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Green Alliances: Conflict or Cooperation in Environmental Policy

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Summary

Environmental partnerships (“green alliances”) between NGOs and business, provide an additional policy option which can make a variety of contributions to environmental protection and ultimately, to sustainable development. Yet despite the potential policy significance of such partnerships, our knowledge of, what works and what doesn't work, and or how best to design such partnerships, remains very limited. From our own empirical work and from the broader analytical and empirical literature, we seek to identify the circumstances in which such partnerships can most beneficially be formed, their major commercial and environmental benefits, and the design factors which will influence their success.

At the beginning of the 1990s, the idea of environmental partnerships between business and non-governmental organisations (NGOs) was almost unknown. Relationships between these two groups were largely adversarial, and little attention was given to the prospect of constructive engagement between them.

Four things changed during the 1990s. First, many NGOs recognised that conflict and confrontation are not necessarily the best means of achieving the best environmental results. Second, NGOs and policy-makers increasingly lost faith in conventional forms of direct regulation (commonly referred to as "command and control"). Third, (and closely related to the last point above) there was a winding back of the regulatory state, and considerably less political support for direct intervention in the affairs of industry and agriculture. Finally, and crucially, increasing numbers of business enterprises were influenced by the "greengold" thesis: the view that improving environmental performance can be a net gain rather than a net loss. On this view, investing in the environment has the potential to improve economic efficiency and business image, and generate new product and environment technology markets.

All this has created fertile ground for the development of more constructive relationships between major stakeholders, and in particular between business and environmental NGOs. Many of the "first generation" of environmental partnerships were developed in the war-torn arena of industrial pollution (OECD, 1999) but they have since evolved in a variety of other environmental contexts. Of these, none is more important than agricultural production, an area which faces a wide range of serious environmental challenges,

including loss of biological diversity, loss of natural habitats, pollution of off-farm ecosystems, on-farm pollution occasioning loss of productivity, and health risks resulting from exposure to agricultural chemicals.

As we will demonstrate, environmental partnerships provide an additional policy option which can make a variety of contributions to environmental protection and ultimately, to sustainable development. Yet despite the potential policy significance of such partnerships, our knowledge of, what works and what doesn't work, and or how best to design such partnerships, both as free standing arrangements, and more importantly, in combination with complementary policy instruments, remains very limited. For example, even in Europe, where some forms of environmental partnership have been in place for some years, our knowledge of how they perform and why, is still far too limited. Although a body of empirical evidence is beginning to build, the jury is still very much out on these questions. And much of the evidence that is in, (which relates mainly to the industrial sector and to the "first generation" of environmental partnerships, OECD, 1999), suggests that many of these partnerships may be seriously under-performing and that the "second generation" of such instruments needs to be much more carefully designed if it is to achieve its efficiency and effectiveness goals.

Against this backdrop, this article draws from the existing literature and our own empirical work to examine the nature and value of evolving partnership initiatives between NGOs and business. We begin by examining in more detail what 'green alliances' might involve, and why both business and NGOs may find it attractive to engage in them.

The role of “green alliances”

“Green alliances ” between an agricultural sector or an individual enterprise, and one or more environmental NGOs, involve collaboration between business and environmental groups to pursue mutually beneficial goals. Most commonly, business seeks to obtain the political goodwill and credibility which NGOs bring to the partnership – benefits which may translate into risk reduction, decreased costs or increased revenue. In exchange, environmental groups will expect a commitment to improved environmental practices on the part of their business partner

Although some agricultural producers and groups may be uncomfortable with the notion of working with a major environmental organisations, few, if any, other options can provide the same advantages in terms of environmental credibility. This is because the public, while highly sceptical of business and government as sources of information, still trusts environmental organisations. Business-environment group partnerships harness this credibility to lend legitimacy to business claims about its achievements. For example, an environmental organisation might bestow an environmental logo that would appear on approved agricultural produce, or they might participate in a joint environmental marketing program for an entire agricultural sector, in exchange for specified and measurable environmental improvements. Since consumers (and export markets) express a preference for “green” produce (although it has not been demonstrated that they are willing to pay a price premium for doing so) such environmental group endorsement, provided it is recognised in the market place, may be a particularly valuable asset, which may assist the sales of agricultural produce, either in terms of greater market share, access to new markets or conceivably, price premiums.

