Greenwash

How some powerful corporations are standing in the way of sustainable development

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Kumi Naidoo, Greenpeace International Executive Director, joined over a thousand climate activists in Durban to demand urgent climate action from governments.
Introduction

This report is a sequel to the *Greenpeace Book on Greenwash* that was published a few days before the 1992 Earth Summit. That report documented the special relationship and undue influence that big business had on the Rio process. It introduced the concept of greenwash to a global audience, and provided case studies of companies that were acting – but not behaving – green. The case studies contrasted the rhetoric of PR with the reality of behaviour. We found that the corporations that depicted inspiring images of pristine waters were polluting those waters. The companies that spoke in reverent tones of their respect for the forests were cutting them down. The firms that had adopted and coopted environmental imagery and language were abusing the Earth. And the groupings of elite environmental business leaders were banding together to promote voluntary corporate responsibility while resisting all attempts to hold them responsible for their actions.

Today, greenwash is alive and well, as you will no doubt see at the Rio+20 conference. The Business Action for Sustainable Development (BASD) coalition, for example, will be there again, and we invite you to compare their rhetoric to what was said 10 years ago in Johannesburg and 20 years ago in Rio.

Through a few case studies, taken mostly from our on-the-ground campaigning work against environmental destruction, we want to give you a taste of the kind of challenges implementation of the Rio agenda is facing today, despite the growing number of glossy corporate social responsibility reports.

We did not claim then, and do not now, that the case studies represent the worst of the worst in terms of corporate behaviour. We did not and do not believe that companies cannot do good; in fact we believe that thousands of companies are trying their best and are poised to find solutions. Unfortunately they are often drowned out by those who pretend to be leaders but who are holding back progress. What we show is that some large corporations, singly and as a group, while loudly touting their commitment to sustainability, continue to exert excessive negative influence on governments in debates and negotiations around sustainable development. Instead of using their might to change the basis of our economy for the better, many of them have chosen to stand in the way. These powerful corporations must steer and be steered in a different direction, and ultimately brought under a more democratic control.

For more examples of greenwash, see: www.stopgreenwash.org
Summary of the Cases in this Report

This report profiles six companies and one business association, all of which claim to be playing a helpful role on sustainability, but are in fact standing in the way of progress.

The **International Chamber of Commerce** is the self-appointed voice of global business, which has embraced UN sustainable development processes since 1992. The problem is that its love for the UN is conditioned on that body’s acquiescence to purely voluntary agreements when it comes to sustainability. We trace the way the ICC has become a sort of “super-stakeholder” at sustainable development fora, and the way it has overwhelmed alternative, more progressive business voices.

**Shell** was the subject of a “greenwash snapshot” in our 1992 report, a winner of a “Greenwash Award” given by NGOs in Johannesburg in 2002, and is back again as a result of its persistence in attending every sustainability forum, lending executives to BASD, and publishing some of the best greenwash advertising ever produced. Greenpeace, which has opposed many of Shell’s activities from the Arctic to Nigeria, has also shared the stage with the company in supporting the Kyoto Protocol. Now it’s time to assess what 20 years of “leadership” has achieved. We find that despite all the years of rhetoric, Shell is increasing its carbon intensity, its investments in risky and high carbon fuels, and reducing its investment in renewable energy.

**Duke Energy** is another company whose business has a profound effect on achieving a sustainable energy revolution, and whose management is close to the top in stated commitment to greenness and sustainability. Despite kind words about climate protection, Duke is one of the US utilities still building coal-fired power plants.

Western companies are not the only big players anymore, and two companies from emerging economies are profiled in this report. Our Indonesian case study looks at the way Indonesia’s **Asian Pulp and Paper** is standing in the way of both climate and biodiversity protection, threatening the nearly extinct Sumatran tiger and the endangered Sumatran orangutan through destruction of tropical forests and peat lands.

In Brazil, where progress has been made in protecting the Amazon rainforest, the beef giant **JBS** is failing to implement its commitments to monitor sources of beef, the single biggest cause of deforestation in the Amazon. This comes at crucial political moment for the future of a ground breaking Zero Deforestation Law, right here in Rio+20’s host country.
The chapter on the Spanish fishing industry and the Vidal family shows that European companies and governments are not always as clean as the popular images they like to portray. Spanish pirate fishing is devastating the seas and putting small-scale fishers in Europe and Africa out of work. EU and Spanish subsidies contribute to the problem, underlining why we urgently need an oceans rescue package from Rio+20.

The future of our agriculture is at the heart of debates related to food and water access, employment, toxics, biodiversity and climate protection. In this sector, Syngenta is another European company playing an unhelpful role. This case shows how the world’s largest pesticide and third-largest seed company uses its considerable influence to keep its own agricultural products and model ascendant, while standing in the way of alternatives. The company spends millions of dollars in this endeavour, placing its staff at research institutions, creating a non-profit foundation, influencing studies, undermining scientific endeavours, and even discrediting scientists who question the safety of the company’s products.

This report is only a snapshot. It is not a comprehensive study of businesses and their role in the sustainability debate over the last 20 years. But even these case studies show why governments have failed to deliver sustainable development in the last 20 years. They have been lobbied and have chosen to represent the interest of those who benefit from the status quo. As we write, it looks likely that Rio+20 will similarly deliver for the polluters, not the people of this world. We issue these case studies therefore as a reality check of the kind of “business leadership” favouring corporate interests produces.

Many businesses are starting to do the right thing. But these case studies show that until global rules make global corporations fully liable for their social and environmental impacts, and until we start seeing corporations really walking the green talk, sustainability will remain elusive.
At the end of the UNCED in Rio de Janeiro in 1992, Greenpeace hung a banner from the side of Sugar Loaf Mountain with a message warning that the Earth was being "SOLD".

Image
Chapter 2
How did we get here?

Twenty years ago, thousands of people gathered in Rio de Janeiro to witness the official marriage of environment and development. It was a noisy and beautiful ceremony, a post-Cold War, pre-internet, dawn-of-email coming out party for an emerging alliance of governments and civil society from North and South. A potpourri of conservation, justice and poverty elimination was served, in a grand experiment to see if we could create a dish that would nourish everyone. Appetites and ambitions were high.

It wasn’t all beauty and light. There were fears that environment would overwhelm development, that sustainable development was really a hidden plan to prevent the development of southern countries. There were warnings, too, that a coupling of environment and development might be a “dangerous liaison”; that, under the guise of development, almost any kind of activity could be justified, no matter how harmful to the environment.1

Greenpeace judged at the end of the conference that the Earth had been “sold”, agreeing only to measures that would do little or nothing to change “business as usual”. Sustainable development was to be consistent with trade rules, rather than the other way around. Still, we had participated earnestly and many civil society groups saw the conference and its outcomes - new conventions on climate change and biodiversity, a Rio Declaration, the Forest Principles and an Agenda 21 action plan – as the beginning of a new era of cooperation. We took on the challenge as well as the promise, of linking environment and development forever.

A cadre of corporations also embraced the concept of sustainable development. Edgar Woolard, then CEO of chemical giant DuPont, went further, commenting that “Industry will have the primary role in making (sustainable development) work. We are the experts at development.”2

The most powerful Member States of the UN appeared to agree with Woolard. They applauded when self-appointed business leaders organised themselves into the Business Council for Sustainable Development and were given special access to the UNCED process. Although there was dissent within the UN system, governments generally acceded to corporate pressure. For example, they decided to leave mention of Transnational Corporations’ (TNCs) responsibilities out of the UNCED documents. The texts drafted for the Rio Principles by UNCTC3 on the monitoring and regulation of TNCs did not make it to the Rio Declaration, nor did a comprehensive set of recommendations prepared for Agenda 21.4

While Principles 13 (Liability), 14 (Double Standards), 15 (Precautionary Principle) and 16 (Polluter Pays Principle) of the Rio Declaration all relate to corporate actions, governments caved into corporate pressure to avoid language that would have committed them to creating transnational corporate accountability for business behaviour. Business, as a “stakeholder,” was to help shape the intergovernmental approach to sustainable development, but it was not to be given concrete responsibilities for steering the planet to a more sustainable path.

Just a few months before the Rio conference, the only intergovernmental mechanism that had been monitoring transnational corporations and their double standards in terms of products, technologies and general corporate behaviour – the UN Centre on Transnational Corporations (UNCTC) – had been effectively dissolved. Along went almost 15 years of work on the Code of Conduct on TNCs, which attempted to spell out the rights and duties of TNCs and the rights of States to regulate them.5
Civil society in 1992 was disappointed in the special relationship that Conference Secretary Maurice Strong had carved out for business, having declared that “The environment is not going to be saved by environmentalists. Environmentalists do not hold the levers of economic power.” In a parallel process of negotiated “treaties” organised by NGOs, civil society groups called for “democratic control of TNCs.” The point was not that corporations were inherently bad or good, but that they should come under the control of governments and, by extension, “We the Peoples” as referred to in the UN Charter. Some of the same groups later formed the Alliance for a Corporate Free UN, which held that the proper role of the UN was not to form partnerships with corporations but to monitor them and hold them accountable to environmental, human rights and labour rights standards. That Alliance was formed in response to the UN Development Programme’s “perilous partnership” with corporations known as the Global Sustainable Development Facility. Fortunately, that partnership was abandoned before it got off the ground, thanks to a rethink by then UNDP head Gus Speth.

In the first years after Rio, follow-up meetings of the Commission on Sustainable Development (CSD) – which was set up to monitor the implementation of Agenda 21, Rio’s main outcome document – were well attended and energetic. But, each year, enthusiasm decreased. At Rio+5 in 1997, General Assembly President Razali Ismail managed to generate a bump in interest, but the decline of the Rio follow-up meetings resumed in 1998. Ambassador Razali, in trying to revive CSD, accelerated the corporatisation of the process, by putting on a special luncheon with WBCSD’s Bjorn Stigson with the explicit purpose of formalisation of corporate involvement in the affairs of the UN.

But in 1997 one Rio outcome was bearing fruit. As governments had realised that voluntary emission cuts agreed under the UN Climate Convention in Rio would not prevent dangerous climate change, an additional Protocol on legally binding emission cuts was being negotiated. At the Rio+5 conference President Clinton promised to bring a strong American commitment to realistic and binding limits to Kyoto. But the relationship between the US government and the fossil fuel industry was too cozy. What followed was that the US first watered down the Kyoto Protocol that had been agreed the same year, and then later abandoned the whole Protocol.

The rest of the world decided to go ahead regardless, leaving the US behind. The Kyoto Protocol entered into force and resulted in climate policies and actions in many parts of the world. But the absence of the biggest polluter, with the Protocol loopholes it left behind, and its continued preference to protect its fossil fuel industry instead of climate, has hampered international cooperation on climate ever since.

In the meantime, the theme of voluntarism for transnational corporations had taken even stronger hold at the UN. In 1999 the Global Compact was announced by Secretary General Kofi Annan at the World Economic Forum in Davos, quickly became the model for UN-corporate partnerships, and the embodiment of voluntary corporate self-regulation (see the ICC chapter).

While the Commission on Sustainable Development was languishing, the action was elsewhere. The same powers that deemed voluntary action appropriate for sustainable development, supported strong transnational regulation when it came to protecting business rights and profits. Starting with the upgrading of the General Agreement on Tariffs and Trade’s (GATT) integration into the World Trade Organisation (WTO) at the start of 1995, major legally binding multilateral agreements were signed in the realms of free trade and investment. Sentiment in civil society and many developing countries erupted against these agreements, starting with the Multilateral Agreement on Investment in 1995-1998 (which broke down partly due to lack of participation and transparency) and culminating with the Battle in Seattle that briefly shut down a WTO ministerial meeting in late 1999. Generally, the new trade and investments agreements were seen as favouring rich countries over poor, big business over citizens, and corporate rule over democracy. Lines in the bitter dispute over globalisation were drawn, with the World Economic Forum in Davos on one side, and the World Social Forum in Porto Alegre on the other. (Some groups, including Greenpeace, attended both.)

The Al Qaeda attack on the World Trade Center on 11 September 2001 rudely interrupted the raucous conversation the world was having about corporate globalisation. By the time the conversation resumed, the big emerging economies had a prominent role in the global economy and the Great Recession had hit the world’s richest countries.
The 2002 Rio+10 conference in Johannesburg made no real progress. Anti-globalisation protests had succeeded in calling attention to the corporate power behind the global injustices perpetrated by the WTO and Bretton Woods Institutions. But the global justice movement had not managed to give real political clout to Multilateral Environmental Agreements (MEAs). With important exceptions such as the Montreal Protocol, the MEAs remained weak compared to the free trade agreements, and sometimes were left to wither unsigned or unratified, especially by the US. (In addition to the Kyoto Protocol, the US has still not ratified the Convention of Biological Diversity.)

