Title: In the Shadows of Social Licence to Operate: Untold Investment Grievances in Latin America
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Abstract
This article critically examines the usability of the concept of ‘social licence to operate’ (SLO) in Forestry in the Latin American context as an indicator of the social acceptability granted by local stakeholders to multinational pulp and paper companies. Based on field research data from local communities affected by industrial tree plantations (ITPs) in a setting claimed to have an absence of conflicts (Uruguay) and another where intensely violent conflicts have been present (Chile), we ask: 1) What are the specific features of forestry SLO in comparison to mining?; 2) What does SLO mean to those it is supposed to represent the most: the locals affected by the forestry operations? We find that regardless of the presence or absence of conflict, it is problematic to claim that industrial forestry has been granted an SLO by the locals ('local SLO') given that there are several voices from rural communities that radically contradict this claim. Furthermore, we argue that activities geared towards securing an SLO in forestry are not exclusively directed towards the locals, but work on a multiscalar level involving other stakeholders – namely, through the standards set in world politics by the Forestry Stewardship Council (FSC) and others framing the industry in media and political discourses. A cross-sectorial comparison suggests that the production of SLO in mining is a more local process while in forestry the production of ‘corporate SLO’ is a more global process. To understand the limits of SLO requires a more careful analysis of stakeholder dynamics and conflict cultures in those places where the concept is being disputed.

Keywords: Social Licence to Operate, corporate legitimacy, corporate resource exploitation, natural resource politics, Latin America, industrial forestry,
Introduction

The concept of Social Licence to Operate (SLO) initially emerged in the context of mining conflicts in Canada during the 1990s, but has spread rapidly to other sectors, forestry included, and there is currently a push to extend the concept to the global South context of industrial forestry. We consider whether the use of this concept in forestry investments in Latin America implies that the companies with an SLO – defined in various ways, which we discuss – have achieved social acceptance among locals for implementing their operations. We consider the rise of the concept against the background of large-scale and rising resistance against industrial tree plantations (ITPs). We analyse discrepancies in the implementation and use of the concept in this setting: how SLO is perceived on the ground seems, in many cases, to be in a stark contrast to the reference made to SLO by companies towards global investor and consumer groups, suggesting that SLO is principally a concept made for business purposes, and not for many impacted populations that have their own views on the SLO.

Understanding SLO within the context of forestry in the global south and from the perspective of the locals is important if SLO is to do what it was originally designed to do: to improve corporate-community relations. The following research questions are instrumental in shaping the SLO discussion, and we use them as our guideline.

1) What are the specific features of forestry SLO in comparison with mining?

We argue that SLO-production in forestry functions differently than in mining, as achieving it (in the eyes of the market and regulators) relies less on local acceptance because the industry-wide focus on the whole chain of custody gives non-local stakeholders important leverage and power in granting the ‘corporate SLO’ (the term we use for market-based and local grievance downplaying SLO). Forestry SLO is thus, operationally, a more global process than mining – which is more local.

2) What does SLO mean to those it is supposed to represent the most: the locals affected by the forestry operations? What implications does the lack of a ‘local SLO’ (a term we use for a local context with the absence of conflict) have for the ‘corporate SLO’?

Supplemented by a comparison of empirical material gathered by field research on large-scale pulp investments in a setting claimed to be conflict-free (Uruguay) and another with conflicts (Chile), we illustrate that caution is necessary before claiming that a company, investment, or industry has SLO. The Latin American comparison illustrates how this concept, which originated in the global North, is to be re-considered and re-oriented when applied to the very conflictive setting of rural Latin America and the global South. It also shows how area and cultural studies can help in this task of reaching an empirical soundness for the SLO. The current use of SLO does not account for the character of forestry-local communities as conflictive in ITP-based investments (see Gerber, 2010; Kröger, 2011; 2012; 2013a; 2014).

To focus only on the corporate side of SLO may give the false impression that a given population would have accepted something unanimously, neglecting the dynamic and contentious quality of firm-specific social acceptability in different contextual settings. By linking corporate SLO to the analysis of forestry conflicts we strive to demonstrate that the concept is more dynamic and interactive.

We will start by describing and outlining the background and existing literature on SLO. The second section illustrates how the concept in its varied sub-forms should be put into use in forestry, making claims based on an analysis of forestry as a particular sector with its own dynamics, contrasted by an inter-sectoral comparison with the typical conflict dynamics in mining. Finally, we use our empirical material from Latin American investment areas to deepen the analysis of practical problems and possible empirical solutions in the conceptualisation of SLO.

We identify six key areas of possible problems in the current practice and literature on SLO: 1) local-context heterogeneity; 2) silent grievances; 3) conflict culture differences; 4) media bias not representing local mistrust; 5) the assumption that locals are willing to give an SLO if compensated properly and are non-
agentive; and, 6) a failure to grasp the ontological setting of SLO as a modern and capitalist idea that can be profoundly at odds with local places’ beings ontologies in e.g. Latin American rural areas.