In addition, such partnerships may provide some political benefits, assisting an agricultural sector in arguing its case during the development of future government policy, and increasing the 'social and environmental capital' of the sector. This is becoming increasingly important to the extent that "companies must have established trust and relationships with local stakeholders to allow them to efficiently operate without negative interference by the local and broader stakeholders" (Greenall and Rovere, 1999, 4). Partnerships enable business to be "seen to be responding to community concern" and thereby increase community trust. There may also be benefit to the extent that investment markets increasingly reward environmentally responsible organisations. Developing a working relationship with a major environmental organisation may also provide an agricultural sector with a fresh perspective in terms of how it might address environmental problems. Such organisations may be able to draw on a reservoir of expertise, for example relating to issues such as integrated pest management practices, that may not be familiar to various agricultural sectors. More broadly, this could facilitate the implementation of innovative and cost effective environmental solutions.

The early examples of green alliances were predominantly in the industrial sector. Of these, perhaps the best known was the partnership between McDonald's USA and the Environmental Defense Fund. McDonald's, having come under sustained criticism from NGOs for their lack of environmental commitment, committed itself to replace styrofoam packaging with paper packaging in all stores. In return, EDF provided its endorsement of this arrangement thereby enhancing McDonald's environmental credentials. More recently, this model has been expanded and applied far beyond the industrial sector. For example, an agreement between Mitsubishi Motor Sales and the Rain Forest Action Network has stopped boycotts at the company's dealerships and has opened the door to creating an option (a forest protection carbon offset) that will differentiate Mitsubishi products in a

competitive marketplace. And a WWF partnership with Unilever has sought to create economic incentives within the seafood industry for sustainable fishing, through the launching of the Marine Stewardship Council (itself modelled on the success of the Forest Stewardship Council).

While still a minority, mutually beneficial collaborations between industry and environmental groups have also begun to develop in the agricultural sector. In the remainder of this section, we provide a number of representative examples, both internationally, and from Australia, of what such partnerships might involve. From these studies and from the broader analytical and empirical literature, we then derive broader propositions concerning the circumstances in which such partnerships can most beneficially be formed, their major commercial and environmental benefits, and the design factors which will influence their success.

The Californian Rice Industry, Ducks Unlimited and the California Wildfowl Association

The California rice industry has often been characterised as an environmental villain, consuming vast amounts of water, which was desperately needed for other purposes, particularly during droughts. The industry also burned thousands of tons of post harvest straw, causing major air pollution, and was a heavy user of pesticides. This, together with the loss of natural habitat, decimated the bird population of the local area. Battles with local environmentalists raged throughout the 1980s and the general reputation of the industry suffered considerably. The general public also began to demand change and the rice growers found their allocation of scarce water to be threatened by other prospective

users. More recently, they feared the introduction of new, tougher environmental legislation which might threaten their economic viability.

Against this backdrop, rather than merely resist such pressures and fight environmental reform, the California Rice Industry Association adopted a much more innovative and proactive position. First, they recognised potential common ground with some major environmental NGOs: Ducks Unlimited and the California Wildfowl Association, and arguably also with the Sierra Club, and they set out to build political alliances with these groups. In particular, they sought to demonstrate the potential value of the rice fields as a sanctuary and breeding ground for birds. They showed that by flooding a significant proportion of the rice fields after the crop had been harvested, they could create an environmentally valuable artificial wetlands. As a result, the Rice Growers were able to develop an alliance with the first two of these influential environmental groups. This in turn helped them to resist pressure to reduce their water allocation and redistribute it to users in Southern California and elsewhere.

The turning point was a series of sometimes heated meetings between the industry and environmental groups during the early 1990s. It was at these meetings that the two sides discovered that in many respects, they had similar goals: water and soil conservation, water and air quality improvement, and wildlife habitat creation (Hartman and Stafford 1998). Out of these meetings, and this perception, evolved the Ricelands Habitat Partnership (RHP), an alliance between the California Rice Industry Association, the Nature Conservancy, Ducks Unlimited, and the California Waterfowl Association. This alliance aimed at a win-win-win situation from which the rice farmers, the environment, and society in general, all benefited:

Innovations allowed farmers to sustain the bird population while ameliorating legal and image problems. When new clean air legislation mandated significant reductions in field burning by the year 2000, the RHP proposed winter flooding of rice fields to comply with the new law and save wildfowl. It convinced the US Bureau of Reclamation to supply necessary water from rivers overburdened with winter rain and mountain run-off, with the farmers returning excess during the dry season (Hartman and Stafford, 1998, 62).