The buzzword of Johannesburg was “Type II” voluntary partnerships. These partnerships were to result in action by all stakeholders – anyone, from business to government to NGO, could simply sign up and volunteer whatever they wanted. In reality, they were a patchwork of good intentions and pre-existing programmes dressed up for the occasion. There were no criteria for approval, and there was no evaluation process. Many of these partnerships soon disintegrated, as one would expect of fig leaves meant to provide short-term cover for a naked failure of government action. Ahead of Rio+20, the UN is set to repeat this exercise.

While the early drafts of the Johannesburg outcome text prepared by the chair included a commitment to “launch negotiations for a multilateral agreement on corporate accountability”, this commitment was watered down. Governments at least acknowledged the need for global rules for global business in Johannesburg. But the promise to “actively promote corporate responsibility and accountability (...) including through the full development and effective implementation of intergovernmental agreements”, which opened the door for having global regulation for global companies, didn’t live long enough to grow teeth.

Meanwhile, on the streets of Johannesburg’s townships, many protestors sang and danced their resentment of world governance without distinguishing between the despised IMF and the UN. The former represented the one dollar one vote, while the latter represented “We the Peoples,” but sectors of civil society were starting to lose the distinction. The same governments and corporations that supported the WTO and the IMF and the deregulation of finance have stalled or weakened environmental protections. As a result, the differences between the institutions of economic power and those of the UN, though they still exist, have become blurred.
Here are some interesting things that the International Chamber of Commerce, one of the most powerful lobby groups in the world, tells us about itself:

ICC is the voice of world business championing the global economy as a force for economic growth, job creation and prosperity.

ICC - the world’s only truly global business organisation responds [to government decisions] by being more assertive in expressing business views.

[Provides] influence at the national and at the international level through the ICC’s privileged links with major international organisations such as World Trade Organisation and United Nations.

[Has] direct access to national governments all over the world through its national committees.

...spearheads the business contribution [at UN summits on sustainable development and ensures] that the international business view receives due weight within the UN system.

Such self-descriptions are perfectly reasonable for the ICC’s business audience. But consider what they mean for the Rio negotiations, from 1992 till the present: a body that purports to speak for global business is “assertive” in pushing its agenda, has “direct access” to national governments and “privileged” access to intergovernmental organisations. This is the body, which consistently placed itself in the middle of the fray and increased its access to UN processes since 1992.

So what is the agenda it’s pushing?
In Rio+20 the ICC is partnering with the Business Action for Sustainable Development (BASD). Try and search the BASD’s recommendations for Rio+20 with words “liability”, “binding” or “agreement” and you won’t be lucky. “Accountability” appears once. Here’s what you can find instead:

A Green Economy emphasises the importance of sustainable growth and access to open, well-functioning, and efficient markets. It recognises that relying on markets is indispensable to the evolution of both societies and companies toward greener economic activity and prosperity.

To create a healthy business environment, states must ensure that markets and entrepreneurial activity are not stifled by excessive regulation and taxation, unfair competition, corruption, or an unstable policy environment. All energy options will be required to meet the challenges outlined above and must remain open to meet pressing demands for access to and security of energy while reducing greenhouse gas emissions.

(Basd Submission to the Rio+20) 15

This hardly sounds like elements of an emergency plan, commensurate with the environmental and social crisis we’re faced with. It does sound familiar though, because it’s what we’ve been hearing for a long time.

Hijacking Rio?
The UN welcomes the ICC’s close participation. The logic is that since business controls a great deal of the world’s technology and capital, its help is needed to make sustainability work. An equally powerful counter-logic has been left out of the UN’s calculus: powerful businesses that are benefitting from the current system, and occasionally structuring the system, will not easily agree to change it. The ICC may talk a green talk, but walk a different walk. The same organisation that likes to talk about “efficient use of energy and materials, the sustainable use of renewable resources” and “the minimisation of adverse environmental impact” 16 in reality opposes phasing out of dirty energy and undermines the benefits and potential of renewable energy. 17

The ICC is best thought of as representing incumbents in business and industry. Incumbents, by definition, benefit from the current arrangements and resist change. Their relationship to intergovernmental decisions is therefore fundamentally different from other “stakeholders”, like neighbours of a chemical plant that emits toxic chemicals, peasants required to buy patented seeds or indigenous people whose subsistence is threatened by extractive projects.

Greenwash from Rio to Johannesburg
Just before the 1992 Earth Summit, the ICC published a book called “From Ideas to Action.” 18 It touted the Business Charter for Sustainable Development, which consisted of 16 principles, and boasted that hundreds of companies had signed on. (Today the ICC says that some 2,300 companies have signed.) The rest of the book was dedicated to case studies of voluntary sustainable practices. The studies were submitted by companies profiled, without evaluation or monitoring. Some of the companies submitting the case studies were also the planet’s biggest polluters. 19 So, although the ICC proudly proclaims that it “would like to underscore the private sector’s vital role in efforts to promote sustainable development” 20, the truth is murkier.

Close inspection reveals that “green economy” for the ICC means “more of the same”. Magically, the same voluntary principles 21 the ICC has always liked would appear to fit into green economy: “From a business perspective, the starting point of strengthening its contribution in national sustainable development efforts, that builds on compliance with national laws, in associated business planning and management systems and in implementation wherever a company operates. These can include and be reinforced by a number of additional voluntary approaches.” 22

ICC has honed and improved its greenwash techniques over the years. For example, over 100 CEOs of large companies attended Rio+10 in Johannesburg along with 600 other big business delegates. 23 The meeting took on an appearance of a trade fair at times. In the convention centre, BMW’s “Sustainability Bubble” flaunted hydrogen-powered cars to imply this was the company’s future. 24 Yet four and five years later BMW was crucial in the campaign against stricter CO2 limits for large gas-guzzlers. 25 BMW is far from being the only ICC outlier to stand in the way, diverting us from the path to reform.

Of course there is nothing wrong with corporations doing the right thing voluntarily - as long as voluntarism is not used as an argument against binding national regulation or multilateral agreements. But the ICC, opposing even the weak call for global rules on businesses in Johannesburg, has argued again and again that because business is doing the right thing voluntarily there must not be regulation.
In 2004, during debate at the UN Human Rights Council about the UN Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights, ICC representative Stefano Bertasi said “These Norms clearly seek to move away from the realm of voluntary initiatives ... and we see them as conflicting with the approach taken by other parts of the UN that seek to promote voluntary initiatives.” Ultimately, one of the architects of the UN Global Compact (see below), John Ruggie (the UN Special Representative on business and human rights), took over the development of the Norms and watered them down into mere “Principles.”

The UN Global Compact today has about 7,000 business participants. It still does not monitor or verify the activities of its members. BP, for example, was not expelled as a result of the Deepwater Horizon disaster. The Compact has expelled over 3,000 companies since 2005. Not for failing sustainable development, but for failure to communicate progress on their efforts to implement the Compact’s principles to the Compact Office. Anyone who wants to pretend they do the right thing, is still welcome to “bluewash” themselves through the Compact. In April 2012 in New York, as the UN Global Compact was presenting its new Rio+20 online platform for voluntary business pledges, it assured listeners that anyone can pledge on the new platform – including businesses who haven’t even signed up to the UN Global Compact voluntary principles.

Companies themselves believe that they are already doing enough. In 2010, a large global survey by the Global Compact and Accenture found that 81% of CEOs believe that sustainability issues are fully embedded in the strategy and operations of their companies.

The UN’s Business Compact

The UN Global Compact was released with fanfare in 1999, and UN officials were proud of what they saw as an innovation. But stripped of the bells and whistles, the skeleton of the Global Compact was a set of general, voluntary principles and best practice case studies. The ICC’s footprints were all over the Compact, with the biggest footprint being the philosophy of “The Importance of Voluntarism”, which resonates with ICC’s mission statement, according to which “Self-regulation is a common thread running through the work of the [ICC] commissions. The conviction that business operates most effectively with a minimum of government intervention inspired ICC’s voluntary codes.” In 2001 the (then) ICC Secretary-General Maria Livanos Cattaui specifically emphasised that “The compact is – or should be – open-ended, free from ‘command and control’”. This would encourage and mobilise “the virtues of private enterprise in fulfillment of the UN’s goals”. The Global Compact should have been called the ICC Voluntary Compact and kept within the business community. Instead it was promoted as a watershed UN partnership; a sign that the ICC was successful in spreading its philosophy that industry self-regulation over government intervention is the key to sustainable development.

ICC + WBCSD = BASD

At the Rio 1992 conference, Secretary General Maurice Strong made an effort to partially sideline the ICC, or at least to add a more innovative voice. He appointed Stephen Schmidheiny as a special business representative to UNCED, and Schmidheiny in turn formed the Business Council for Sustainable Development (which later became the WBCSD, the World Business Council for Sustainable Development). At first, WBCSD was a kind of good cop to the ICC’s bad cop. The WBCSD said that business had to “Change Course”, but the ICC affiliates were back home in capitals making sure change did not actually take place. WBCSD supported full cost environmental accounting while ICC affiliates lobbied against it. The WBCSD got a lot of press, but ICC influence behind the scenes remained strong. We don’t want to overstate the split between the original BCSD and the ICC, as the two organisations overlapped and influenced each other. But there was a difference in culture at least, which has since been papered over. The Corporate Europe Observatory traces how the ICC deliberately went about seeking to increase its influence within the UN system starting in 1995, and how “corporate hijacking of the UNCED process drastically slowed down global progress in the areas of environment and development over the 1990s”. Ahead of Rio+20 the WBCSD has called for mandatory sustainability reporting for corporations – ICC has not.
ICC through the looking glass

First the BCSD emerged with ICC’s World Industry Council for Environment to form WBCSD, and then WBCSD and the ICC merged to form the BASD at in Johannesburg. This reduced the business voice to a monotone. At Rio+20 the situation has become increasingly bizarre, with the Global Compact joining the ICC and WBCSD as partners in the BASD. If this alphabet soup is confusing, it can be boiled down to layman’s terms: a UN Office is working to influence the outcome of UN Member State negotiations through a business organisation. As Corporate Europe Observatory finds, “It seems absurd that [the UN Global Compact] is an active part of the primary corporate lobbying campaign towards Rio+20. The boundaries between UN and big business are increasingly blurred.”

The evolution of the ICC from an association working for its members’ interest to a UN partner in the process means that the Member States have more resistance to overcome than ever, and that the same corporate views come even from within the UN bureaucracy (the Global Compact). The ICC can be proud that “The way the United Nations regards international business has changed fundamentally. This shift towards a stance more favorable to business has been nurtured from the very top,” as ICC Secretary General Maria Livanos Cattaui declared in an International Herald Tribune February 1998. Yet, in the Rio process, the ICC is demanding for more space.

Our current involvement in the process is very limited. So, we are one of the nine major groups, and our ability to take part in the process is not as big we think it should be. In other words we think it’s inadequate. Therefore we have outlined a few governance options and we are happy to discuss them further. We didn’t like it [green economy] at first because we think it has too much connotations on the environment. But then we said ok we accept it for the purpose of the policy discussions here. But in business, in our companies’ spreadsheets we don’t differentiate today between green and brown investments or we don’t have a column for green economy.

Martina Bianchini,
Chair of the ICC Task Force on Green Economy
(from Dow Chemicals)

ICC does not speak for all business

Some observers, hearing civil society concerns, believe that ICC critics are simply anti-business. This is a misunderstanding. The ICCs claims that it “speaks for world business whenever governments make decisions that crucially affect corporate strategies and the bottom line.” In fact, the ICC does not speak for all business. It disproportionately represents the richest and most powerful companies in the world. Small and medium-size enterprises, clean-tech coalitions and dissident businesses do not get the same influence over ICC policies.

Take the US Chamber of Commerce, the principal American national affiliate of the ICC. The American Chamber has consistently opposed US legislation on greenhouse gases or toxic chemicals. It does not speak for US businesses that support climate action, of which there are thousands, but rather for the rich and powerful companies that resist such action. The Chamber’s ideology has become so narrow and its politics so partisan that local Chambers are rebelling, and sometimes ending their affiliation. Thousands of companies are joining associations such as the American Business Council for Sustainable Development and the Clean Economy Network that aim to provide an alternative voice to the Chamber. And these are not all small companies. In 2009, Apple left the Chamber because of the chamber’s opposition to climate action.