Throughout the article, we ask whom the concept principally serves: the local community members affected by the operations, the governmental entities in the host country who promote investments, or the industry representatives themselves when justifying their actions towards primary stakeholders such as investors and end-customers in the global North. Is the frequent use of the term only opportunistic and self-serving (Parsons and Moffat, 2014; Owen and Kemp, 2012) or can SLO also be used to serve local communities? Conflict, and absence of SLO, may be an ethically and socio-environmentally better option than having an SLO if the investment is causing damage. It should thus be secondary for investors and governments to search for an SLO, and primary to look for an ethical and sustainable investment model and implementation in place-based realities. In any case, companies cannot achieve an SLO by themselves since SLO ultimately depends on the agency of receiving populations and supply chain controllers. The primary focus of investors and regulators, including local interest and stakeholder groups, should be in ensuring a sound investment policy, and a democratic political dynamic wherein the option of ‘no investment’ is also a possibility.

Both in Uruguay and Chile there are similarities in the discontent and the claims raised by locals, suggesting that the attempts at achieving local acceptability (‘local SLO’) have not been successful. Instead, to understand the establishment of SLO in the forestry industry, it is necessary to look at other factors (‘corporate SLO’) that determine whether or not an industry can claim to enjoy an SLO (in the way that SLO is now understood for the industry).

The origins and meanings of ‘Social licence to operate’

The term ‘social licence’ emerged in the mid-1990s within the mining sector as a response to social risk (Boutilier and Thompson, 2012). At this time, growing local opposition to resource extraction projects forced corporations to change their approach towards community stakeholders in order to guarantee smooth operations and access to local resources (Sing, 2014; Owen and Kemp, 2012; Prno, 2013; Parsons et
al. 2014). In contrast to the statutory licence which is granted by formal political or legal authorities to a firm to initiate operations, SLO is not defined by laws and formal procedures but guided by the idea that the community can hold the company accountable for its actions (Parsons et al 2014). In this sense, SLO has been characterised as representing a set of demands and expectations held by a local community and civil society on how a business should operate locally in order to achieve social acceptability (Edwards and Lacey, 2014; Parsons et al. 2014; Gunningham et al. 2004; Prno and Slocombe, 2012). Some have even suggested that a more suitable concept would be a community licence, since the SLO is primarily related to the engagement with and acceptance from local community members, where wider societal views are considered of secondary importance in terms of their capacity to affect the mining operations (Parsons et al. 2014).

However, this literature does not discuss critically enough the key notion that a claim of ‘having achieved an SLO’ by business practitioners is highly dependent on the visibility of the grievances at the national level (media outlets) and government support to the industry – something we wish to rectify. Complementarily to our argument, Parsons and Moffat (2014) argue that often the expectations, perceptions and experiences of corporate behaviour are non-aligned, meaning that the SLO is also a way to try to build a positive corporate reputation for smooth future operations among key business stakeholders. This is particularly the case of certification schemes directed towards the end customers, such as the Forestry Stewardship Council (FSC), where the mechanisms to deal with SLO are the public hearings arranged for the local communities affected by the operations.

**Maximum shareholder value and community benefits? Six problems of conventional SLO**

In terms of securing an SLO, the literature speaks of aligning business and community values under a shared vision of how to run the operations so that these can contribute to both maximum shareholder value while simultaneously providing the locals and the local community with measurable benefits in terms of compensation and community development programmes. However, we identify six key areas of potential problems with this approach towards SLO:
1) **Local-context heterogeneity**

First, the local context may not be homogenous in terms of values, norms and beliefs, making it difficult to meet the demands of all locals, and thus what then defines the legitimacy of corporate actions and its SLO may be more a question of the power embedded in discursive processes, prioritising some norms at the expense of others (Ehnström-Fuentes, 2015; Parsons et al. 2014).

2) **Silent grievances**

Second, the literature suggests that failing to establish a licence to operate may lead to social conflicts such as protests, road blockades, consumer boycotts, media campaigns, legal charges and verdicts on environmental and livelihood destruction (Parsons et al. 2014; Sing, 2015), which ultimately result in the withdrawal of legal permits on behalf of authorities, or the voluntary closure of operations on behalf of the corporation (for unsuccessful SLO cases, see Prno, 2013). Thus, when conflicts are not halted they may translate environmental and social risks into real business costs (Frank et al., 2014).

However, as Owen and Kemp (2012) and Kröger (2013a; 2013b) note, the absence of social conflict does not automatically guarantee that the corporate activities are viewed as acceptable by the locals, but instead it may also signify that community groups are in the process of re-grouping their collective activities to voice their opposition, are without the resources or abilities to protest, or are withholding their grievances due to complex conflict cultural rules.