Each year, the industry now floods between 150 and 200,000 acres of Sacramento valley rice fields (about 30% of California's rice growing area) after harvest. This fulfils a number of purposes. First, it creates seasonal wetlands that enable millions of wildfowl to breed, (described as 'a bed and breakfast for ducks and other migratory wildfowl') and also serves to replenish groundwater, and improve land fertility. Second, it allows the rice stubble to decompose naturally in a semi aerobic environment that the wetlands created (assisted by the use of heavy grade rollers to push the straw back into the soil), avoiding the necessity for burning and thereby substantially ameliorating to air pollution.

A further environmental initiative has been to collect, bale and sell the rice straw as building and related material. The industry is working with government and others to devise means to make this an economically viable proposition, for example by developing markets for such material. Environmental groups have been supportive where the industry has sought government financial support to achieve these goals. Government also provides a modest tax credit for the purchase of rice straw.

The industry is also developing best management practices to reduce pesticide use. Such practices include the use of buffer zones, aerial spraying only in specified conditions, and

in prescribed areas, regular monitoring of pesticide levels in drains, and a withholding period for specific chemicals (eg molinate) before it is released from the rice fields. According to industry representatives, this initiative has brought about a substantial drop in pesticide levels in drains, and has been achieved with the very substantial cooperation of the industry itself. As one representative told us: “we know how to fight politically, so this program only succeeds with the compliance and support of the industry, and we are smart enough to know it’s good for us”. Considerable efforts have been made to make this initiative work, including water holding periods in the field, massive infrastructure to provide the technical capacity to achieve this (eg pumps and a conveyance system to allow the water to move in a closed system).

Since the initiative has mainstream industry support, free riders are resented and identified by fellow growers. As one interviewee put it: “our growers know its important to keep to the holding periods, the guy next door will turn you in because it damages him”. Those identified in this manner are likely to be ‘nailed’ though regulatory intervention and fines. That is, while government regulators are comfortable in a day to day sense for the industry to police itself, they intervene to the extent that free-riders cannot be curbed by the industry association acting in isolation.

Since these are not “win-win” situations, the industry acknowledges that these environmental measures were taken reluctantly and only as a pragmatic response to external pressure. It is acknowledged that where the regulator is weak and there is no other external pressure, the most likely response would be to resist change. However, where there is an increasingly strong environmental movement, and a regulator with teeth, then a rational and proactive approach has been for the industry to seek a compromise solution that will sufficiently protect its economic interest, while making significant efforts to

accommodate to the expectations of the regulator and the community. In essence the industry takes a proactive approach to protect itself from further intrusive regulation which might well threaten both its autonomy and its economic viability.

As a bottom line, it is regulation itself (as in the case of burning off, air quality and Air Resources Board controls) or the threat of regulation (for example with respect to herbicide use) that is the most powerful inducement to the industry to negotiate credible environmental partnerships, either with the government or with environmental groups or with both. It is bargaining “in the shadow of the law” that has achieved the best results. There is no evidence, at least from this case study, to suggest that in the absence of demonstrably “win-win” outcomes, or such external pressure, a major industry association would enter environmental partnerships committing itself to substantial expenditure and environmental improvement.

Notwithstanding the element of political expediency in such partnerships (commonly described as ‘enlightened self-interest’ and the outcome of a ‘dynamic tension’), they may produce gains not only for the industry itself (as in the extent to which it can generate markets for rice stubble and ward off the threat of a reduced water allocation) but also for the public and the environment (as when greater pesticide reductions are achieved with the cooperation of the industry than through purely external controls, when stubble is decomposed or reused rather than burned, and as when flooding produces artificial wetlands).

The Californian Rice Growing Industry is also regarded as an “ice-breaker” and a model that other industry sectors might choose to follow in terms of developing more innovative, and partnership-based approaches to resolving environmental problems.