The ICC is not the only umbrella business federation witnessing splits among the business it claims to represent, when it comes to sustainability. In the EU, more than 100 large companies have called on the EU leaders to tighten the EU’s 2020 climate target, publicly challenging the opposite position of their main business federation, BusinessEurope. While BusinessEurope is not a member of the ICC, you might not be surprised finding similarities in their positions on sustainability. In fact, the Chair of the BusinessEurope Climate Change Working Group is also the Chairman of the ICC Climate Change Task Force.
In individual countries we can expect to see a growing number of progressive business coalitions, who will be challenging traditional business federations. In the Netherlands, there is Groene Zaak, a Dutch Progressive Business coalition, consisting of 120 members from banks to food suppliers and pension funds, committed to making their own value chains sustainable and encouraging stronger regulation by the government. In Switzerland, there is Swiss Cleantech, whose mission is not only to support clean tech businesses, but also to encourage and support Switzerland to become a leading sustainability country. In Brazil, Ethos is a somewhat unusual business group, as its members range from mining, cement and paper companies to natural cosmetics, and yet it has been challenging Brazil’s most powerful business association FIESP on sustainability. For example, ahead of the Copenhagen Climate conference in 2009, Ethos was urging the Brazilian government to take more leadership and to define climate targets – while offering to cut emissions as business. It has also taken action against slave labour in Brazil and supported calls for zero deforestation. And so forth.

That businesses have many different voices is contrary to the ICC’s claim to be “the global voice of business.” Business is not a monolith, but because the ICC has become an official part of the UN process, other business voices are drowned out.

Greenpeace is calling for a commitment to corporate accountability and liability. At the Johannesburg Earth Summit in 2002, governments acknowledged the need for global rules for global corporations. At Rio 2012, they should agree on the development of a global instrument that ensures full liability for any social or environmental damage global corporations cause. Corporations must take full responsibility for their supply chains.
Shell has a track record of producing beautiful ads about caring for the environment — ads that have later been banned as greenwashing. Even before the 1992 Rio Conference, Shell had come up with some beautiful “Protected by Shell” ads. Shell executives have led the BASD. Shell has produced lengthy reports about sustainability. Shell has supported the Kyoto Protocol. When it comes to global sustainable development forums, Shell is a constant and vocal participant.

Yet, as the company states in its General Business Principles “we are judged by how we act”. Indeed! The company strip mines the boreal forest to access the Canadian tar sands. It operates the world’s deepest oil platform over a mile and half deep in the Gulf of Mexico. It haunts the Niger Delta. It is opening up the ice-bound seas of the Alaskan Arctic. When it comes to controversial, risky and polluting forms of oil, Shell is always there.

After 20 years of self-proclaimed leadership in sustainable development, it is fair to assess what has been accomplished by one of the world’s most powerful companies and its brand of corporate environmentalism.

Shell’s point was that oil is a non-renewable resource, the burning of which emits carbon dioxide. Shell is in a predicament, because the world’s financial markets, stock analysts, shareholders and Boards of Directors reward the discovery of oil, a business idea Shell dedicated itself to before the realisation that it would lead to man-made and potentially catastrophic climate change. The stock price of an oil company depends on its Reserves Replacement...
Ratio (RRR), the rate at which it replaces production with new discoveries. Unfortunately, share price is not similarly rewarded by investment in solar energy.

The RRR system probably contributed to the scandal that broke in early 2004, in which Shell was caught inflating its reserves estimates by 20% or more. Shell management—like that of all upstream oil companies—is under pressure to expand its oil business, even if such expansion is plainly incompatible with combating climate change. It is no surprise that a large oil company engages in unsustainable activities. The question is whether Shell is helping to steer itself and others away from a fundamentally unsustainable premise, or whether it is standing in the way of attempts to do so.

To answer, let’s look at two significant new Shell activities: production in the Arctic and in the Canadian tar sands.

“Leadership” in the Arctic

In the Arctic, Shell is a leader, but not in the way one would hope. It is the first “supermajor” oil company to actively pursue a policy of significant oil exploration in the offshore Arctic. (Gazprom, the Russian national company, is also at the forefront of risky Arctic exploration.) The company sees this region as the next great oil frontier, saying it has “significant untapped potential and will play an increasingly important role in meeting the energy challenge in the future.” Shell senses a clear opportunity in Alaska, arguing that “much like landing on the moon, it doesn’t hurt to be first”.

This is not a case of being forced to follow the pack in order to compete. This is a case of leading the way to global and regional disaster.

While Shell confidently tells us that it has “made numerous plans for dealing with oil in ice,” the company also admits that the technical and environmental challenges of oil exploration in the Arctic “are immense.” Specialists believe that “there is really no solution or method today that we’re aware of that can actually recover [spilt] oil from the Arctic.”

The Pew Environment Group recently examined oil spill response plans for operations in the Arctic and warned that the oil industry is “not prepared for the Arctic, the spill plans are thoroughly inadequate,” adding that Arctic spill plans “underestimate the probability and consequence of catastrophic blowouts, particularly for frontier offshore drilling in the US Arctic Ocean.” Analysis for WWF found that industry proposals for assessing the risks of a spill in the Arctic were inaccurate, describing it as “imagining, not engineering.” The US government estimated a one-in-five chance of a major spill occurring over the lifetime of activity in just one block of leases in the Arctic Ocean near Alaska. The US Geological Survey (USGS) concluded that “there is no comprehensive method for clean-up of spilled oil in sea ice” and that recovery systems normally used to collect oil faced “severe limitations” due to extreme conditions in Alaska. Other critics have described Shell’s clean-up plans as being nothing more than a “glorified mop, bucket and brush brigade.”

Shell—which was recently responsible for significant oil spills in Nigeria and the UK—says it will be able to remove up to 90% of any spilled oil in Alaska. This is an incredible assumption when you consider that the USGS estimates recovery levels of 1% to 20% in the Arctic. Only about 17% of oil was ever recovered after Deepwater Horizon, while the figure for Exxon Valdez was around 9%. Almost no baseline scientific research has been done on the offshore Arctic and we have very little understanding about how this potentially complex ecosystem operates or would respond to serious stress from, for instance, an oil spill. However, it’s clear that a major spill, with oil gushing unchecked for months on end in a region that has more coastline than the rest of the US combined, would very likely have a catastrophic impact on local wildlife and fishing. The region is a vital habitat for species such as polar bears, musk ox, bearded and ribbon seals, bowhead and blue whales, and fish including Arctic char, halibut and salmon shark, while Alaska is home to birds such as the king eider, gyrfalcon, bald eagle and trumpeter swan.

But not to worry. Shell proves its environmental credentials by pointing out that it “banned the use of Styrofoam cups on board any Alaska operating company owned or contracted vessel in order to assure cups do not blow into the water.”
Shell expands the world’s dirtiest and most expensive oil patch: Canada’s tar sands

Nearly 29% of Shell’s reserves are in the Canadian tar sands. The company is the third largest operator in the tar sands, responsible for 8% of all Canadian tar sand production, and that proportion is set to grow with the Jackpine mine expansion project. These are astounding figures for a company that would have you believe it is an ally in the movement for sustainability, because the tar sands industry ranks among the most destructive forms of extraction on the planet.

Making synthetic crude oil from tar sands in the Athabasca region of Alberta uses between three and five barrels of water for every barrel of crude, and 90% of that water is so contaminated it cannot be re-used. It is dumped in massive tailings ponds of toxic sludge. Indigenous communities living downstream of tar sands operations believe they have suffered health impacts from toxic exposures, while their hunting and fishing have declined due to habitat destruction. Some are now suing Shell to prevent the company’s expansion. Oil production from tar sands is so energy intensive that it releases about 23% more greenhouse gases than conventional oil production. And since the tar sands of Canada contain enormous reserves, NASA’s James Hansen has said that if the resource is fully developed, it is essentially “game over” for the climate. That is a strong statement coming from one of the world’s most important climatologist.

These are not historic problems, inherited by management from a less enlightened time. The reckless expansion in the tar sands is taking place in the age of “continuous improvement”, in the phrase of the World Business Council for Sustainable Development. Shell’s explanation is that it is “developing an important resource that society needs, and doing it safely, responsibly and in compliance with all laws and regulations.”

What are the tar sands?

Tar sands, aka oil sands, refers to deposits of the hydrocarbon bitumen mixed with clay, sand and water, which can be processed to make synthetic crude oil. The largest deposits are found in Alberta, Canada, in an area the size of England. The environmental impact of the tar sands industry is staggering.
Shell lobbying

Shell talks a good game about the need for a binding global climate deal, with one executive commenting recently that “we need to maintain and support existing frameworks and institutions through the UNFCCC process...”78 However, in parallel Shell lobbies to block meaningful national action to halt catastrophic climate change. The company holds powerful positions in several of the business lobby groups79 most hostile to climate change legislation80, including BusinessEurope, the European Roundtable of Industrialists (ERT) and the European Chemical Industry Council (CEFIC). More than once, Shell has been involved in lobbying with these groups to undermine positive action on climate change.

In 2008, when the EU's draft 2020 climate and energy legislation was about to be published, Shell's former CEO, Jeroen van der Veer, wrote to the European Commission on behalf of the ERT to warn against plans to strengthen the EU's climate policy, arguing that it could undermine competitiveness of European business.81 In the middle of the Copenhagen climate conference in December 2009, BusinessEurope was urging the EU to stick to its modest 20% climate target82, and right after the conference CEFIC and BusinessEurope insisted that the EU should stop considering any further unilateral action on climate change.83 Shell's opposition has continued ever since84, despite analysis by the European Commission finding that a stronger EU climate target would come with multiple benefits85, and several independent research institutes indicating that it is in Europe's own economic interests to introduce stronger climate legislation – irrespective of what others did.86

In the meantime, Shell has also worked against legislation that would limit the import of high-carbon tar sands-derived fuels into the EU, repeatedly lobbying UK government ministers.87 In 2010 Shell CEO Peter Voser, in his natural gas promotion speech, suggested that offshore wind was expensive and advised the UK to reconsider its offshore wind policies, saying: “Perhaps the country should consider diverting some investment away from new offshore wind farms.”88 Here the company itself has been taking “lead” by pulling out the world’s biggest offshore wind farm89 (in 2008) and saying “no” to offshore wind investments in the North Sea (in 2012), suggesting that the British government should support an industry that is “already successful” – such as oil and gas.90 Indeed, on the same day the company announced 2012 first quarter profits of nearly $9bn,91 Shell's finance director announced that it couldn’t “make the numbers”92 add up for investing in offshore wind in the UK’s North Sea, long considered one of the largest potential sources of clean energy anywhere on the planet.93 While Shell can’t afford to invest in offshore wind, it is spending impressive amounts of money to invest in offshore oil drilling – and lobbying for it. Shell’s lobbying expenditure in the US is among the largest.94 In May 2012, the New York Times revealed details of Shell’s Arctic quest that has now consumed seven years and $4bn, and involved a lot of lobbying and campaigning.95 In Canada, Shell is an uncritical member of the Canadian Association of Petroleum Producers, the industry association that consistently denies the impact of tar sands and works to avoid regulation on tar sands producers.96

Carbonisation

Every oil company repeats some form the mantra that “fossil fuels will be a big part of the energy mix for decades to come” and Shell’s version is “fossil fuels would still, even in 2050, supply over 60% of global energy”.97 On the surface, this sounds like a simple prediction, but it is also a self-fulfilling prophecy. In absolute terms that’s about as much or even more fossil fuels than today. Energy-related CO₂ emissions would not decline even to 2000 levels,98 let alone the 50-80% reductions needed according to the IPCC. Shell calls climate change “one of the biggest challenges facing society”99, and touts its “programmes that help drivers to use less energy and emit fewer CO₂ emissions”100 but at the same time its business model remains to develop more of the increasingly marginal sources of highly polluting oil and gas. As Shell executives have said: “Essentially the Group’s business was not to decarbonise but rather take advantage of opportunities which had arisen as a result of the world’s desire to decarbonise.”101
Shell's portfolio is the most carbon intensive of the supermajors, and the carbon intensity of its reserves is growing. Surprisingly, Shell is more carbon intensive than ExxonMobil, normally considered the “bad guy” compared to Shell and BP, which have embraced environmental rhetoric more enthusiastically. The growth in carbon intensity is owed to the growth in tar sands and gas flaring in Nigeria. Neither of these is a necessity for the company, and in fact tar sands investment is financially risky. The forecast is that both Shell's production and carbon intensity will grow. The justification for this backward march is the old saw that “at present hydrocarbons are the only way to produce this energy in sufficient quantity”.