3) **Conflict culture differences**

Third, local conflict cultures affect the intensity of conflict, as do the relative grievances of populations: if the new investment is perceived as the lesser of two evils, removing an even more harmful land use policy, then even a negatively perceived investment may be initially accepted by the locals, although later seriously questioned when it fails to fulfil previously made promises (Kröger 2013a; 2013b). In fact, critiques of SLO have pointed out that the concept, in the way it is currently being used, masks the

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2 Yet, studies on contemporary natural resource exploiting-investments illustrate that conflict is the rule rather than exception, and the ‘failure to achieve SLO’ is no obstacle for continuing an investment in many contexts. Particularly in non-Western, violence-accepting states, SLO fails to fulfil its purpose as a descriptive tool explaining investment life-cycles.
gap between expectations and what corporations are willing to invest (Owen and Kemp, 2012) and is used as a way of disguising or silencing opposition (Owen and Kemp, 2012; Parsons and Moffat, 2014; Sing, 2015). Kirsch (2007 in Sing 2014) argues that the community development initiatives that are set up by corporations aiming at securing an SLO, to create shared value in the community, are undermining genuinely sustainable development by de-establishing social relations between opponents and proponents in the local community. In line with this argument, Sing (2015) describes the disruptions of the social fabric in a community next to a mine in Papua New Guinea, where the company offered compensation to only a fraction of the local community (a select group of landowners). He notes that while the compensation packages were successful in granting the mining companies a short-term SLO by mitigating local discontent among community landowners, these same activities also functioned as time bombs that created vicious circles of other negative impacts on the community. The findings from the case study thus questioned whether the society was any better off with increased engagement with the communities on behalf of the mining companies.

4) **Media bias not representing local mistrust**

Fourth, cross-cultural differences in how communities express disagreement, and how local mistrust is represented in the media (Ehrnström-Fuentes, 2015), may fail to capture the underlying mistrust of the community towards the company operating on their land (Owen and Kemp, 2012).

5) **Assumption that locals are willing to give an SLO if they receive compensations and are non-agentive**

Fifth, much of the literature on SLO seems to implicitly assume that the local community will be willing to grant the corporations an SLO if they are given the opportunity to tap into the benefits provided by the companies (Harvey, 2014; Owen and Kemp, 2012; Sing, 2015). Thus, the corporate SLO carries with it a view of local stakeholders as passive actors, whose agency or responsibility to act would be linear or automatic, rather than spontaneous, uncontrollable and in the end solely in the hands of the locals. That issue, which in forestry conflicts and the study of social movement–corporate struggles has been called contentious agency by resistance groups (see Kröger 2013a), seems to be completely overlooked in the SLO literature.
Failure to grasp the ontological setting of SLO as a modern and capitalist idea that can be deeply at odds with local places’ beings’ ontologies

Sixth, and as a consequence of this ‘non-agentive’ view of land use dynamics, while stressing the importance of shared visions, values and understandings that foster the co-creation of common goals (MRI, 2014), the literature on SLO fails to account for the perspective of those community members who have nothing to gain from engaging in SLO initiatives, but whose way of life, terms of livelihood and even worldviews risk being permanently destroyed as corporations enter their living sphere in search of access to land and resources (Gudynas 2011). Such groups’ own visions of the future and ‘local knowledge of generations’ (Harvey, 2014), their ontologies – that is, lived, real worlds – do not necessarily desire the kind of ‘development’ or modernisation programmes (particularly not in Latin America, see Escobar 2011) that are promoted through the discourses embedded in the ‘SLO jargon’ of shared values and benefits. In many indigenous cosmologies of Latin America, ‘natural resources’ is a derogatory term in the ontology where Pachamama, or Nature, refers to the same thing but lacks the anthropocentric and modern framing.

In sum, the question that arises is how can a ‘social licence’ can be upheld in those places where the community members’ own ways of life, and their use of land and resources as a source of livelihood, is threatened by the core operations for which the corporations seek a licence.

Forestry SLO vs. mining SLO

SLO in the forestry sector has been defined as ‘the broad acceptance a community has for how forest resources are used and developed’ (Edwards and Lacey, 2014). Due to its specific needs in terms of access to a huge amount of land for trees, which also affects how the locals engage with the surrounding environment, it has been argued that the forestry industry ‘needs broad community support if the industry is to proceed and prosper’ (Adams, 2011: 3). Edwards and Lacey (2014) note that although SLO is not a term that is widely or explicitly used within the forestry industry, for many years it has been implicitly operating, shaped by the changing dominant discourses at the time. They add that ‘the term has begun to
be used more widely both within the industry itself and to describe forestry practices and the role of diverse stakeholder relationships within various forestry arrangements around the world’ (p. 239).

According to Wang (2005) ‘in forestry, “the social license to cut timber” has [now] become a common term in reference to a set of well-understood rights with respect to timber harvesting and related activities’ (p. 486). The studies on the concept in the forestry industry conclude that this type of SLO constitutes the social contract emerging from formal and informal institutional and social arrangements between land owners, forestry companies, contractors, resource-dependent communities and others (Edwards and Lacey, 2014; Wang, 2005).