Partnerships for Integrated Pest Management and Sustainable Agriculture

Lori Ann Thrupp has conducted a series of case studies, in both developed and developing countries, on environmental partnerships between farming groups and NGOs (and often scientists and government or inter-government institutions) to replace chemical-intensive farming methods with alternative agro-ecological approaches (Thrupp, 1996). The nine collaborative sustainable agriculture initiatives studied all focussed on implementing ecologically oriented integrated pest management (IPM)ⁱⁱ. Through this approach, all the projects significantly:

- reduced agrochemical inputs and costs, as well as health risks;
- regulated pests and diseases at acceptable levels;
- maintained or increased yields, contributing to productivity and food security;
- increased 'health' of the farming system (eg soil quality and resilience); and
- spread the benefits widely and/or empowered communities.

It is also important to note that over the medium to long term, IPM has proved to be more profitable than the conventional approach, although farmers sometimes bear transition costs for the first one or two years.

But what induced groups who had been traditionally hostile to each other to work together, to overcome their turf battles and philosophical differences? Four factors are suggested. First, all those involved saw that the conventional approaches to technology development had often failed to bring about positive change. Second, public demand and environmental

consciousness had changed. Third, farmers had a growing desire to overcome the problems of agro-chemical dependency. Forth, many project participants realised the need to pool resources and capacities due to scarce resources.

Thrupp demonstrates how:

Forging interactive connections among research institutions, extension services, non-governmental organisations and farmers has proven to be a very effective way to develop and spread alternative agricultural practices, and a viable alternative to the conventional top-down approach to technology transfer ... New knowledge and skills, cost-sharing, and functional complementarities all make it easier to carry out on-farm research, field demonstrations, education and training sessions, outreach and other activities. Moreover, the linkages foster an interdisciplinary approach that is critical to sustainable agriculture. And communication grows among NGOs, farmers, researchers and other groups as they work together (Thrupp, 1996, 14, 17).

However, a number of obstacles to the success of such partnerships are identified, not least being the contradictory messages sent out by chemical companies and the vested interests of agri-chemical supply agents. National government policies too, can prove an obstacle. Overall, the nine case studies suggested a number of constraints which will need to be overcome if the opportunities such partnerships provide are to be fully realised. In particular, seven factors were identified as central to the success of future IPM initiatives.

These are:

1. Apply basic agro-ecological principles: diversity, flexibility, synergy. These factors were identified as basic ingredients for sustainable production in all nine case studies.

Multiple actors need to work harder on applying these principles in agriculture by adapting specific methods to local conditions.

2. Strengthen exchange among groups working on sustainable agriculture partnerships. Groups working on innovative agro-ecological practices need more opportunities to exchange insights and experiences. Increasing communication among practitioners to spread knowledge is essential.
3. Change policies and institutional operations to overcome constraints and support partnerships. Crucial policy changes are: dismantle incentives for chemical-based farming; develop national government policy commitment to support and implement agro-ecological approaches to agriculture; develop new incentives policies such as monetary incentives or awards; strengthen environmental laws and enforcement; and establish clear modes of citizen participation for decision-making on agricultural practices and policies to protect public interests.
4. Ensure changes in agrochemical industry practices. Thrupp argues that the marketing activities and approaches of agro-chemical companies must be overhauled to respond to demands of growing numbers of farmers, consumers, and institutions who desire sustainable alternatives to chemicals. In particular there is a need to eliminate sales commissions, cease misleading advertising and make sure of proper information on labels and instructions.
5. Broader dissemination of information on effective partnerships for sustainable agriculture. Information should be broadened to include systematic assessment of the economic and social results of ecologically based crop management, as well as particular methods used to achieve these results.

6. Gain donor support and state and local backing to sustain agro-ecological efforts. Sustained funding is needed for partnerships and collaborative learning in integrated pest management and sustainable agriculture.
7. Strengthen local empowerment, equitable opportunities, and education for agro-ecological approaches. Sustainable agriculture approaches will not develop or last unless communities and organisations themselves continue to develop through education and learning. More local initiatives and organising by farmer groups and communities are key. In addition, state institutions need to develop educational programs and curricula on sustainable agriculture.

Southcorp Limited and the Australian Conservation Foundation

In July 2000, Southcorp Limited (a major Australian wine producer) and the Australian Conservation Foundation (ACF) launched an environmental “alliance” to fight rising salinity in Australia. This is the first time the ACF, arguably Australia’s most influential environmental NGO, has entered a formal alliance with an individual corporate entity (although the ACF has partnered with the National Farmers Federation, in the formation of Landcare and the Repairing the Country policy program). According to the ACF President, Mr Peter Garret:

As a top-50 blue chip company, Southcorp is in a powerful position to influence corporate, industry and government sectors to take strategic and urgent action to fight salinity. This alliance is especially remarkable because it will involve hands-on participation from both organisations. ... both organisations are determined to ensure that this is an effective and credible partnership; a partnership with integrity.