If this were just the attitude of a small company, perhaps it wouldn’t matter. But when this is the guiding principle of the public company with the second-largest revenues in the world, it stands in the way of progress. Speaking of the second-largest revenues in the world, isn’t Shell at least also making substantial investments in solar and wind? No, it is not. The company started down that path 10 years ago, saying it and would invest $1bn over five years in renewables. But Shell has walked back from those commitments, abandoning most of its renewable portfolio to concentrate on oil and gas.

The Arctic isn’t a place you can exploit; it’s a place we have to protect. Greenpeace is campaigning for Shell to scrap its Arctic plans immediately. As one of the biggest public companies on this planet, Shell can afford to walk the talk on sustainability and stop standing in the way of a clean and safe energy future, with its risky and irresponsible activities around the world.

Take action! [www.greenpeace.org/savethearctic](http://www.greenpeace.org/savethearctic)
Is it helpful for the cause of sustainable development to have the head of Duke Energy, Jim Rogers, on the UN Secretary General’s High Level Panel on Energy for All? On the one hand, Rogers appears to be a proselytiser for sustainability. He has said: “We’re in a unique position in the power industry to deploy the solutions, to raise the capital and not raise the national debt, to do it at scale, and to do it in ‘China’ time.” Rogers has appeared on countless panels and conferences speaking about the possibilities of renewable energy. His company, Duke Energy, has had its brand associated with “green” causes and has publicly supported US federal climate policy (though it was weak and eventually failed).

Surely we need powerful allies, like Jim Rogers, and companies that know how to produce energy, like Duke. But there’s another side to the story. Duke is reinvesting in its 20 ancient coal-fired power plants, and is one of the only major US power companies still building new ones. The company is on the precipice of a merger with its main competitor, the coal-heavy Progress Energy, which would make it the single largest electric utility in the US. If the merger with Progress is successful, Duke intends to use its size and deep pockets to build new nuclear plants. Securing a policy environment that make these investments pay off for their shareholders isn’t cheap. Duke spends tens of millions on election campaigns and lobbying efforts, and its recent support for a front group that attacked basic public health safeguards reveals where Duke’s real priorities are.

Is Duke’s participation in the Secretary General’s high level panel part of the move to sustainability, or part of the PR cover-up for standing in the way of progress?
Climate scientists and policy experts agree we can’t combat climate change and still build more coal power plants. Yet Duke wants to build more coal plants. There is no “solution” other than not to build them. If we take the science seriously, then all the rhetoric from Rogers and Duke is a smokescreen to hide something obvious: Sustainability would stand in the way of Duke’s business plans. Rogers’ participation in global sustainability forums obscures this, and puts him in a position to soften the blunt truth and to avoid making the real choices between sustainability and dirty energy expansion.

The difference between Duke Energy’s rhetoric and its reality could mean the difference between life and death for thousands of Americans — and the difference between an energy revolution and runaway climate change.

Life in Duke’s shadow

Many of Duke Energy’s plants burn coal mined by the controversial practice of “mountaintop removal”109, whereby whole mountaintops are dynamited and the debris is scraped into adjacent valleys. Thus far, more than 500 mountains in the ancient Appalachian Mountain range in the Eastern US have been blown up, burying more than 2,000 miles of headwater streams. The practice has annihilated entire towns and displaced many people, poisoning the water and air for those who can’t or don’t want to move.

Fuelled by Appalachian coal, Duke’s power plants are titans of toxic pollution, spewing thousands of tons of air pollutants like sulphur dioxide and nitrogen oxide, and producing vast dumps of toxic coal ash that threaten drinking water supplies with heavy metals like mercury and selenium. A 2010 study by the Clean Air Task Force found that air pollution from Duke Energy’s coal-fired power plants is estimated to cause more than 15,700 asthma attacks, 1,450 heart attacks, and 950 premature deaths every year. The same study found that Duke’s coal plants collectively cause more than $7bn US dollars’ worth of health impacts annually.110 As of 2009, Duke Energy owned 10 of the Environmental Protection Agency’s 44 “high hazard potential” coal impoundments, toxic dams full of watered-down byproducts from burning coal.111 In North Carolina, 13 coal ash dumps owned by Duke and Progress were found to be leaking neurotoxins and carcinogens into the surrounding groundwater. Levels of arsenic, lead, cadmium and chromium were sometimes found to be more than 380 times greater than state-approved limits.112

Less obvious, but every bit as real, are the climate impacts of Duke Energy’s operations. The dozens of plants operated by Duke emit 112 million tons of CO₂ each year, making the company the third-largest carbon polluter in the US and the 11th-largest in the world among power companies.113
Shady dealings

Duke Energy is currently constructing the Edwardsport coal gasification plant in Knox Country, Indiana. The region already has more than four times the amount of required power capacity, with “one of the highest concentrations of coal-fired generators in the world”.

In 2010, the project director for Edwardsport confidentially wrote to Duke complaining of “significant risks” the utility had taken on through the plant’s construction process. In another communication, Duke executive Richard Haviland wrote: “We need an exorcist on this job.”

Originally budgeted for between $1.3bn and 1.6bn, the cost for Edwardsport has swelled to almost $3bn. Duke Energy was blasted in 2011 by the Indiana Office of Utility Consumer Counselor as the company attempted to push $530m in Edwardsport costs onto customers. An OUCC director testified that “Duke has not demonstrated any budgetary constraints on this project” and that the “escalating costs have been borne solely by ratepayers, with the benefits going to the [Duke] shareholders”.

The Indiana Utility Regulatory Commission (IURC) is in the midst of deciding “whether Duke committed fraud, concealment or gross mismanagement” regarding the plant’s massive cost overruns – nearly a billion more than what was originally approved. Jim Rogers himself testified before the IURC, saying “Yes, [the plant is] expensive. But it will be the cleanest plant in Indiana.”

Meanwhile, Duke Energy paid a consultancy more than $3m to testify on the issue.

Dirty Coal, Dirty Money

The Duke Energy political action committee (PAC) spent $1.4m during the 2010 federal election cycle alone, and as of November 2011 had already spent $400,000 on the 2012 election cycle. In addition, Duke Energy has spent about $24m between 2005 and 2010 on federal lobbying. If the merger with Progress is successful, the company will be inheriting even more influence. As of October 2011, Progress Energy spent $1.4m on lobbyists for that year – $11m between 2005 and 2010. Like Duke, Progress hires the lobbying services of the Podesta Group, as well as lobbyists who are former EPA employees. The Progress Energy PAC spent more than $200,000 for the 2012 election cycle as of December 2011, having spent more than half a million during the 2010 cycle.
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Duke Energy

The company’s lobbying efforts also make its priorities clear. In September 2011, the company joined other utilities as a member of the front group Generators for Clean Energy in support of the “Transparency in Regulatory Analysis of Impacts on the Nation (TRAIN) Act”.126 The act specifically targeted 11 different EPA rules (including the recently issued Cross-State Air Pollution Rule, which could save as many as 34,000 lives a year127), as well as all rules “promulgated on or after 1 January 2009, under the Clean Air Act”. The intent was obvious: complicate and delay EPA’s already thorough rule-making process with economic impact studies on top of impact analyses already conducted by EPA.128 The bill passed the House three days later but fortunately stalled in the Senate.

Probably the best example of Duke’s purchase of political power is the fact that Jim Rogers himself is leading the fundraising effort to bring the Democratic Party’s 2012 National Convention to Duke’s hometown of Charlotte, North Carolina. The company is loaning up to $10m to the Democratic National Committee to bankroll the convention.129

So what does all this money buy for Duke Energy? At the very least, good will from the party in the White House. With a suite of public health regulations being issued by EPA and a massive merger pending, Rogers and Duke Energy need all the friends in Washington that money can buy.

Will the real Duke Energy please stand up?

Duke Energy often faces accusations of double-speak. For many years, the company was a member of the National Association of Manufacturers and the American Coalition for Clean Coal Electricity, both of which worked against action on climate change. At the same time, Duke was a member of the US Climate Action Partnership, a coalition of industry and some environmental groups working ostensibly in support of climate legislation.130 Duke Energy finally left the National Association of Manufacturers in May 2009, as well as the ACCCE in September 2009, after it was discovered that a subcontractor working for the ACCCE had forged letters to members of Congress, claiming to speak on behalf of senior citizens and civil rights groups.131

Duke Energy also faced accusations of duplicity by Greenpeace USA in December 2011, surrounding the Environmental Protection Agency’s proposal to put the first-ever limits on mercury from coal pollution in the US. Duke spokespeople had publicly stated that the company was prepared to comply with the new standards, and supported the new rules. However, Duke continues to maintain its membership in the Electric Reliability Coordinating Council (ERCC), a radical anti-regulatory utility industry group that actively works to undermine EPA’s science-based public health safeguards.132

Time for action

While Jim Rogers and Duke Energy are saying all the right words, rhetoric won’t be enough to save lives and forestall runaway climate change. The world needs real progress. The millions of dollars Duke is spending on lobbyists – and the billions they’re investing in coal and nuclear power – could help to lead a global energy revolution.

Greenpeace is calling for Duke Energy to lead a renewable energy revolution by committing to not renewing a single new contract for mountaintop removal coal; deliver at least a third of its energy from renewable sources like wind and solar by 2020 and to get coal out of its energy mix altogether by 2030.

Take action! http://quitcoal.org/
Learning from experience?

The frustrating thing about the environmental destruction wrought by Indonesia-based Asia Pulp and Paper (APP), the third-largest paper company in the world, is that we know it can do better. We know because the other parts of the same corporate group have implemented progressive policies to tackle deforestation.

APP is the sister company to Golden Agri Resources (GAR), and part of the Sinar Mas Group. The heads of the two divisions are brothers: Franky Widjaja runs GAR while Teguh Widjaja runs APP. GAR, which is the palm oil division of Sinar Mas, introduced a new forest conservation policy in 2010 to “ensure that its palm oil operations have no deforestation footprint”. At the core of this policy is a commitment of “no development on peat lands” or other high carbon stock areas.

Tropical peatland ecosystems have high value for biodiversity conservation, climate regulation, water flow regulation and human welfare. Their loss caused by deforestation, drainage for plantations and peat fires is a large source of greenhouse gas emissions in South East Asia, and the main cause for Indonesia’s position as the third largest greenhouse gas polluter in the world. GAR’s decision to make new sustainability commitments followed years of NGO campaigns, and the decisions of companies such as Unilever and Nestle to suspend contracts. If implemented, it can improve the situation for forests and set important precedents for the industry.
APP is still a long way from following its sister company’s path. Logs from clearing of Indonesian rainforests, including lowland peat forest, accounted for about 20% of the fibre pulped in APP’s mills between 2007 and 2009. The company has promised repeatedly over the past decade to use only renewable plantation fibre and to end dependence on logs from forest clearing. First it set a deadline for 2007, but then moved it to 2009. In 2011, APP’s head of sustainability, Aida Greenbury, moved the target date to late 2015—eight years after the date initially promised; at least eight years of additional deforestation and peat land clearance.

APP’s brand has become so toxic that even its own subsidiaries are trying to distance themselves from it. Collins Debden, first in Australia and then in the UK, confirmed that it will no longer source from APP. This was a bold move for a company whose parent company Nippecraft is majority-owned by APP. Other companies have also taken action to suspend dealings with APP. Danone released a statement confirming plans to phase out supplies of paper and packaging products from APP, joining the likes of Nestle, Kraft, Unilever, Adidas, Xerox, and many more companies vowing to avoid APP products until the company reforms its practices.

APP’s beautiful home(page)

APP’s public face shows that the company management knows how to paint the right image. Asiapulppaper.com greets visitors with depictions of lush forest canopy, bird animations and even the sounds of the rainforest. Naturally the company doesn’t fail to mention orangutans, tigers, elephants, rhinos, and other miracles of the exuberant biodiversity of Sumatra. The homepage slogan is appropriate: “Care for Tomorrow.” In fact APP has so many pages devoted to sustainability philosophy and good works that you might forget this is a for-profit company, not an environmental charity.