Although ITPs have many common features with mining operations in terms of the need to access particular types of land (good soils with rainfall; not ores) as well as negative impacts on neighbouring communities (Kröger 2013a) there are clear distinctions in how corporations produce an SLO in the forestry industry. There are at least four distinct features between forestry and mining SLOs:

1) **SLO in forestry is more complex than in mining**

First, in contrast to the mining industry that has been categorised as an industry ‘without a face’ (Hilson 2012, p. 133), without direct links to the consumers or wider public with the capacity to raise enough pressure to facilitate change, the forestry sector has in the past been the target of consumer boycotts (against clear cutting old-growth forests and protection of natural habitat for endangered species, consumer boycotts in support of local community grievances have not been reported) (Joutsenvirta, 2011; Ehrnström-Fuentes, 2012), as well as supply chain-operators’ (e.g. retailers’) pressures for due diligence (Dauvergne and Lister 2011) to define the limits of the social acceptability of the industry. While the efforts to gain an SLO in the mining sector have therefore mostly built on efforts to ‘pacify communities and a skeptical public’ (Hilson, 2012) before the mining operations start generating profits, the forestry sector has had to deal with a more holistic approach in terms of meeting the expectations and demands of different stakeholders within the whole supply chain, globally. Furthermore, as Edwards and Lacey’s (2014, 245) point suggests, complexity in SLO increases exponentially when moving from mining to forestry, as the multiple dimensions of forest management are interconnected and influenced by a complex network of
stakeholders. In sum, the greater number of stakeholders from whom an SLO has to be attained, and from whom it can be directly demanded, makes SLO in forestry less place-dependent and more complex than in mining.

2) **Forestry SLO is more global as the supply chain is different**

Second, the ‘traceability’ that exists within the forestry supply chain, and the short distance between extraction and end consumer made it possible to develop certification schemes early on, which are only recently starting to emerge in mining, to take the entire ‘chain of custody’ into consideration.\(^3\) Forestry certifications such as FSC and PEFC aim to establish a social contract between the firms, the government, and the influential NGOS (in some countries including First Nation groups) (Cashore, 2005). However, these non-state-market-driven (NSMD) governance principles have not emerged because of pressure coming from neighbouring communities about tree plantations, but primarily due to pressures from advocacy groups, shareholders and end customers of the forestry industry, concerned with the conservation of native forests (Cashore, 2004; Johansson, 2013; McDermotte, 2012). It is thus important to note that the certification standards of these schemes have not been primarily set up to incorporate the impact that forest management has on the livelihoods of neighbouring communities (Johansson, 2014; McDermotte, 2012) but rather to secure access to what have been defined by the negotiating parties as ‘sustainable’ sources of raw material.\(^4\) These groups are engaged in the standard setting work at the national level, and are not always well-connected to the concerns at the local level (Johansson, 2013) or in other contexts: e.g. the problem of giving FSC to tree plantations in Brazil has been overlooked by conservation NGOs in Europe (Kröger 2010). Within the industry, the idea that plantations are more sustainable than timber originating from old-growth forests is visible in the sustainability reporting discourses (Stora Enso, 2011), but research has shown how in practice native forests are often cut and replaced by tree plantations, showing that they

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\(^3\) The traceability of Blood Diamonds has been described in Hilson (2014).

\(^4\) The ‘sustainability’ of industrial tree plantations and their certificates has however been criticised and questioned, based on their severe negative impacts not only on local populations’ livelihoods, but also on soils and water flows (see e.g. Kröger 2012; 2013a; 2014; Kröger and Nylund 2011; Nylund and Kröger 2012).
compete with rather than compensate each other (Kröger 2014). Although local groups have the opportunity to participate in local auditing consultations with external auditing firms in these NSMD, recent studies indicate that their capacity to reject the certification of forests that comply with the formal standards of the certification scheme by participating in these consultations is limited (Johansson, 2013; McDermotte, 2012). If SLO is about securing the acceptance for operations at the local community level, it is doubtful whether the current system of NSMD governance fulfils that particular purpose. A similar inability of the local community to have a substantial impact on business operations is also an issue in the mining sector – but the weakness of the top-down due diligence demands in comparison to forestry has meant even more reckless and negatively impactful operations in many mining investments.