According to the company:

Southcorp's commitment to the ACF reflects the importance of business taking an active role in the community, to ensure that the society, culture and environment in which we work and live are properly valued, protected and sustained for future generations. Under the partnership, Southcorp will support the ACF in its conduct of research and the development of programs to change behaviour in relation to land use and water management.

The novelty of this arrangement raises important questions: what does the partnership (or alliance as ACF and Southcorp describe it) entail, how did it come about, and what are the longer term implications?

We begin by describing the terms of the partnership. Although the general objective is to raise the profile of agricultural sustainability, the central focus is on addressing rising salinity. For this purpose, Southcorp has agreed to use its corporate standing and its financial resources in two principal ways. First, it will use its leadership position to impress on government and business sectors the magnitude of the salinity crisis. To this end it has formed a "Business Leaders Roundtable", chaired by the CEO of Southcorp, to "look at ways of leveraging private sector funds for mutual obligation in the environmental arena". In order to progress this issues, a consultant has been hired to prepare a plan of action. Second, it will fund two full-time positions within the ACF to run the latter's national salinity program, encompassing both political advocacy and practical implementation roles.

In return, the ACF has agreed to promote Southcorp's efforts and name in relation to the program. Although this commitment is loosely defined, it has a number of possible

elements, including: joint press releases using ACF and Southcorp logos; promotion of Southcorp's initiative through a variety of public fora; and assisting Southcorp in developing its environmental policies and programs. ACF is quick to reject suggestions that this might imply some sort of sponsorship arrangement, emphasising instead the reciprocal nature of responsibilities implying an alliance, (or in our terms, partnership) and the importance of the exchange of information and expertiseⁱⁱⁱ.

One tangible outcome of the ACF/Southcorp alliance is the so-called "ecovine" initiative. Briefly, this is an extension of a broader campaign to educate grape growers about their environmental responsibilities. In particular, the ecovine initiative aims to integrate environmental improvement actions on single properties with broader catchment and/or regional level strategies. It also contemplates the use of supply chain pressure by Southcorp to make sure that all of their suppliers meet minimum standards of performance. The development of Southcorp's ecovine initiative has been tendered out to a consultant, with the ACF and Southcorp jointly preparing its terms of reference, and, as anticipated, the management of its implementation.

Unlike some other partnership arrangements between environmental NGOs and agricultural enterprises, such as those involving WWF and Wetland Care Australia, the ACF/Southcorp alliance does not provide specific product endorsement (eg an ACF logo on Southcorp wine labels). Rather, the ACF describes its endorsement as applying to the Southcorp business as a whole, not Southcorp product lines. It may be that, given Southcorp's bias towards exports (at least in relation to its wine products) that an ACF logo may have limited appeal in any case. For example, Banrock Station wines linked their environmental sponsorship to local wetland organisations specific to each of their export

destinations.) In any case, the marketing division of Southcorp has expressed no interest in the use of green labelling to date.

We have emphasised that successful environmental partnerships usually involve not only reciprocal obligations (described above) but also mutual gains. In this particular case, Southcorp respondents identified a number of potential benefits which had led them to initiate discussions with ACF to establish the alliance. In essence, their view was that the wine industry is distinctive in that not only is its product destined very largely for international markets, but consumers are particularly discriminating as to the source and content of the product. Wine consumers tend to come from a higher socio-economic bracket, and to seek out wines with particular characteristics (including region, variety, company and particular attributes). This is in part, why wine companies place great attention to wine bottle labels and the information contained therein. This consumer concern with the origin of wines increasingly extends to environmental characteristics, especially in the case of key Northern European export markets. In short, wine companies have the opportunity to market, and ultimately benefit commercially, through the fostering of a “clean and green” image – and an alliance with a major environmental group will enhance the credibility of such claims.

