want the name Unilever gradually to fade from the picture. I'm sure Unilever will back it from behind, but they don't want it to be seen as a Unilever initiative."

Furthermore, "I think a similar kind of consideration applies in WWF's thinking. WWF does not want this new entity to be seen as the creature of the environmental lobby." Cooke also seemed to feel that FSC's image has born the consequences of becoming more associated with environmental groups than with producers.

In terms of day-to-day image, MSC's success will require a major public communications program. "We see public communications to be quite fundamental to all of this. However, much of that communication would need to be managed by the fish processors and retailers, and potentially environmental groups, such as WWF, rather than by MSC itself. The Council just simply won't have a budget which allows it to engage in heavy large-

scale advertising campaigns on its own account. It's going to have to run on others, who are interested in maximizing their sales or maximizing their share of voice in some way, to make the running for it. And that should happen if the proposition is sufficiently imaginative and interesting."

Finally, Cooke himself is obviously very excited over the eco-label concept in general. "The power of that proposition is that it is the end customers, voting with their pocket, that actually exerts economic leverage all the way back up the value chain. To the point of it actually impacts on individual fisheries, via the certification process."

What about the implications of disrupting world trade? Cooke responds with "I'm aware that is an issue. Um, it's not an issue that we have directly addressed ourselves, but an issue that the organization will have to grapple with when it gets up and running."

## Forest Stewardship Council

WHEN CHARLES, THE PRINCE OF WALES, wished to cut down trees from the Duchy of Cornwall woodlands, he first contacted the British Soil Association and had the Royal forests inspected and certified according to Forest Stewardship Council standards. The certification process involved mapping the woodlands to highlight important landscape, wildlife and archaeology areas, the development of a policy statement which included health, safety and pollution control plans, and the creation of an overall forest management plan. After obtaining the necessary approval from the Soil Association and paying the necessary certification fees, the Prince then had some of his trees cut down and hauled away with horses to avoid disturbing the area with heavy logging machinery.

The Duchy's forester for Cornwall, Geraint Richards, told the British press that the entire process was surprisingly problem-free, noting "We had to look at everything from local employment policy and public access to herbicide use, which species to plant, and where to mow rides and open out clearings for butterflies," says Richards. "It was hard work, but that was because we compressed the whole exercise into a few months. The truth is that everything we did needed doing anyway."

Yet King Fahd of Saudi Arabia reportedly wanted

to do things a bit differently when preparing to add an extension to the sprawling, rented home near the shores of Lake Geneva. "The 40 million Swiss franc (\$33 million) project, linking 11 annex villas and their underground garages to the main home, had been blocked after neighbours and the Swiss branch of the World Wildlife Fund protested that trees were being cleared in the adjacent wood," Reuter news service reported. However, "Under [a new] accord, four of the villas which were to be built in place of a grove of trees will not be constructed."

Kings and Princes aside, the Forest Stewardship Council certification-and-labeling (C&L) scheme has been hailed by some consumers, retailers and environmentalists as the ultimate solution to the global deforestation crisis. It is comforting for someone in England, for example, to purchase a piece of furniture made with assurances that the source tree was not hacked out of an endangered rain forest. FSC C&L, or other programs like it, may be particularly useful in some third-world countries lacking adequate conservation laws.

The Council is currently organized as an independent, non-profit association of voting members based out of Oaxaca, Mexico. The membership is divided into economic, social and environmental

“chambers” for voting purposes. According to the FSC membership application guide, “The Economic Chamber includes organizations and individuals with a commercial interest in commercial forest product organizations. Examples are: employees, certification bodies, industry and trade associations, wholesalers, retailers, traders, consumer associations, and consulting companies... the Social Chamber is meant for indigenous organizations and social movements which have an active interest in environmentally viable forest stewardship. The Environmental Chamber is limited to: non-profit, non-governmental organizations [NGOs] with a demonstrated commitment to environmentally appropriate, socially beneficial and economically viable forest stewardship.”