3) Forestry is less place-based: but as forestry investments can change locality (unlike ore-deposit-tied mining), they have often been forced to or have chosen to move away when facing resistance

Third, another difference between mining and the forestry sector is the difference in the importance of local community acceptance of the resource extraction site. Mining companies are dependent on the physical location of the catchment findings (Hilson, 2012). If the companies want to be ethical and moral, it is crucial to have the support of the neighbouring community and landowners next to the site of the planned mine prior to the initiation of the operation to have access to land and avoid social conflicts that may lead to disruptions in operations (Gilberthorpe and Banks, 2012; Prno, 2013; Sing, 2015). Evidence from the forestry sector, on the contrary, indicates that when faced with local resistance capable of challenging the long-term access to land, forestry firms have in the past relocated their operations to places with greater land access security and less dense rural populations, such as in Australia and Uruguay (Kröger, 2014). This was the case in Indonesia in the 1990s, and more recently in Brazil in the early 2000s (Kröger, 2014). For industrial forestry, it is crucial to achieve local community acceptance both for tree-processing facilities’ (pulp mills, biorefineries, etc.) operations and for the material base, e.g. plantations or forests: there have been both plant-based and forest-based conflicts in industrial forestry, with the Botnia pulp mill

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5 This dynamic is currently strengthening as e.g. in 2014 Brazil agreed tree plantations would be governed by the laws of agricultural production, which allow for larger cutting of natural forest than the prior forest laws, and started considering tree plantations as synonymous with natural forests in conservation policy.
conflict in Uruguay being a prime example of the former type of non-SLO by impacted locals (in Argentina) (Kröger 2013a). Thus, although SLO is referred to as a locally grounded concept in the (mining) literature, due to sectorial evolvement in the past in forestry the concept cannot be disconnected from the social acceptance of other influential stakeholders on the national and global scale. The usage of the term should therefore be seen as both an outcome of socially acceptable industry-wide forest management practices (in terms of tree plantations mainly practiced through the FSC certification scheme) and as an outcome of the community engagement that the investing company undertakes in order to secure smooth operations of the entire chain of custody. In Latin America, the need to justify actions and seek local support for operations has become increasingly visible in the sustainability reports and the CSR discourse of forestry companies in recent years. Here, forestry companies have met local resistance both in terms of the negative consequence ITPs have on neighbouring communities (Kröger, 2012; 2014; Gomez-Barris, 2012), and in terms of the local conflicts that have emerged as a result of the locations of new pulp ventures (Ehrnström-Fuentes, 2015; Fougere and Solitander, 2009; Kröger 2007).\footnote{For example, Stora Enso’s Global Responsibility report from 2011 stresses the importance of minimising environmental and social impacts in remote communities by adopting of Best Available Technologies and environmental management systems (p. 17), while also aiming at being ‘an active and accepted member of local society where we operate’ (p. 19). This includes investing in ‘Good Neighbourhood Programme’ before operations have been initiated, stressing the importance of ‘open stakeholder dialogue’ and keeping ‘local inhabitants informed about the company’s operation, including planting and harvesting’ (Stora Enso, 2011, p. 19). The report also states that ‘[t]he idea is that all key stakeholders including local authorities, organizations and residents should work together with the company’s representatives to create an integrated model for community development’ (p. 19).}

4) **The investment life-cycles and state-role differ between forestry and mining**

Fourth, and in contrast to mining firms that are expected to pay royalties to the government as compensation for resource extraction, forestry firms often receive government subsidies to initiate extensive plantations in rural communities on soil and forests classified as ‘degraded land’ (Kröger, 2012; 2013a; 2014; Clapp, 1995; Pinheiro, 2012). As a consequence of a typically stronger direct monetary involvement of the state as a funder of industrial forestry, the locals affected by industrial tree plantation, which have a greener image than mines, face a tougher setting to pressure the government to withhold the necessary legal permits required for the operations. There are also monetary incentives for landholders to
sell their property instead of organising resistance as the value of land tends to increase rather than decrease, as is the case in mining, with the arrival of large-scale industrial tree plantations (Pinheiro, 2012). This signifies that there is a higher expectation of protest and conflict in mining than in forestry, as the landholding classes can sell their land for a higher price for a longer timeframe to the investing company than in mining. Once a mine is established, serious pollution can make the land price significantly lower, and in any case delimits the number of potential buyers. The more intensive the forestry practice is, however, the more similar forestry and mining become. Once the landscape has started to change towards a huge monoculture of trees, the remaining landholders find themselves forced to sell their land as water becomes scarce and depopulation of the remaining rural community occurs with few remaining employment opportunities on family farms: the cultural conception of pasture as a more preferred landscape to live in also affects this tendency toward rural exodus in ITP areas (Kröger 2013a; 2014).

Table 1 below summarises these and other differences that we have identified between forestry and mining SLOs.