In this context, it is no coincidence that in recent years a number of companies involved in the Australian wine industry have been at the forefront of efforts to demonstrably improve environmental performance. These include, for example,:

- The Banrock Station sponsorship initiative with Wetland Care Australia and Landcare Australia (under the auspices of their corporate owner, BRL Hardy);

- The decision by smaller wineries in Victoria to enter a cleaner production partnership with the Victorian EPA;
- A number of initiatives of the medium sized wine producer, Henschke, in South Australia to adopt sustainable agricultural practices, including a commitment to zero tree clearing on their properties;
- The development and introduction of the “Viticare Initiative” by the Cooperative Research Centre on Viticulture, essentially involving the introduction of environmental management systems for grape growing, fostered through Viticare Member Groups and on-farm trials; and
- The introduction by Southcorp (in parallel to its ACF alliance) of a comprehensive Southcorp Environmental Management System (SEMS) into the company's daily operations, “to deliver superior value through the performance of its people and the achievement of world's best practice in workplace safety and environmentally responsible operations”.

According to one of our respondents:

The wine companies are trying to out compete each other in the environmental field. In effect, it has become a race to the top. ... We expect that this industry will be among the first in Australian agriculture to move beyond simply environmental management systems to embrace environmental performance standards.

Certainly, Southcorp openly acknowledges that it did not initiate the alliance arrangement for purely altruistic reasons. As one respondent noted:

We are promoting what we are doing. Our intention is to get a good PR profile.

It may appear somewhat odd, then, that Southcorp thus far has resisted the ideal of environmental labelling of wine products. This is particularly the case given its strong export bias, and the fact that international markets/consumers are unlikely to be aware of its positive public relations in Australia. Possible (and not necessarily mutually exclusive) explanations for this are threefold. First, Southcorp may be more driven to pursue its environmental agenda as a result of the prospect of onerous environmental regulations in Australia, rather than export market potential. It thus may see the alliance as a way of influencing, or forestalling future regulatory obligations. Second, it may see the alliance, and the ecovine initiative in particular, as a means of meeting any future purchasing requirements by European retailers, such as the Tesco Nature's Choice program. And third, it may simply be that the marketing division of Southcorp, unlike other parts of the organisation, is slow to recognise and exploit the full benefits of the ACF alliance.

Turning to the benefits to the ACF, our respondents suggested that, apart from the chance to obtain a significant injection of funds into their national salinity program, the primary attraction of the alliance was the opportunity to greatly enhance its voice in the business sphere and to add weight to its policy campaigns with government. According to one ACF respondent:

They [Southcorp] add strength to our campaigning that we didn't have. Their voice is substantially different to ours, and from our political allies. They provide greater access to media outlets and business circles. When the Southcorp logo is on our salinity press releases, more people sit up and take notice. This has definitely had a positive impact on our campaigning.

Also implicit in such commercial/NGO environmental partnerships is a recognition that lobbying efforts of political parties can only achieve so much. In particular, not only do governments in many cases lack the will to tackle serious and pervasive environmental degradation, but they also may lack the necessary resources. In this respect, it is arguable the environmental NGOs have no choice other than to seek future alliances with the corporate sector.

However, the formation of such a novel alliance with a commercial entity also involves potential risks to the ACF. In particular, such an arrangement might undermine the capacity, either real or perceived, of an environmental NGO to act as uncompromising advocate for the environment. This is may be described as a variation on the regulatory capture thesis whereby regulatory authorities/inspectors begin to identify and sympathy with the plight of regulatory entities to the extent that they discount or overlook breaches of environmental regulations. For example, might such an arrangement incline an NGO to hesitate in criticising, or at least tone down its criticism of, their commercial partners? This has led some commentators to criticise the formation of such relationships (Steketee, 2001).

This issue is not purely of academic concern. In December 2000, the ACF had to confront head-on a potential conflict of interest in its Southcorp alliance when Southcorp was targeted for prosecution by the South Australian Environmental Protection Authority for offences relating to a pollution incident in the North Para River in March of that year. This was less than six months after the ACF and Southcorp, to some considerable fanfare, announced publicly their alliance. It should be emphasised that the ACF was quick to recognise the possible conflict and responded in an emphatic and decisive fashion, issuing a press release urging prosecution in such cases, and quashing any perceptions of

compromise. It should also be emphasised that Southcorp fully supported the ACF's response in this instance.