Records provided on the FSC website (<http://www.fsc.org>) 58 individuals and 199 organizations from 41 countries, categorized as economic, social and environmental members. The membership boasts a handful of well-recognized organizations such as IKEA, Home Depot, the United Methodist Church, WWF (17 separate branches), Greenpeace (6 branches), Friends of the Earth (4 branches), Sierra Club (2 branches), and the Rainforest Action Network (an offshoot of Earth Island Institute, engineer of the dolphin/tuna and turtle/shrimp labels).

Some problems and concerns have popped up since the establishment of Council in 1993, mostly relating to the 10-item list of FSC standards and criteria, costs of certification and the overall effect of C&L on international trade.

As one US industry representative explained, “WWF wants to trace the origin of every single tree before allowing certification. This is a problem because our members buy from different sources on both public and private properties. Tens of thousands of private properties produce wood we buy. To become FSC certified, each property owner would therefore need to pay for auditors to come in, inspect the property, write a report... it is impossible to expect each small landowner to pay such expenses while remaining competitive.”

He continued, “In Europe there is no old growth left at all, after 2,000 years they only have young forests — mostly on public lands. In US we have old growth with many privately owned forests. The same set of FSC standards would apply even though our situations are very different. Because

they want to know where each tree came from, socialistic countries with resources on public lands have the advantage. We also believe the best land needs intensive management, an agricultural approach along with consideration to disease control, pest control and fire control, and yet WWF wants ‘natural management’ only.”

These industry concerns are also shared by some governments. For example, the US Department of Commerce Global Export Market office acknowledges that some Dutch government officials share concerns over various aspects of FSC’s C&L strategy. One 12/07/95 report states “According to our contacts, the Dutch Environment Ministry has adopted a system developed by the Coopers and Lybrand consultancy group, on ways to track down shipments of tropical timber as soon as they cross the Dutch border. This certification system has become operational but, since there is hardly any ‘sustainably produced’ timber available, it is not really effective... officials also pointed out the difficulties in defining such a certification, as well as the fact that many wood products are an amalgamation of different woods from different sources.”

The document also summarized the economic impact of FSC as: “Our MEA contacts said they were not happy with the ‘Heart for Wood’ campaign, an initiative by Dutch environmental organizations. The campaign commits signatories to use only timber produced in sustainably managed forests. The environmental organizations have encouraged consumers to buy only tropical timber products carrying a certification developed by the Internationally operating Forest Stewardship Council (FSC). So far, 148 local and 6 provincial governments, 67 project developers, 139 housing corporations, and 3 large do-it-yourself stores have signed the declaration. According to the Dutch Association of Timber Traders, imports of tropical timber into the Netherlands have dropped by 50 percent in the past five years, mainly as a result of the ‘heart for wood’ campaign. According to the association, the campaign has resulted in a turnover loss of 250 million guilders and a loss of many jobs in the Netherlands as well as in the third world. The association recently urged local governments not to sign the declaration and has also launched a large advertising campaign against the NGOs.”

# Conclusion

IN SHORT, ECO-LABELING programs like MSC add yet another layer of requirements, costs, and hoops to jump through on top of existing government regulations and conservation initiatives. In the end one has to ask, what is the real advantage of struggling for a “stamp of approval” from WWF or any other mainstream environmental groups? Particularly when many of them openly and loudly support the non-consumptive-use doctrine while attacking the so-called “commercial exploitation of our precious resources”? In reviewing the track records and advocacy-campaigns of Big Greens, it becomes clear that they will not be satisfied with

anything less than small-scale production, no matter how responsible and sustainable larger ventures may be. It seems obvious that when a company voluntarily elects to participate programs like MSC, it is the same as validating the role of Green Overlords — and by default, their preservationist campaigns and protest/fundraising tactics — while dismissing sustainable-use government mandates as inadequate. It is therefore important to ask whether these are the messages that resource providers and your company would like to broadcast to the consuming public.