But facts on the ground are stubborn things. APP accounts for about 40% of all Indonesian pulp production, and in 2009 one fifth of the fibre going into its pulp mills came from clearance of natural forest. Currently, the majority of this clearance is taking place within Riau and Jambi provinces in Sumatra.

A 2007 confidential SMG/APP document identified millions of hectares of concession areas the company was planning to “develop”, including two million hectares in Kalimantan and Sumatra. Greenpeace analysis of government and company-related documents confirms that as of December 2010, SMG/APP had increased its supply concession area by at least 800,000 hectares. Mapping analysis shows that about 40% of the additional area now owned by SMG/APP or for which SMG/APP has been granted preliminary approval was still forested in 2006, including significant areas of wildlife habitat and peatland.

Within the Sumatran provinces of Riau and Jambi alone, SMG/APP was aiming to expand its concessions by 900,000 hectares between 2007 and 2009. In 2006, over half of this area was still forested and a quarter of it was peatland. By the end of 2007, over half of these concessions had either been approved by the Indonesian government or were in the process of being acquired by SMG/APP. One of the two largest areas targeted by SMG/APP for expansion was the Bukit Tigapuluh Forest Landscape—one of the last refuges for the critically endangered Sumatran tiger and home to one of the only successful reintroduction programmes for the endangered Sumatran orangutan. The other one was the Kerumutan Peat Swamp Forest in Riau. Mapping analysis by Greenpeace published in July 2010 identified the areas of forest, peatland and wildlife habitat targeted for expansion. The maps were accompanied by photographic evidence of recent or ongoing deforestation within newly acquired concessions. Greenpeace 2011 investigations and analysis show that SMG/APP expansion continues in these areas in line with the 2007 plan.

Given all this, it is extremely worrying that APP is rapidly expanding its global empire through acquisition of pulp and paper mills, with the goal of becoming the world’s largest paper company. Company statements confirm that Indonesia will remain a key source for pulp, and it will continue to use rainforest logs to feed its production. APP is, in effect, pursuing a business model that depends on deforestation.
Use of illegal timber by APP leads to further customer exodus

In March 2012, Greenpeace International released results of a year-long investigation uncovering APP’s illegal pulping of ramin trees. Indonesia banned the logging of ramin in 2001, and it is also listed under the Convention on Trade in Endangered Species. Ramin trees are regularly found in peat swamp forests, which are also habitat for the critically endangered Sumatran tiger.150

Undercover research at APP’s main pulp mill in Sumatra repeatedly documented the presence of ramin logs waiting to be pulped along with other rainforest timber. To prove the presence of ramin, samples of the timber were taken to the Institute of Wood Technology and Wood Biology at the University of Hamburg. Forty-six samples were confirmed as ramin.151

After Greenpeace exposed the ramin crime, APP lost one of its largest international investors, Skagen funds, from Norway, which referred to its ethical guidelines and aim of providing its unit holders with the best possible risk adjusted return. The Norwegian Pension fund has sold its holdings in the publicly listed part of APP.152

PR can’t save peat ... or tigers

In 2010, APP hired Cohn & Wolfe, a subsidiary of the world’s largest PR group, WPP, to help portray it as a conservation-led company and to fight Greenpeace’s pressure campaign.153 In July 2011, Allyn Media came on board, and produced for APP what might be the snappiest and most pompous TV advertisement in the history of greenwash.154

Around the same time, evidently someone in the PR department had a brainstorm. APP paid for a grand gesture to start relocating Sumatran tigers (the first was named Putri, meaning Princess) from an area close to human activity to another part of South Sumatra province. Avoiding conflict between tigers and humans is a worthy endeavour for both species.

But rather than saving one tiger at a time, the APP should give them all a chance by stopping the destruction of their natural habitat. APP is doing far more harm than good to the remaining 400 or so of these magnificent wild animals. In just one logging area of South Sumatra, APP has destroyed 27,000 hectares of tiger habitat since 2007.155

Greenpeace is campaigning for APP to clean up its act. We are urging the Indonesian government to enforce laws to protect Indonesia’s rich forests and peatlands for the people, and for the critically endangered species like the Sumatran tiger and Sumatran orangutan.

Act with us: http://www.greenpeace.org/international/en/campaigns/forests/asia-pacific/app/
REDD

Didn’t Indonesia pledge large emission cuts under the UN climate convention? And wasn’t the historical climate deal between Indonesia and Norway (REDD deal, in UN jargon) supposed to fight forest clearance and peatland destruction? Unfortunately, the two-year moratorium Indonesia established in May 2011 on new concessions (permits) for the clearance of rainforests and carbon-rich peatlands didn’t go far enough. The moratorium was declared in order to create the breathing space needed to accurately assess the state of Indonesia’s forests and then to overhaul and strengthen forest governance. But, one year after its entry into force, the moratorium has yet to fulfil its purpose.

Only areas of primary forest and peatland outside of existing concessions were protected, and millions of hectares of rainforest have been reclassified as “degraded lands”, available for clearance and “development” before the moratorium could protect them. Thus, the areas APP and its suppliers are logging remain unprotected. In order to make this good initiative successful and to allow Indonesia to achieve its ambitious emissions reduction goals, the moratorium needs to be strengthened, including by reviewing existing concessions. It should also remain in place until governance reform and adequate forest and peatland protection are in place.

In Indonesia, both the paper and palm oil sectors are gearing up for massive expansion, with targets to treble pulp production over the next 15 years and double palm oil production in the next decade. Without a radical change of approach, millions more hectares of remaining forested habitat will be put at risk.

No nation on Earth is losing forest faster than Indonesia—at a rate of roughly 1.5 million hectares a year [...] This is one of the most serious environmental threats we face anywhere.

Frans Bongers, President of the Association for Tropical Biology and Conservation (ATBC) in 2010

❝
A common perception of the global dynamic around sustainable development, in simplified shorthand, is that Europe represents the good guy on environment, the US and China create the big problems, and poor governance and corruption hold back Africa and other developing regions.

This chapter documents a different reality.

No Fish = No Fishing

The EU governs both the largest and one of the most degraded maritime zones in the world. EU governments and the fishing industry have known for decades that they catch more than their seas can provide, yet they’ve allowed it to continue. Their fishing industries’ short-term economic interests have trumped science-based governance and sustainability over and over. Now, the results are showing.

Today, despite decades of EU common fisheries policies (most importantly Europe’s 1983 Common Fisheries Policy), 8 out of 10 fish stocks are fished unsustainably. There are simply too many large boats chasing too few fish, and Europe’s fisheries are heading towards collapse. The size and capacity of the EU fleet is estimated to be two to three times above the sustainable level in several fisheries. Yet destructive fishing practices continue, bankrolled by European taxpayers’ money. Even the most calamitous methods like deep sea bottom trawling aren’t banned; instead they are subsidised by the Spanish and French governments. The Spanish government has gone even further, by consistently funding illegal activities of a prominent part of its industrial-scale fishing fleet, despite its well documented shady history.

85% of the world’s fish stocks are fully exploited, over-exploited or significantly depleted. Since 1992 the amount of under-exploited or moderately exploited stocks decreased by nearly 50%.

UNEP
Overfished your home waters? Try Africa’s

Instead of preserving European fish stocks and protecting its marine ecosystems from collapse, the EU is shipping its problems overseas. EU member states are using taxpayers’ money to subsidise powerful European industrial-scale vessels’ expansion into the world’s fishing grounds, including West Africa and the Pacific, plundering the waters of some of the world’s poorest countries.

West Africa’s waters are no longer the plentiful seas they once were. The region has suffered from decades of overfishing by European, Asian, and Russian industrial-scale fleets, some of which come with factory-sized vessels, literally sucking up all the fish of any value. Fish stocks have declined by 50% since industrial exploitation began 40 years ago.¹⁶² Local fishermen, who depend on healthy seas for their survival, are forced to travel farther to catch fish, only to return with a fraction of what was once a normal catch. Often these fishermen have to compete with the industrial-scale trawlers in dangerous waters unsuitable for their small boats, increasing the risk of death on the open sea.¹⁶³

The UN Convention on the Law of the Sea (UNCLOS) stipulates that the EU can only catch those fish from the waters of third party states that said states will not or cannot catch themselves.¹⁶⁴ In reality, there’s no guarantee of this restraint, as the West African region lacks an effective fisheries management system and scientific knowledge of the area, and its fish stocks are limited. In many cases, African national fleets do have the capacity to catch this fish themselves, but local governments have grown too dependent on the income received by selling fishing rights to foreign countries and corporations. These deals are supported by European taxpayers’ money.

Clearly, this absurdity has to stop. It is possible to have sustainable and fair fisheries for all, while still making a profit. Scientists predict that there could be 80% more fish in the sea if we managed our fisheries properly. Small-scale and artisanal fleets can offer greater employment opportunities and far more potential for ensuring sustainable fishing practices than the industrial sea monsters. But not with current policies.

The ongoing reform of the EU’s Common Fisheries Policy presents the EU with a once-in-a-decade opportunity – and possibly a last chance – to reverse the destructive trends of its fishing industry. But are the member states finally ready? Or will the fishing giants and their short-term interests be allowed to run the show?

Spain’s fishing armada

Spain is the EU’s largest fishing nation in terms of catch, tonnage and global reach. Its fleet is larger than the combined fleets of Sweden, Portugal, Poland, Cyprus, Greece, Germany, Denmark and Belgium.¹⁶⁵ This oversized fleet is fuelled by massive European taxpayer funded subsidies, which primarily benefit the most industrialised vessels and companies. In the latest fisheries subsidy round (2007-2013), Spain has been allocated a combined amount of over €1bn – far more than any other European country, and 27% of the total EU public support to fisheries.¹⁶⁶

While most of Spain’s catch is taken in the North Atlantic, the Mediterranean and waters off the coast of West Africa, the Spanish fishing armada circumnavigates the planet in pursuit of the most valuable catches of tuna, shark and deep sea fish. As a result, Spanish fishers are able to haul in the largest profits per tonne of fish of all EU countries.¹⁶⁷

Prominent members of the Spanish industry engage in illegal, unregulated and unreported (IUU) fishing. Instead of cancelling subsidies for these irresponsible companies, the Spanish government has tolerated and even promoted overfishing and the expansion of its bloated fleet, systematically favouring industrial-scale fishing operations. Meanwhile, Spain’s small-scale fishing industry and its artisanal, and often more sustainable, fishers are among the current losers, despite the fact that they actually represent over three quarters of the Spanish fleet.

Subsidising piracy – the Vidal family business

Manuel Antonio Vidal Pego is the boss of a family business based in Galicia, with stakes in a network of powerful fishing companies in Spain, Latin America and Africa. Most of the family’s fishing operations are directed through Vidal Armadores SA and the holding company Viarsa Cartera SA. This network of companies has flouted the law for years by misreporting catches, reflagging and renaming vessels to avoid accountability, laundering fish, tampering with monitoring equipment and falsifying catch labels.¹⁶⁸

Vidal Pego himself is a convicted criminal. He has a 2006 US conviction for attempting to smuggle illegally caught Patagonian toothfish for which he was fined $400,000 and put on 4 years’ probation. In December 2011 he was found guilty of fraud (related to illegal fisheries within the convention area for the Conservation of Antarctic Marine Living Resources) by the provincial court of Las Palmas in Gran Canaria, and condemned to one year and eight months in prison.¹⁶⁹
Many Vidal vessels have extensive records of IUU fishing in the Southern, South Atlantic, and Indian Oceans. In order to prevent, deter, and eliminate IUU fishing, many governments, the EU and regional fisheries management organisations (RFMOs) can blacklist vessels that take part in IUU fishing activities in their areas. The consequences differ from scheme to scheme. Generally, blacklisted vessels will have their licence withdrawn, their entry into ports blocked, and be unable to land catches, refuel or be supplied in any way. These vessels will be inspected, may have fishing gear or catches or products seized, may be seized themselves, are likely to be fined, and may be prosecuted for criminal damage.

At least six Vidal family network vessels were blacklisted between 2003 and 2008 by the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR), with three still on the blacklist in 2011. Most of these vessels continued IUU fishing despite some being blacklisted for four or five further offences.