The broader point however, is that as environmental NGOs move progressively into the business world through the formation of alliances, sponsorships and partnerships it is inevitable that such conflicts of interest will arise. This is not a reason in an of itself to resist this trend, provided the overall benefits exceed the risks/costs, but it does serve to emphasise the need for a clear definition of responsibilities and expected responses on the part of all participants in the event of such incidents arising. To this end, the ACF has begun work on an "engagement protocol" to govern its future dealings and arrangements with the private sector.

Lessons from existing partnerships

The above case studies, and the broader empirical evidence we have referred to, suggest that there are indeed opportunities for strategic partnerships between agricultural enterprises or sectors and environmental NGOs. From the industry side, there is increasing recognition that environmental efforts are more credible and better received by external stakeholders as a result of partnerships with environmental organisations. As has been pointed out: "an environmental group as an ally can champion a firm's entrepreneurial strategies fortifying its links throughout society and among institutions that provide resources critical to corporate survival and performance (Business for Social Responsibility, 1998). With the emergence of enterprise or sector reputation and environmental performance as a significant factor capable of influencing consumer purchasing decisions, and the increasing environmental sensitivity of some export markets, this legitimisation function has taken on ever increasing importance. Most

commonly, such alliances serve to recognise and reward farmers who produce food in an environmentally responsible way, particularly where they provide independent third party endorsement and verification of environmental claims.

In appropriate circumstances business-environmental NGO partnerships may create competitive advantage by facilitating entry into new markets, higher market share and/or better retention of customers (as with the Forest Stewardship Council). Business may also become entrepreneurial “by innovating and implementing ecologically sustainable practices in to the stream of value chain activities that produce, market, and reclaim their products” (Hartman and Stafford, 63) (as with the Integrated Pest Management initiatives and the California rice growers). Such partnerships may also involve important ‘softer’ benefits in terms of confidence building, the sharing of information, and the raising of environmental awareness (as with the Landcare, and IPM,). Finally, they may lend political credibility to the industry’s case, thereby pre-empting more intrusive and costly government regulation (as with the Californian rice growers), or generate political support at state and/or federal level (as with Landcare).

Thus “green alliances” can demonstrably play a positive role in improving environmental performance and providing competitive and other advantages to participants in appropriate circumstances. But opportunities for such alliances certainly do not arise across the board, nor are they a panacea for export oriented business. And since developing partnerships involves considerable transactions costs, not least being the time involved, such opportunities need to be carefully identified and targeted. Substantial resources can be wasted investing in prospective partnerships in circumstances where these are unlikely to flourish. So what re the circumstances in which such partnerships are most likely to flourish, and the relevant “success factors”?

Successful partnerships between business and NGOs are largely confined to win-win opportunities (where both parties believe they will be better off as a result of entering the partnership). There is insufficient incentive for either party to participate unless they believe this to be the case, given the substantial transactions costs involved in developing such partnerships. Illustrations of such win-win opportunities are provided in a number of our case studies: circumstances where making environmental improvements that are endorsed by environmental groups, makes good business sense. For example, the Californian rice growers partnership:

... helped farmers rescue waterfowl and improve soil and air quality. Strategically, it enabled farmers to meet pollution laws and achieve sustainability by closing the rice industry's resource loop. Socially, it enhanced the environmental image of the rice industry among legislators, consumers and the surrounding community. Joining technology with nature resolved a post-harvesting disposal problem by transforming discarded straw into enriched soil. Converting wastes into valuable inputs reduced supply needs and liability costs. In sum, the alliance revolutionized the California rice industry, transforming technology and post-use processing for strategic benefit (Hartman and Stafford, 63).

Equally important to the success of a partnership will be the degree of power imbalance between the partners. Unless the environmental partner has significant countervailing power, so that both partners are to some extent dependent upon each other, the partnership is unlikely to flourish.(Murphy and Coleman, 2000, p 213). This is also illustrated by the Californian rice growers study, where the most powerful inducement for the growers to enter into the partnership was the fear that if they did not do so, draconian

legislation might be imposed upon them. Thus the power of the relevant NGOs to reduce the risk of such regulation was in itself an influential countervailing force. This example also illustrates the point that it may be the fear of a worse alternative that creates sufficient self interest on the business side for them to view the potential partnership in win-win terms.