Table 1: Differences in SLO: mining and forestry

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<thead>
<tr>
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<th>Mining</th>
<th>Forestry</th>
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<tbody>
<tr>
<td><strong>Primary Stakeholders</strong></td>
<td>High impact at extraction site: focus on locals</td>
<td>High impact consumer boycott campaigns: focus on customers</td>
</tr>
<tr>
<td><strong>Traceability</strong></td>
<td>Industry ‘without a face’, traditionally not traceable origins (except blood diamonds)</td>
<td>Traceability of paper to source, inspired by ‘chain of custody’ thinking and multi-stakeholder initiatives early on</td>
</tr>
<tr>
<td><strong>Space/time</strong></td>
<td>Mining tied to specific place, with immediate impact</td>
<td>Use of vast areas for plantations, impact delayed by the growth time and weakened by rural exodus</td>
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<tr>
<td><strong>Government involvement</strong></td>
<td>Royalties (funds in)</td>
<td>State subsidies (funds out)</td>
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<tr>
<td><strong>Public image</strong></td>
<td>Depletable resources, high toxic load</td>
<td>Renewable resource, green image</td>
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Mining has typically had far more conflicts than forestry, for the reasons mentioned above and in Table 1. Although there are many, often deeply intense, conflicts regarding forestry in many places, e.g. between indigenous people’s movements and pulp companies in Chile, these rarely signify losses in terms of the continuation of business as usual. Instead, the local struggles against ITPs in Uruguay have not moved past
‘everyday forms of resistance’ to overturn the SLO that forestry companies enjoy from other influential stakeholders in their supply chain. The empirical comparison of Chile and Uruguay in the next sections illustrates how the global dynamics of SLO and resistance dynamics play out in South American industrial forestry.

**Methods**

The Uruguayan and Chilean cases were selected to be studied in more detail as they had local community conflicts but a variance in SLO – a comparative setting of homology in the dependent variable but variance in independent variables and causal conditions. While the forestry sector in Chile has been marked with conflicts with local communities and indigenous groups, the companies operating in Uruguay, where indigenous groups are not present, have not met such fierce local resistance. These differences of forestry SLO and conflict-type and intensity in Uruguay and Chile makes it possible to identify a number of problems related to the concept, independent of where it is being used. The empirical material builds on semi-structured in-depth interviews with local community members in areas affected by tree plantations as well as with experts in Uruguay and Chile, including journalists, lawyers, environmentalists, alternative land-using businesses, NGO activists and company personnel. In addition, participant observation notes from public hearings held in preparation of the FSC certification process in Chile in 2012 in the town of San José de la Mariquina are included for a detailed analysis of local stakeholder acceptability. In addition to taking notes and observing the public hearing, these meetings were recorded and transcribed, in total 3 hours in duration. The transcribed interviews and meeting material were analysed based on references made by local to experienced grievances and positions of differences in relation to the proposed investment. In both countries, community members without a clear stand against forestry operations were also interviewed. Newspaper texts, ethnography and interviews regarding SLO conducted with representatives of the global mining and forestry industries are used to support the findings.

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7 The resistance towards forestry has been mostly experienced by the conflicts arising from Argentina towards the building of a pulp mill right at the border.
Uruguay: in the Shadows of SLO

Context

Uruguay illustrates how a national industry that appears to hold an SLO might not, in fact, have secured an SLO among its locally affected stakeholders. In Uruguay, the key issues of recent forestry investment, which has focused on pulp investments with eucalyptus ITPs, have been a concern for water pollution of the pulp mills and their effect on the local economy, while the effects of ITPs on the surrounding community have not received as much attention (Kröger 2007; Grogolopo 2012). Company representatives and political leaders have justified the growing presence of the industry by referring to the benefits accrued from mill investments, and are not concerned about the consequences of ITPs in local communities: they downplay the concern of the availability of raw materials and the impacts of its extraction. Rural dwellers affected by ITPs have been sidelined, while the political leadership, including the progressive but extractivist-strategy favouring President José Mujica (Gudynas 2012), has turned from an initially critical stance towards global forestry capitalism as a threat towards an alliance with the industry. The President argues that Uruguay has few other alternatives to Big Pulp:

[The pulp mills] have indirectly employed more than 10,000 people working for them permanently with better salaries than what we had before and they also bring currency income. We are a small country that needs to import a lot, but this industry is now exporting pulp for the same amount as the meat industry, this year for approximately two billion dollars. This means that for us, under our circumstances, this is beneficial. (José Mujica in YLE interview, September 2014)

Out of Uruguay’s 16.4 million hectares of agricultural land, approximately one million are covered with pine and eucalyptus plantations, mostly in the hands of foreign owners, the largest being the Finnish-Swedish company Stora Enso and the Chilean company Arauco, with a joint ownership of 234,000 hectares, followed by the Finnish company UPM-Kymmene, with 200,000 hectares (Pinheiro, 2012). The rapid growth in tree plantations on agricultural land stems from the Forestry Law of 1987, which promoted industrial
tree plantations by establishing tax-benefits and subsidies for planted forests. Although these benefits have since been revoked, the private investment in forestry continues to grow.

**Grievances**

As a consequence of ITP expansion, several locals we interviewed shared the sentiment of this smallholder’s observations:

‘I used to have a good well but it started to dry up, so I had to make a deeper hole because underneath there was more water. But the forestation left us without water. And after the predator animals started to appear, all these animals that ate my harvest….In the end, because of problems with my heart I had to sell. But if it was up to me, I would continue living there.’ (Former smallholder, Mercedes, Soriano, November 2012)

Another key grievance concerns rural exodus, also reported as problematic in global ITPs (Kröger 2014).