Between 1999 and 2011, there were at least 11 arrests of Vidal family vessels and/or their officers by various countries, mostly for illegal fishing in national exclusive economic zones (EEZ), but also for having illegal gear, exceeding quotas, falsifying information, and obstructing inspections. In the Vidal network there were at least six convictions, international fines totaling over €3m and at least three vessels confiscated. In April 2012, as this report was being written, some members of the Vidal family were being prosecuted in the UK for illegal fishing in British waters – this time in connection with the company Hijos de Vidal Bandin.172

The Spanish government has repeatedly granted Vidal’s Spanish-flagged vessels permission to fish in water controlled by regional fisheries management organisations, even though some of those vessels have broken their licence and agreement terms. For example, Spain negotiated a charter agreement with Namibia for the vessel Belma, owned by Vidal Armadores, to fish in waters covered by the International Commission for the Conservation of Atlantic Tuna in 2008.173 In November of that year this vessel was reported carrying potentially endangered deep-water sharks on board, rather than the tuna and swordfish for which it was licensed.174

But crime seems to pay, as subsidies continue to flow – even for dubious projects and vessels that have engaged in IUU fishing. Between 2002 and 2009 alone Vidal family companies received almost €16m in fishing subsidies, from European taxpayers.

Subsidies

Agenda 21 recognised that “governments should reduce or eliminate subsidies that are not consistent with sustainable development.” Twenty years on, experience has taught us that harmful subsidies can be exceedingly stubborn, because of a cozy relationship between government and industry officials. Those who need them the least – because they are already big and powerful – are unwilling to let go, whether it is the big oil in the US or the most destructive fishing giants in the EU. Ahead of Rio+20 the UN Environmental Programme (UNEP) has suggested that financing for green economy investments could in part come from the phasing-down of close to a trillion dollars’ worth of “harmful” subsidies covering fossil fuels to fertilisers and fisheries.170
The Spanish government seems unwilling or unable to effectively prosecute Spanish companies who fish illegally. It is absurd that it takes a provincial court in Las Palmas to bring criminals like Vidal Pego to justice, while the Spanish government fails to take action against him and his organised network of companies and vessels.

**European leaders can fix the CFP – but will they?**

The Vidal family case clearly illustrates how the EU’s Common Fisheries Policy is corrupted by vested interests. It has failed to achieve its core objective: sustainable fisheries in a healthy marine environment, supporting an economically viable industry and employment. The Policy must be reformed to prevent future abuse, close loopholes, and move beyond inadequate sanctions that permit organised criminals to plunder the sea for personal gain while member states turn a blind eye. European taxpayers’ money must be reallocated from destruction to protection and revival of Europe’s marine environment. Until this happens, then European politicians’ talk about “sustainable development” or “green economy” is just rhetoric that allows business as usual to continue, at the expense of the small-scale fishermen and communities that depend on their livelihoods in Europe, West Africa, the Pacific and elsewhere. In Rio, Europe must stand by its 2002 Johannesburg commitment, to rebuild stocks by 2015 and agree to stop harmful subsidies by 2020.

It’s a critical decade for our oceans. Greenpeace is calling for a strong reform of Europe’s Common Fisheries Policy, to protect our seas in crisis. At Rio+20 all governments must agree to an urgent Oceans Rescue Plan that includes a High Seas Biodiversity Agreement, restoration of fish stocks to sustainable levels and a phase out of subsidies that encourage overcapacity, overfishing, pirate and destructive fishing.

Help us defend our oceans!
http://www.greenpeace.org/international/en/campaigns/oceans/

See also our Oceans Rescue Plan: www.greenpeace.org/international/publications/oceansrescueplan

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**Rio+20 can deliver hope for our oceans**

Following decades of overfishing, destructive fishing practices and pollution, extractive activities such as oil and gas exploitation and deep-sea mining are now expanding further and deeper. The added pressure caused by climate change and increasing ocean acidification mean that protecting marine ecosystems and building their resilience is more important than ever before in human history. The greatest hope for protecting marine biodiversity and putting endangered species and habitat on the road to recovery is to create a network of marine reserves. They provide a safe haven and give marine life the freedom to spawn, mate, and feed without pressures of capture or habitat loss. Studies of existing marine reserves prove that protected areas can produce up to 200 times as many fish, enabling them to grow larger and older than those in unprotected waters, helping restore depleted fish stocks.

Consistent with science, Greenpeace is campaigning for 40% of the world’s oceans to be set aside in a global network of marine reserves.

The good news is that at the 2002 Johannesburg Summit on Sustainable Development, governments committed to establish a global network of marine protected areas by 2012. The bad news is it didn’t happen. One obstacle is the lack of a legal framework for the establishment of marine reserves in the high seas, which constitute almost two thirds of the world’s oceans and nearly 50% of the planet’s surface, but are the least protected areas in our planet. In Rio+20 governments can bridge this gap by agreeing to launch immediate negotiations for a High Seas Biodiversity agreement (also known as an implementing agreement under UNCLOS).

The International Coalition of Fisheries Associations (ICFA) is a powerful industry lobby group accounting for 85% of the world’s catch. ICFA members “advocate policies for the long-term sustainable use of living marine resources for the benefit of global food security and prosperity.”175 In light of this statement they should be a strong supporter of a High Seas Biodiversity Agreement at Rio+20. Will they? We invite you to observe and find out.
How some powerful corporations are standing in the way of sustainable development

If the whole planet were to suddenly switch to organic farming tomorrow, it would be an ecological disaster. Organic food is not only not better for the planet, it is categorically worse... [In terms of yields it is the] productive equivalent of driving a SUV.

(Michael Mack, CEO of Syngenta)
In 1999, atrazine - the world’s top-selling pesticide - was up for re-registration with the Environmental Protection Agency (EPA) in the US. A firm called EcoRisk, with funding from Syngenta, hired Dr Hayes to study its impacts on frogs. To his surprise, Hayes found atrazine was shrinking the laryngeal muscles in male frogs, with impacts on reproduction. But EcoRisk and Syngenta stalled on publishing the findings. Hayes gave up the corporate funding and ran the tests independently. His research team found far more worrying results: atrazine was also causing chemical feminisation and hermaphroditism among male frogs at very low levels of concentration, correlating with atrazine levels in the wild. The results were published in two prestigious scientific journals in 2002. Not surprisingly, EcoRisk funded scientists did not find the same effects on frogs in their studies and therefore cast doubt on Hayes’ research – despite none of their studies being published in peer-reviewed journals at the time. The EcoRisk methodologies were questioned by independent scientists.

In May 2003 the EPA’s scientists backed Hayes’s findings, stating that there was “sufficient evidence” to hypothesise that atrazine could cause sexual abnormality in frogs. But because of flaws in the existing studies (out of the 17 studies submitted for review, 12 were funded by Syngenta and most of them were at “preliminary” stage), the EPA scientists could neither accept nor reject the theory. In August that year, Syngenta paid the firm Alston & Bird $260,000 to lobby the EPA, the Justice Department and Congress for the registration of atrazine. Furthermore, they enlisted former Senate Majority Leader Bob Dole to meet with the White House Deputy Chief of Staff to discuss the atrazine registration process, suggesting that the EPA should re-register atrazine, despite scientific studies that had linked atrazine also to cancers.

Syngenta’s investment seems to have paid off. In October 2003, when the EPA issued its final ruling, it re-approved atrazine as a weed killer in the US. In the very same month, the EU banned atrazine due to concerns about ubiquitous and unpreventable groundwater contamination.

Exerting undue influence

A profile in Business Insider details a surge in Syngenta lobbying from 2000–2010, culminating in the approval of genetically engineered corn Enogen. The campaign started with the formation of a Political Action Committee (PAC), which works to influence elections. This was set up in the tax haven state of Delaware, and provided Syngenta with the means to channel corporate money into campaign contributions. In 2004, Syngenta spent $1.56m on lobbying and made contributions to 35 house and 7 senate candidates, primarily in agricultural heartland states in the US. As a member of the global agribusiness industry association CropLife, Syngenta also contributed to CropLife America’s PAC, which echoed Syngenta’s positions. Since 2000, Syngenta spent over $15m on campaign contributions through its PAC and both direct and third party lobbying activities. These contributions were made strategically. For example, the largest net beneficiary of campaign finance between 2005-2011 was Congressman Collin Petersen, who became the chair of the House Agricultural Committee in 2007, while Syngenta was seeking approval for new products.

The seeds planted by Syngenta’s years of lobbying and political contributions bore fruit in 2010 when genetically engineered (GE) corn containing a genetic insert to produce an enzyme, Enogen, was approved by the USDA. After election-related spending limits were lifted, Syngenta spent more than $100,000 on influencing campaign outcomes. The company also intensified lobbying on US Congressional bills, registering engagement on almost 40 separate issues being debated in both the House and Senate as the approval process for Enogen gained traction. Later that year with intense additional lobbying from CropLife and Collin Petersen at the head of the House Agricultural Committee, Enogen was approved despite serious concerns of contaminating food supplies in the US with corn meant for fuel.

What is most striking is the breadth of policies and issues that the company seeks to influence through its lobbying in the US. They include not only interventions over proposed regulations on agrichemicals, but also agricultural policy more generally, food industry standards, environmental laws, the federal budget, trade policy, taxes, tariffs, and even foreign relations. Syngenta company representatives also sit on a host of committees across a range of government departments, including the Environmental Protection Agency, Department of Agriculture, Department of Transportation, Department of Health, National Science Foundation and Department of Homeland Security.
Sore losers

Occasionally, Syngenta fails to control the outcome of negotiations, and in those cases its reaction can be disruptive and disrespectful. The International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) was a three-year effort initiated by the World Bank that brought together a range of stakeholders, among them Syngenta, as well as hundreds of scientists, industry, government and civil society representatives. In the closing weeks, Syngenta repeatedly failed to deliver key texts, even though deadlines were extended for it to encourage its participation in the outcome report.  

The outcome document went through two rounds of peer review from industry, government, civil society and specialist research institutes. However Syngenta withdrew, stating: “Despite our active participation, the draft IAASTD report does not adequately represent the contributions of plant science to sustainable agriculture. There was blatant disregard for the benefits of existing technologies, and for technology’s potential to support agriculture’s efforts to meet future crop needs … Organic agriculture was not subject to the same scrutiny.”

The company has also complained bitterly about a recommendation by the Chemical Review Committee of the Rotterdam Convention, a UN body that monitors trade in hazardous chemicals, to list paraquat dichloride as a severely hazardous chemical pesticide under the Annex III section of the Convention. Paraquat is a highly-toxic herbicide produced and sold worldwide by Syngenta under various brand names. Due to its toxicity, the sale of paraquat has been restricted in a number of countries, including the US, and completely banned in others – including Switzerland, Syngenta’s home base. Paraquat poisoning is most likely to occur through ingestion but is also possible through inhalation and prolonged skin exposure.

The recommendation to include Gramoxone Super (paraquat dichloride) under Annex III was initially made by Burkina Faso, where use of the product by farmers in unsafe conditions has led to a number of fatal occupational poisonings. The evidence presented from Burkina Faso, where use of the product by farmers in unsafe conditions has led to a number of fatal occupational poisonings. The evidence presented from Burkina Faso was supported by similar cases from across Africa, as well as from Central America. Despite the compelling nature of this evidence and tragedies for the families concerned, Syngenta and CropLife have disputed the conclusions of the Committee, criticised its findings as “unsound” and “poor quality”, and sought for the decision to be reversed.

Selling the corporate vision

Increasingly, big agribusiness firms such as Syngenta and its associates in CropLife are seeking to expand not just their market share, but the future of agriculture itself.

One example is the Forum for the Future of Agriculture, an annual conference organised in Brussels by the European Landowners’ Organisation (ELO) and Syngenta. It is marketed as “the premier meeting place for those who have a stake in the future of agriculture”.

Last year, the event took place in the middle of the crucial discussions about the upcoming reform of EU’s Common Agricultural Policy (taking up 40% of the EU’s budget) and brought together some of the most important decision-makers on the issue. According to Syngenta, it was “not an industry event”, but with the single exception of US writer Lester Brown, critical voices were absent from the conference panels: no environmental NGOs, no public interest groups, no representatives from the organic farming union and no consumers associations were invited to speak.

Syngenta also co-chairs the World Economic Forum’s New Vision for Agriculture Initiative. The Initiative’s high tech vision is influenced by Syngenta, which as a technology-intensive firm naturally emerges as a solution. It’s an elegant circle, and one that benefits Syngenta.