On other occasions, it is the “carrot” of better market performance rather than the “stick” of threatened regulation, that is the main inducement for industry to participate in such partnerships. Many of the best opportunities for green alliances come when they promise to open up market opportunities for green products, and are principally concerned with environmental group endorsement of existing or new products, which in turn may provide improvements in products or product sales. Examples of such partnerships include the Forest and Marine Stewardship Councils. Sometimes too, such partnerships lead to the introduction of new technologies which in turn can create economic gains. For example, once the rice farmers adopted field flooding, the demand for tractor drawn rollers and field preparation services opened new business opportunities. This environmental initiative also prompted efforts to find alternative uses for straw: in fibre board, in straw-bale houses, and the conversion of straw into ethanol to meet California’s demand for reduced-emission fuels.

However, even if there are sufficient mutual benefits to make the partnership seem worthwhile, it may still not eventuate, given a history of mistrust, and sometimes conflict, between the would-be partners. Achieving such win-win outcomes is not always easy, given the very different aspirations of the parties: concerns with profit and market growth on the one side and anti-consumerism and conservation on the other. Existing studies suggest that a number of factors contribute to the success of business - environmental

group partnerships (Business for Social Responsibility, 1998). The most significant are: shared or reinforcing goals; trust; respect; clarity about the desired outcomes of the partnership; and access to the skills and resources needed to adequately support mutually agreed upon activities. It will also be important to allow ample time to build relationships: “starting early, before a crisis becomes the reason for the interaction, allows a company to avoid risk, and more importantly, to open a dialogue and establish trust and respect with the environmental organisation leaders” (Business for Social Responsibility, 1998).

Two final points. First, even in circumstances where such partnerships are likely to flourish, they may still bring about a new set of problems. This occurred in the Californian rice industry because: “although the RHP’s flooding of rice fields improved air quality, it brought about new challenges as well. Farmers found it more difficult to plant crops or rework the soil. Local fisheries were threatened, and field burning was needed every few years to control for crop diseases.” (Hartman and Stafford, 69). But this is simply an example of the need for adaptive learning and to recognise the dynamic nature of the situation. This problem too, was resolved by a co-operative approach- one which was much easier to embrace once the initial partnership had developed and a repository of goodwill had been established. In this case, the RHP “worked with the legislature to implement a “pollution permit’ program to allow some field burning to accommodate these needs. Farmers who don’t burn are allocated ‘burn credits’ which can be exchanged with other farmers who find it necessary to burn (subject to air quality restrictions of course). This is an effective stop-gap measure that will suffice until field burning is completely prohibited by law and alternative initiatives for addressing fisheries and crop diseases are developed.”(Hartman and Stafford, 69).

Second, it must be cautioned that in some circumstances, there are such fundamental value differences between environmental groups and industry that these are unlikely to be bridged, or a partnership formed. For example, in the case of the Australian rice industry, partnerships with green groups (particularly those operating nationally which have broader market recognition) could provide much needed external credibility to any environmental initiative adopted by the rice industry. However, the most significant hurdle to the development of such partnerships may be a fundamental rejection, on the part of the proposed partner environmental organisation, to the notion of irrigated agriculture in the Murray Darling Basin. In other words, it would be difficult for an environmental group to endorse an environmental management plan adopted by an industry whose very existence (in that area and environmental context) is deemed to be environmentally objectionable. Similarly, a wilderness protection organisation might decline to endorse the sustainable logging practices used in native forests. Although they may recognise the benefits of this over previous, unsustainable practices, they remain inherently opposed to *any* logging of native forests.

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ⁱ This article is based on part of a much larger study conducted for the Rural Industries Research and Development Corporation: N Gunningham and D Sinclair *Environmental Partnerships: Progress and Policies for the Australian Agricultural Sector* RIRDC, 2001. The views expressed do not necessarily represent the views of RIRDC. The author acknowledges the contribution of Darren Sinclair, his co-author in that larger project, and who conducted the fieldwork in respect to the ACF/Southcorp case study.

ⁱⁱ Defined as the use of biological and other natural and cultural methods for pest control ‘within an ecological framework’. It uses chemicals only as a last resort.

ⁱⁱⁱ To this end, ACF representatives have access to, and regularly visit, Southcorp vineyards and wineries to facilitate the exchange of ideas on how best to go about environmental improvement. According to one ACF respondent: “we visit vineyards and talk to the people managing them. We are able to discuss their problems and plans, and future directions [in environmental management].”