Although companies selecting Uruguay, instead of the more densely populated or indigenous-communities’ land areas of other Latin American rural regions, have argued that Uruguay would be bereft of rural exodus, this is also present in Uruguay. The discrepancy in political elites and local communities’ SLO suggests that prior land uses had a better SLO in Uruguay than the new Big Pulp land use:

‘I’ve been here for 38 years, and when I arrived I had many neighbours. From here, one could see five or six neighbours. Today you do not see anyone and this landscape repeats itself for 15 kilometres. Over there, there are 20,000 hectares of eucalyptus; there are no people left, no people left. …It doesn’t make sense. Besides, they made a law, the forestry law, for the needs of these companies, but they do not even fulfil that because one of the clauses of the forestry law says that the land that doesn’t serve for anything else is to be declared forestry priority. But here clearly the land did serve for other things; all of us, who lived here before there was eucalyptus, had other things that were better than eucalyptus.’ (Smallholder Soriano, November 2012).

Far from accepting the operations of the forestry companies, these interviewees reject the plantation model imposed on them. The plantations have not rendered any benefits for these community members,
rather the opposite, they restrict or even endanger their living conditions and their capacity to make a living from agriculture. These accounts of the locals raise the question of whether it is possible to secure an SLO while some locals are clearly negatively affected by, and do not accept the presence of, the forestry company, but who due to their marginalisation are unable to challenge the political support that the company is enjoying.

**SLO through certification processes**

As discussed above, in contrast to mining, the forestry industry’s certification such as FSC certificates open up new grounds on which SLO must be secured: FSC certified tree holdings must comply with the ten principles set by the global multi-stakeholder initiative agreed upon by larger environmental NGOs, social groups, and industry representatives on global, national and regional level (Moog et al., 2014; Mena and Palazzo, 2012). All plantations in Uruguay are FSC certified, which reassures many of the industry’s global stakeholders and end-customers that the raw material comes ‘from well managed forests that provide environmental, social and economic benefits’ (FSC, 2015). In terms of local acceptability, the FSC Principle 4, on community relations and workers’ rights, should assure that certified forests also ‘maintain or enhance forest workers’ and local communities’ social and economic well-being’ (FSC, 2015). However, our data indicate that the social and economic well-being of the community does not necessarily include all local stakeholders, particularly not those who live right next to the tree plantations, and whose voices were marginalised during the certification process of the FSC. This problem is typical and endemic to FSC in Brazilian ITP projects, as documented e.g. in Kröger (2010; 2012; 2013a; 2014), but also applies elsewhere. None of the interviewees in Uruguay felt that the FSC certification offered them the opportunity to make their voices heard, or the opportunity to have any impact on how forestry was practiced in Uruguay. According to one farmer, the FSC certification serves to legally justify the plantations while hiding the damage experienced by the farms. Another farmer noted that their concerns were not taken seriously during the local meetings organised by the FSC auditors:

‘We participated in several meetings but we were the rural and they the technical. They made us graphs, we arrived to make our point because they wanted to change our mentality
saying that the forestation was profitable, that there was no prejudice in that, but we had already started to experience the problems. I mean, what they mentioned there was a big lie, they fooled the people with propaganda and money, because the press came to see the people – but with lies.’ (Former smallholder, Mercedes, Soriano, November 2012).

**Explaining the divergence of the SLO on different scales**

The interviews conducted in Uruguay in 2012 coincide in that the perceived public acceptability that the industry enjoys in this country is not an outcome of local community acceptability but primarily due to the government support that the investing multinationals enjoy and the limited media coverage of the situation close to the plantations.

The sudden change of position of the leftist Frente Amplio party from having been against the forestry model to openly supporting the investments in new pulp mill projects and plantations, after they won the historical elections and took over government from the right wing parties in 2005, was according to all the individuals interviewed an important contributing factor that ended public mobilisation against forestry.

However, as the excerpts above show, and the previous research presented in the literature review indicated, an absence of visible protest does not automatically suggest that the industry or a specific investment project would have an SLO on the ground. Those critical of ITPs and Big Pulp supported (and were themselves supported by) the Frente Amplio coalition before elections, creating an expectation of change in policy among those opposing the forestry model. One interviewed farmer who was part of this effort and the tumultuous changes in political attitudes commented on the discrepancy between how the government and the community perceived the SLO of the forestry industry in the following manner:

‘I think really this has become political [referring to the effect that ITPs have on the rural population], we had meetings with Mujica here in the farms and he was against the forest plantations. Now he is in government and he forgot everything about our farms and this is affecting the whole area, the schools, everything, now everything is planted ... When Mujica became president he sent ministers to our meetings that had to convince us that planting is
good. There is no help from the government.’ (Former smallholder, Mercedes, Soriano, November 2012)