In addition to these efforts, Syngenta and the Syngenta Foundation have supported, partnered, or positioned themselves within a host of international and regional initiatives with the aim of promoting a model of agriculture based on agrichemical inputs and “improved” (patented) seed varieties. These include the CGIAR’s Generation Challenge Programme, the HarvestPlus Challenge Program to improve global nutrition, the Agriculture Pull Mechanism (AGPM) Initiative, the Southern Agricultural Growth Corridor of Tanzania (SAGCOT), BecA Hub, a bioscience platform based at the International Livestock Research Institute in Kenya, the Forum of Agricultural Research for Africa, the African Seed Trade Association, and the Agriculture Technology Management Agency in India.

The Syngenta Foundation for Sustainable Agriculture has partnered with the International Maize and Wheat Improvement Centre (CIMMYT) on various research projects to “sustainably increase the productivity of maize and wheat systems to ensure global food security and reduce poverty”. These include crops featuring Syngenta’s genetically-modified traits.
It also funds the Pan African Chemistry Network, which aims to help African countries to integrate into regional, national and international scientific networks. In 2010 the Chemistry Network called on political leaders to involve local scientists to ensure that policy is science-based and not pseudo science. One might well ask if Syngenta – having funded the related conference, and being well represented in the conference report steering committee – had a say in defining what was pseudo science and what was not.

By positioning itself within these initiatives, Syngenta projects a vision of future global food security based on “sustainable intensification” of crop production. But this model is essentially based on more of the same cocktail of agrichemicals and patented seeds that has contributed to multiple social and environmental problems, including widespread food insecurity, deepening poverty and smallholder debt, land degradation, freshwater depletion and climate change.

In contrast, the transition to more “agro-ecological” farming systems has been shown to offer multiple benefits – including increasing livelihood and nutritional security amongst poor small-scale farmers, improving soil health, maintaining biodiversity, increasing overall crop yields (one comprehensive UN study reported average yield increases in Africa of 116%), reducing greenhouse gas emissions and better withstanding the impacts of climate change.

Although such systems have enormous potential to contribute to a genuinely sustainable and food-secure future, they require major investment in knowledge and capacity building, as well as policy incentives to reduce the use of artificial chemical inputs in farming. But with Syngenta and other seed and agrichemical giants pushing their products as the solution to today’s major food security challenges, whose side will governments take? Will they stand up for small-scale farmers and healthier agriculture, or push business as usual under a different name?

States and donors have a key role to play here [in promoting agroecological practices and small-scale farmers]. Private companies will not invest time and money in practices that cannot be rewarded by patents and which don’t open markets for chemical products or improved seeds.

We won’t solve hunger and stop climate change with industrial farming on large plantations (…) Today’s scientific evidence demonstrates that agroecological methods outperform the use of chemical fertilisers in boosting food production (…) We [could] see a doubling of food production within 5 to 10 years in some regions where the hungry live.

“Africa has become one of our strategic growth regions and our aspiration is to contribute to the transformation of African agriculture.

Syngenta today announced a commitment to build a $1bn business in Africa over the next 10 years. This commitment reflects the company’s belief that Africa has the resources not only to feed its growing population, but also to become a major world food exporter.

Greenpeace is campaigning for policies to promote more sustainable food systems, including a rapid phase out of subsidies for chemical-intensive farming practices; targets to drastically reduce the use of agrochemicals, including with pricing mechanisms; funding for research, technology, training and rural extension services on ecological farming designed to smallholder producers; and to ensure that targets related to increasing investment into ecological farming are hardwired into a future Sustainable Development Goal on food and agriculture.

For more information:http://www.greenpeace.org/international/en/campaigns/agriculture/
09

Raging Bull

JBS

You may have eaten a JBS cow

There’s good news in this chapter, so let’s start with it. Deforestation in the Brazilian Amazon is down from its peak and reached a record low in 2011. Together with command and control operations conducted by the Brazilian government and the implementation of protected areas, market pressure such as Greenpeace’s soya moratorium is one of the main reasons for the decrease of deforestation.

This is really important, because the Amazon rainforest, 60% of which is located in Brazil, is the largest tropical forest, with the largest carbon reserves on Earth. However, Brazil still has the world’s second-highest rate of deforestation. Moreover, the landmark law that helps to protect the Amazon, under attack by the agribusiness lobby and its allies in Congress over the last two years, has been changed for the worse. The changes to the Forest Code approved by Brazilian President Dilma Rousseff on 25 May 2012 opens up vast areas of forest to destruction, and pardons those who have deforested before July 2008 from fines and the need to recover their forest.

In 2012, Greenpeace is building public support and momentum for a Zero Deforestation Law. To keep going in the right direction, we’ll need to move some companies that are standing in the way.

The cattle industry is the biggest driver of deforestation in Brazil, and a Brazilian company called JBS is the world’s biggest cattle company. In fact, if you eat beef, there’s a decent chance you’ve had a bite of an animal raised by JBS, because JBS slaughters more than half a million head of cattle a day and exports to 110 countries. The practices of JBS matter a great deal, to Brazil and to the world. So let’s take a closer look at this company, about a third of which is owned by the host of the Rio+20 conference – the Brazilian government. Is it a company with sustainable business practices?

JBS - at a glance

Headquarters: São Paulo, Brazil
Chairman & CEO: Wesley Mendonça Batista
Employees: 128,000
Net revenue: $27.4bn in 2010
Gross profit: $3.36bn in 2010
Products: Meat products (beef, pork, poultry and lamb), leather and dairy products
Global reach: World’s largest animal protein processing company; sells fresh and processed meat products to more than 100 countries on every continent
Cattle drives deforestation

Brazil has lost 719,000km² of Amazon rainforest over the last 40 years, and 61% of that has become pastureland for cattle. This is an area larger than Germany, the Netherlands and Belgium combined. In addition to the incalculable and irreplaceable loss of biodiversity, deforestation puts Brazil among the top greenhouse gas emitting countries.219

In June 2009, following a three-year investigation, Greenpeace revealed how raising livestock in the Amazon is responsible for deforestation, the invasion of indigenous lands and protected areas, slave labour, and violent land conflicts.220 The food, shoes, furniture and other products sold around the world that are derived from Brazilian cattle, could also contain traces of these malpractices.

Broken promises

In October 2009, following Greenpeace’s campaign to expose crimes in the Amazon, three of the largest players in the global cattle industry – JBS-Friboi, Minerva and Marfrig – joined forces to ban the purchase of cattle from newly deforested areas of the Brazilian Amazon from their supply chains, backing Greenpeace’s call for zero deforestation in the rainforest.221 The Cattle Agreement was a commitment to end purchases of cattle from ranches that have recently deforested, or use slavery, or that are located illegally in indigenous lands or conservation areas.222

Two years later, Greenpeace published a follow-up report, having conducted a review of JBS’ progress, and found that JBS had not respected a single element of the agreement.223 Since then, Greenpeace has found a number of new cases of JBS suppliers infringing the laws protecting forests and indigenous lands and preventing use of slave labour on farms. Greenpeace research also confirms that beef associated with these illegal practices is still entering the supply chains of major EU and Brazilian supermarkets and wholesalers. In other words, if you are buying any cattle products from JBS, you might still be buying products that have contributed to deforestation, invasions of indigenous communities, or slave labour.
Partners in crime: Brazilian government fuels deforestation

Though deforestation has slowed from its peak, Brazil still has the second-highest rate of forest loss in the world, losing over 6,000km² in 2011. The main law that has helped to protect the Amazon – the Forest Code has been under attack by agribusiness and allied interests within the Congress. These interests have driven changes to the Forest Code that significantly weaken rules around how much forest must be protected and pardon those who have deforested illegally in the past. The government – with support from industry – is also pushing through legislation to reduce protected areas, weaken the powers of environmental enforcers, and is approving new infrastructure projects in the Amazon including mega-dams. These efforts will vastly increase deforestation rates in the future, taking us back to the bad old days of rampant Amazon rainforest destruction.

The Brazilian government plays a major role in the cattle industry, through the Brazilian National Development Bank (BNDES), the financial arm of the Brazilian Ministry of Development, Industry and Foreign Trade. BNDES invested heavily in JBS in order to make JBS the largest beef and leather supplier in the world, and now owns 31.4% of the company. The Brazilian government’s double role is untenable. The nation owns nearly a third of a company that operates with impunity and disregard for national laws. By not ensuring legal compliance as a condition of investment, the government has undermined the role of its own environmental enforcers and financed the deforestation that its own rules are meant to prevent.

Beautiful old forest

The Xavante people have a painful story. This indigenous nation is forced to live on only 20% of the 165,000 hectares reserved for it as the rest is controlled by large illegal farms, mostly raising livestock. The Xavante can no longer fish because the rivers have run dry or are contaminated. The root cause of this is the destruction of forest, the extensive use of agrochemicals, and the filling in of rivers in order to expand grazing areas. In fact, a shocking 85% of the forest in Xavante territory has been cut down.

Xavante reports to the authorities describe substantial conflict with farmers accused of attempted murder and destruction of property. Throughout 2011, JBS purchased cattle raised illegally in Xavante territory.

JBS breaks its agreement

Nearly three years after the Cattle Agreement, progress in implementing the agreement has been unacceptably slow. JBS in particular, while claiming to respect its commitments, is failing to prevent cattle from deforestation or illegal activities entering its supply chain.

Greenpeace has compared the Cattle Agreement, JBS statements and Greenpeace field research, and JBS fails on every count to live up to its commitments. Modelled on a successful agreement with the soya industry, the Cattle Agreement called for a six-month timeframe to stop the purchases of cattle derived from any new areas (post 2009) of deforestation. However, JBS – in its own words - has reduced this commitment to merely following the Brazilian law, obviously something they should be already doing. The upshot is that JBS is currently taking no action to eliminate deforestation from its supply chain.

Monitoring has also not kept pace. In order to understand what cattle ranchers are doing in their farms and whether they are involved in deforestation, the boundaries and ownership of those farms must be known. The Cattle Agreement called for full mapping, but so far JBS has only required one GPS point from its suppliers. Without boundary maps, it is impossible to determine whether deforestation has occurred inside or outside the farm in question.
From the Amazon to the market

In the period of June-September 2011, beef from eight farms that, according to official data, are located inside Mairawatsede indigenous land (totaling 1,402 animals) was sold to JBS’s slaughtering facility in Barra do Garças. From there, the company transfers the beef to processing units in Presidente Epitácio, Lins and Barretos, all of them in the state of São Paulo. In these units, beef is processed, cooked and mixed, then conserved in cans that are transported overseas and sold in Europe. All of these cans display a SIF (reference number) that allows traceability back to the processing facility.

Cans from this tainted chain of custody are branded and sold by supermarkets in the UK such as Tesco, and under the Impala brand in the Netherlands by the supermarkets Jumbo and Boni and under the Hereford brand by the wholesaler Makro Netherlands (owned by the Metro Group). JBS was also a direct supplier for corned beef to the Dutch wholesaler Sligro Food Group. Sligro has communicated to Greenpeace that it terminated its contracts with JBS for corned beef at the beginning of this year.

The UK is the largest importer of canned beef from Brazil in value, accounting for 30% of Brazilian beef exports for the last three years. The Netherlands is the third-largest importer. Without a transparent third party audit to prove compliance with the Agreement, JBS cannot guarantee to its buyers in Europe and Brazil that its beef is deforestation-free.

Greenpeace calls for President Dilma and the Brazilian government not to allow the weakening of environmental laws or the reduction in environmental regulatory powers. Instead, they must support Brazilian citizens’ call for a Zero Deforestation law.

JBS must fully implement the 2009 Cattle Agreement, with third party monitoring. Until that happens, customers of JBS should not buy JBS products.

Support our campaign to protect the Amazon rainforest here:
http://www.greenpeace.org/amazon/
In retrospect, the 1992 Earth Summit helped create the first “sustainability bubble”, inflated by hope, rhetoric and good intentions, but without the underlying commitment needed to make it real. In situations where firms “do well by doing good”, that is, where sustainability and profitability already coincide, progress has been made. But where choices have to be made between short-term profits and long-term prosperity, sustainability has almost inevitably been the loser. Regulation and pricing mechanisms that could change the calculus, by reducing profitability for destructive practices or banning them altogether, are still broadly missing. As we saw in the chapter on the ICC, the powerful corporations who benefit from current gaps in governance, accountability and liability have grouped together to put themselves forward as pillars of sustainable development in order to get to define what it means for business. These companies found receptive audiences in governments and decision makers whose election cycles were a good fit with their corporate objectives.

At Rio+20 many big brands will recycle their positions, glossy brochures and sustainability principles, while continuing to profit from dirtier and riskier high carbon fuels, destructive industrialised agriculture, predatory or even pirate fishing, and forest clearance.

