GLOBAL: False 'Green' Ads Draw Global Scrutiny

by Tom Wright, Wall Street Journal
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With companies eager to tout their "green" credentials to consumers, advertising watchdogs in a number of countries are stepping up efforts to rein in marketers that make false or exaggerated claims.

In one of the latest examples, the United Kingdom's Advertising Standards Authority found this month that a series of television ads by the Malaysian Palm Oil Council misleadingly claimed the industry was good for the environment. In one ad, which appeared on satellite channels across Europe, Asia and the U.S., a man jogs through a natural rain forest, interspersed with shots of palm-oil plantations and wildlife. "Malaysia palm oil. Its trees give life and help our planet breathe," the voice-over declared.

The problem: Oil-palm plantations, which produce a vegetable oil used in products such as margarine and soap, have often been planted in illegally cleared natural rain forests. In neighboring Indonesia, where Malaysian palm-oil companies own large operations, plantation development is destroying the natural habitat of species such as the Sumatran elephant, environmentalists say.

"We concluded that the ad was likely to mislead viewers as to the environmental benefits of oil-palm plantations, compared with native rain forest," the U.K. authority ruled.

One limitation with these groups is that the fact-finding process can sometimes take so long that the offending ad is no longer on the air when the ruling is issued. That's what happened with the Malaysian Palm Oil Council, which wasn't affected by this month's decision, because it had already stopped showing its ad last year. The Advertising Standards Authority can take as long as a month to make a decision.

From the U.S. to Norway to Belgium, watchdog groups are trying to police against the rise in bogus environmental marketing, a practice known as greenwashing. In most cases, these groups are set up by the advertising industry and run by a third party, and they operate on the honor system. When the watchdogs are set up, marketers and ad agencies agree to abide by their rulings, which often means dropping ads that are deemed deceptive. If the marketers later fail to do so, they run the risk of bad publicity or possibly even litigation. Only in a few countries, such as Norway, can regulators impose fines.

Environmental advocates say the increased vigilance is welcome, even if the watchdogs have limited powers. "Since the climate-change issue is hot, in Europe there's a load of 'greenwash' advertising," says Paul de Clerck, a campaigner with Friends of the Earth Europe.

In the U.S., the Federal Trade Commission, which oversees advertising claims, began hearings this month to determine the kinds of claims that can genuinely qualify as green marketing. The FTC plans to update its environmental advertising guidelines, which were last revised in 1998. Those guidelines set standards for terms such as "recyclable" or "biodegradable" in the advertising of products. But they don't deal with standards for trendier environmental claims such as "carbon neutral,"
where a company asserts that it has offset the amount of carbon dioxide (a heat-trapping greenhouse gas) emitted in making its product.

Sometimes, companies try to knock a rival business's products as bad for the environment to gain a competitive edge. The National Advertising Division of the Council of Better Business Bureaus, a U.S. industry-run advertising body, last year ruled that Born Free LLP, a distributor of infant feeding bottles, had to drop ads that claimed that the plastic used in a competitor's bottles was unsafe for both the environment and kids. The division says it heard no environmental cases from 2000 to 2006, but has adjudicated six since then.

In Norway, government regulators in September banned all car ads from stating that their vehicles are "green," "clean" or "environmentally friendly" on the grounds that all car production leads to more, not fewer, carbon emissions. The Belgian industry-run, advertising-standard authority in October ruled that Swedish auto maker Saab Automobile, a unit of General Motors Corp., must pull a print campaign in which it claimed that its "Biopower" range of cars make the roads "finally turn green."

Despite the regulatory backlash, companies are often loath to use subtle language to advertise their environmental claims for fear the ads won't stand out, says Mike Longhurst, a London-based executive with McCann-Erickson, a unit of Interpublic Group.

"Clients prefer to say it's good for the environment, rather than it's not so bad for the environment," Mr. Longhurst says.

Malaysia's palm-oil industry decided to come out with its TV ad because environmentalists recently have stepped up attacks on palm oil, calling it a major driver of forest loss: Trees soak up carbon dioxide, and cutting them down emits huge amounts of the heat-trapping greenhouse gas back into the atmosphere, spurring global warming.

The Malaysian Palm Oil Council, a grouping of producers, hired TWBA Worldwide, a unit of New York-based Omnicom Group, to promote the industry's green credentials. "We decided it was about time we gave a public-service announcement to the consumer," says Yusof Basiron, chief executive of the palm-oil council.

But the U.K body ruled that by blending footage of rain forests and oil-palm plantations, the ads misled the public.

The council maintains that since 1990, all oil-palm plantations in Malaysia have been planted on already denuded land, not natural rain forests. It also says it didn't mean to imply that oil-palm plantations were as biodiverse as rain forests.

"A lot of the implications were something we didn't intend in the ad," says Aaron Cowie, chief operating officer of TWBA Worldwide in Malaysia.