Any business which aspires to stay in business must build in sustainability. BASD 2012 aims to represent the constructive business voice in the UN Rio process.

Steve Lennon, Eskom Chief Executive

But there is another side to business. Twenty years ago the renewable energy industry, which has seen a tremendous breakthrough in the last decade, didn’t have a strong presence at the UN meetings. Now they do. Twenty years ago we didn’t have over 100 major corporations in the EU calling for a stronger, binding climate target for themselves, publicly challenging the official position of their main business federation, BusinessEurope. Now, we do. Twenty years ago we didn’t have large investors challenging corporate self-regulation and voluntary approach in sustainability reporting. Now, we do. The voices of the forward-looking businesses are not as loud as they deserve to be yet, but they are the future of a truly green economy.

… we do not have blind faith that markets will self regulate toward sustainability.
The evidence for spontaneous progress on a purely voluntary basis is that it will be slow.

Aviva Investors’ submission to Rio+20
South Africa’s state-owned utility Eskom has a monopoly in the electricity sector, and is heavily invested in coal. An estimated 93% of the country’s electricity comes from coal, and two new mega coal-fired power stations (Medupi and Kusile) are currently under construction. This coal addiction means that Eskom contributed a whopping 45% of South Africa’s annual greenhouse gas emissions in 2010.

Despite an ambitious emissions reduction pledge made in Copenhagen, South Africa’s emissions trajectory is still rising fast because of Eskom’s new investments in coal. Indeed, the investment decisions being made by Eskom will do little to alleviate poverty, and instead will use massive amounts of scarce water, creating the twin crises of water scarcity and unaffordable electricity. In fact, 45% of South Africa’s electricity is used by just 36 companies, including global giants like ArcelorMittal, BHB Billiton and AngloAmerican, who have been actively lobbying against effective emissions control measures, including a carbon tax. Eskom claims investing in Medupi and Kusile will serve the poor, but most of the expanded electricity will be sold to industry. Meanwhile, industry consistently pays lower electricity rates than average residential customers.

The tragedy is that, according to a Business Enterprises at University of Pretoria (Pty) Ltd study, commissioned by Greenpeace in 2011, Kusile will cost South Africans as much as R60bn (€6bn) each year that it operates, in hidden costs. The majority of these costs come from the water use impacts of the power station. The study provides compelling arguments for Eskom to stop investing in coal and instead commit to developing alternative renewable energy solutions – actively encouraged and assisted by government. Renewable energy beats coal in every context. It will deliver decentralised energy to all South Africans, creating a win-win-win situation for job creation, the climate and energy access. That is why Greenpeace is campaigning for Eskom to quit coal and instead invest in renewable energy.
Gazprom is a Russian state-owned giant, “a state within a state”, contributing a whopping 20% of the Russian Federal budget through taxes.232 Having gas and oil as main business, its executives realize that “investments in the development of new [hydrocarbon] deposits and energy savings can compete…” with each other, and that “taking into account the growth of costs and the remoteness of new deposits, innovative energy savings technologies that earlier used to be more expensive than [oil and gas] production may become relevant”.233 Indeed, energy efficiency would be a good choice in a country that has potential for cutting 45% of its total energy consumption, with significant economic and social benefits.234 Yet old habits die hard. Following Vladimir Putin’s de facto policy against renewable energy and climate, Gazprom’s choice is further fossil development.

“We are only interested in serious commercial propositions. We do not regard wind or solar technologies as practical. (…) Fortunately public opinion in Russia has no interest in such matters.”

Sergei Kuprianov, press spokesman for the Chairman of Gazprom, in an interview he gave to Graig Murray235

Gazprom and Shell (see Chapter 4) are leading a race to the extremes, to develop gas condensate and oil fields in the pristine Arctic, despite the enormous environmental risks inherent in such exploration and destruction of indigenous people’s lands in areas where new gas pipelines will transport gas from the Arctic. Despite its G20 commitment to phase out fossil fuel subsidies, Russia increased its oil and gas producer subsidies from 2009 to 2010 with an estimated 77%, to $14.4 bn US dollars in 2010, largely focused on developing new fields, including in the Arctic.236

In 2010, President Dmitri Medvedev, commenting on Russia’s apocalyptic forest fires, said: “What’s happening with the planet’s climate right now needs to be a wake-up call to all of us, meaning all heads of state, all heads of social organisations, in order to take a more energetic approach to countering the global changes to the climate.” Yet since then, investments are deepening both the climate crisis and Russia’s dependence on oil and gas. A low carbon economy hasn’t stood a chance. How many apocalyptic forest fires and other climate disasters will it take for Russia and Gazprom to change its energy vision?
Emerging economies and “state capitalism” – going for a new or old paradigm?

Another major change to the corporate landscape since the 1992 Earth Summit is the rise of some emerging economies. Since the 1990s, Mexico, South Korea and Chile have joined the OECD, and the so-called BRICS nations (Brazil, Russia, India, China and South Africa) have doubled their share in global economic output, attracting today more than half of global financial capital.238 Twenty years ago China had no companies in the Fortune Global 500 list239 and Brazil only one240. Today, BRIC companies account for more than 15% of the total.241

With the help of abundant financial resources, and driven by strong motivations to acquire resources and strategic assets abroad, emerging economies’ TNCs, including large state-owned enterprises, have gained ground as important investors.242 Whether these investments will be directed into low-carbon, low-resource and smart infrastructure and production, in a way that respects local people’s rights and needs, or whether they also lock us deeper into fossil fuel dependency and reckless resource exploitation will make a crucial difference to the future we all face.

In China, state-run companies have catalysed renewable energy investments at an impressive scale and speed, demonstrating the potential these companies hold for positive change. At the same time, many state-owned companies in BRICS countries remain dedicated to coal, oil and gas.

The rise of finance: a wake-up call on deregulation

What has also changed almost beyond recognition since 1992 is the growing importance of financial services in our economies, with the finance industry often trumping the real economy – and controlling the political narrative – as well as politicians. But the cloud of the financial crisis could have a silver lining: the end of the deregulation fetish.

During the 1990s, in pursuit of building a single market for financial services, regulation in many countries was geared toward making things as easy as possible for big banks and investment funds, while measures to safeguard societies against reckless profit-driven speculation were lacking. Today, citizens in their roles as both investors and consumers are paying for these mistakes, burdened by poor decisions taken by the financial sector and bearing the cost of bad debts. The financial crisis should serve as a wake-up call for those who believed that free markets, competition and big corporations’ profit maximisation would automatically work for the benefit of all. Clearly, they don’t. They never did. It’s a lesson to remember when pursuing fair and green economies.

What is absolutely certain is that in the short term, markets will remain extremely volatile, while growth (green or otherwise) will remain sluggish and hard to predict, and those conditions in turn will continue both to frighten both politicians and their electorates. These conditions are already being used as justification for neglecting investments – particularly in the area of energy efficiency and renewable energy – that support environmental and social “goods” – whose benefits are harder to monetise in an obvious way and don’t allow the hedging that benefits many market participants such as traders, brokers and hedge funds.

Meanwhile, as long as any and all economic activity is seen as potentially contributing to “growth”, high-risk investments – such as Shell’s move into the Arctic to exploit oil and gas – are being sold to investors, regulators and governments as a “sure thing”. The very real risks, documented in Out in the Cold: Investor Risk in Shell’s Arctic Exploration237, are either neglected or simply ignored.

The coming decades will demand investment (which for most people is “spending”) – changing social and economic conditions make that inevitable. As business and governments continue to spend, the real questions we need to ask remain: what are they spending for, who will benefit from those investments – and for how long?
Wanted: A fresh approach

On 19 June 2012, the day before the Rio+20 Summit officially begins, Business Action for Sustainable Development will host a day of self-promotion. As you listen to the outpouring of rhetoric around industry’s contribution to sustainability, we invite you to consider whether these companies are proposing the transformational change we need, or are producing Greenwash+20.

We need a new attitude. Building just and fair green economies that respect planetary boundaries and provide social protection for people will not happen with incremental steps and greenwashing old practices. Neither is it something that free market forces and corporate self-regulation can deliver. Real change will only materialise if we accept that destructive practices will urgently need to be phased out – not be made a little “greener”. Politicians or corporate leaders worth the name will not be touting oxymorons like “sustainable drilling” in the Arctic, “sustainable industrial logging” in primary forests, or “all of the above” in energy production, as if we didn’t have to chose.

First and foremost, we must get the relationship right: governments, representing people, should be the ones setting the rules for corporations and not the other way around. Cooperation can play a positive role but it must never obscure this relationship.

Greenpeace is urging political leaders to:

Implement the Rio Principles. The Rio Declaration called on states to develop national and transnational legislation on liability for environmental damage (Principle 13); to discourage the transfer of harmful substances and activities (Principle 14); and to ensure that the polluter should pay (Principle 16). Building fair, green economies requires countries to finally deliver fully on their promises of 1992.

Provide the private sector with clear signals and long-term certainty. Politicians need to provide the private sector with clear long-term goals and credible policies, and cooperate with opposing parties, so that commitments last beyond election cycles. When the oil crisis hit Denmark in the 1970s, the country was one of the most oil-dependent OECD countries, importing 90% of its energy supply as oil. It decided to take a new direction and increase its energy security by focusing on energy savings and renewable energy. Since 1980, the Danish economy has grown by about 80%, while energy consumption has remained almost unchanged. The country is on its way to meet 50% of its electricity consumption with renewable energy in 2020. By 2050 Denmark aims to run fully by renewables. This goal has won support from across the country’s political spectrum.

Curb excessive campaign contributions and non-transparent lobbying. Governments can and must establish limits and transparency rules, which companies should respect, to limit lobbying and put ceilings on campaign contributions that companies can make to politicians.

Secure needs instead of greed. In a future shaped by resource scarcity, increasing population and approaching planetary boundaries, governments must put the needs and rights of the vulnerable ahead of greed of the few.

Strengthen the governance system that delivers an “environment for development” by upgrading the UN Environment Programme to specialised agency status. Sustainable development needs a global authority on the environment and stronger implementation, compliance and enforcement mechanisms.
Commit to corporate accountability and liability, starting with the development of a global instrument that ensures full liability for any social or environmental damage global corporations cause.

Agree on creating strong regulation and control of financial markets, and introducing restrictions on speculators and speculative products to stop harmful practices that lead to rising resource and commodity prices and an accelerated depletion of natural resources with dramatic consequences for poor people and small economies. Agree on introducing new fiscal instruments, such as a Financial Transaction Tax, that can slow harmful speculation and deliver much needed finance for development and environmental protection.

Agree on a phase-out of environmentally and socially harmful subsidies within this decade, including subsidies to fossil fuels, forest destruction, nuclear power, agrochemicals and other toxics, the meat industry and destructive fishing practices through socially just transition plans.

Respect social and planetary boundaries. Agree to bring the absolute consumption of renewable and non-renewable resources and the impacts of their extraction within planetary boundaries in a fair and equitable manner.

Commit to a complete social and environmental review of the global trade system, in order to stop the world trade system from undermining environmental and social objectives.

Abandon economic growth as an end in itself, and mandate new measures of prosperity to be developed to replace the fixation with Growth Domestic Product.

Greenpeace is urging business leaders to:

Take full responsibility for their supply chain. It is unacceptable to hide behind no name suppliers and pretend that the supply chain is not part of your business. Companies must ensure full transparency across the supply chain and work with their suppliers to deliver safe and clean products in a decent working environment.

Support environmental and social regulations and safeguards. Companies that do not squander resources, use dangerous products or rely on slave labour have nothing to fear from regulation that respects planetary boundaries and social protection; rather, decent regulatory standards protect them from being undercut by less responsible competitors. Businesses, too, must therefore support global liability for social and environmental impacts of all companies.

Stop hiding behind laggard business associations. Principled companies building the green economy should not participate in the activities of business groups that aim to slow and stop the fundamental changes required for sustainability. Instead they should join or create associations of like-minded businesses that support the policies we need.

Go beyond the minimum legal requirements to be fair to workers, consumers and neighbours. Obeying just the minimum law is not leadership. Even a company producing clean energy must respect the rights of others and treat them with honesty, transparency and fairness.
Endnotes


3 UN Centre on Transnational Corporations


5 ibid.


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17 ICC Initial comments on the UNEP-draft Green Economy Report. 6 May 2011.


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Greenpeace is an independent global campaigning organisation that acts to change attitudes and behaviour, to protect and conserve the environment and to promote peace.

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