Following the change in governmental attitude, the media coverage of the negative aspects of forestry for the local communities also decreased. This dynamic or causality, where media interest follows official government policy changes, illustrates that journalistic records are not a forward or very trustworthy indicator of how the community perceives the SLO of the investing companies. When the media follows state policies, such as in the small-country setting of Uruguay with a tight elite in Montevideo, the marginalised voices can be rendered quite silent. The systematic misrepresentation of critical voices in the media has also been noted in other community-industry conflicts in the Chilean context (Ehrnström-Fuentes, 2015). All our local informants in Uruguay expressed their frustration over how national media outlets (the television and the most important newspapers) ignored the realities lived next to the tree plantations, which further deepens the grievances of affected people, and makes the claim of having an SLO even more erroneous (thus increasing the likelihood of serious, accumulating conflicts). The state of affairs is made more serious by

‘the tremendous disinformation of the people because everyone knows who made the goal of Suarez and Forlán, but they do not know that here we are, 150 families that do not have water to drink. If they heard about that every day on the radio or on TV, the people [of Uruguay] would become more aware, but really, there is a lot of disinformation because nobody likes it when they invade your home and our country is our home and there are people that aren’t aware that they are invading us.’ (Smallholder, Cerro Alegre, Pro Soriano, November 2012)

Expert interviews in Montevideo further elucidate the dilemma of state versus community SLO, and show that ignorance of community grievances by the majority is essential for claiming to have secured an SLO in a setting of locally marginalised discontent:

‘The majority of the people have not done the job of becoming informed and they do not have a clue about what happens with the monocultures of trees in the interior of the
country, the scarcity of water and so on. I’d say that seven out of 10 people do not know and do not care. And I think that they believe in this discourse that comes from the industry about development and the generation of employment, and afterwards when the industry ends up having only 300 employees it is not such a big deal to them.’ (Alternative Radio journalist, Montevideo, November 2012)

**The political and ethical consequences of the discrepancy of SLO on multiple scales**

What kind of impacts does this type of discrepancy between what is perceived as being acceptable by the majority and the sentiments of the marginalised have for those most affected? How do political dynamics differ in a setting that is assumed to have an SLO? Is SLO a discussion, a debate and criticism-supporting concept and state of affairs, or a violent tool of legitimisation that silences opposition? Based on our critical informants’ claims, when the key grievances above receive attention in Uruguay, the voices of those who oppose the expansion of ITPs are depicted as ‘anti-patriotic’ and ‘against the interests of the people’:

‘Environmentalism in Uruguay is something like being part of Al Qaeda. The leaders have made it their job to demonize the environmentalists… if you say two words against Montes del Plata, you’ll have five journalists on top of you. In reality, they look for the conflict because it sells. But your message is manipulated in such a way that you come across as a primate who is against modernity and technology.’ (Smallholder, Tarariras, Colonia, November 2012)

One reason why the state SLO became a form of violence against community non-SLO arguments was that Big Pulp became an international dispute for national honour between Uruguay and Argentina, which made a serious discussion of local impacts harder as the level of political debate resembled a war, and those with a critical voice were seen as dissidents (Kröger 2007). Nationalism being a deeply modernist project, the re-enforced nation-state identity strengthened the lure of modernity that appeared in the modern appearance of a Nordic, developed and technologically superior investment. Around the same period that the changes in government destabilised the previous resistance against ITPs, the effects of the Argentinean
protests against the Botnia (now UPM) pulp mill in Uruguay further marginalised the critical voices in Uruguay, framed as being against progress:

‘[The protests against the pulp mill in Argentina], made us appear as traitors. In other words, I – who politically was part of the ‘Frente Amplio’ – felt very affected and later they started to accuse me of not wanting the government, as if I was against what the majority thought. I even have articles in which they portrayed me as a traitor of my homeland.’ (Veterinary surgeon, Mercedes, Province of Soriano, November 2012)

Another interviewee compared the way the Botnia dispute between Uruguay and Argentina was handled in the national press to a football game: ‘it was a football match that we had to win against Argentina, so now we have to celebrate because the mill is ours. A lot of people take it as a triumph, and then it is fine that they continue planting trees that feed these mills.’ (Alternative Radio journalist, Montevideo, November 2012)

These points illustrate that SLO must be also considered in an international context: any national rivalries to ‘win over investments’ or concerning national identities have to be given special attention, and understood to be placing critical voices in the shadows and strengthening the politics of modernity, wherein nationalism and extractivism (see Gudynas, 2011; 2012) are entangled.

**Findings of SLO in Chile**

**Context**

While Uruguay is perceived internationally as a country where forestry enjoys a high degree of social acceptance, the situation in Chile is different. In contrast to Uruguay, where the silencing of local opposition to ITP expansion was supported by the conflict that arose with Argentina (Giarraca, 2007; Kröger, 2007; Pakkasvirta 2010), Chile has experienced an SLO watershed event that marked a ‘before and after’ (Sépulveda and Villaroel, 2012) for how forestry companies engage with the public, and legitimise their presence in local communities (Delamaza, 2012). Since the environmental damage in 2005 in San José de la Mariquina, where a natural reserve with breeding black-necked swans was destroyed by the effluents
from a recently initiated Arauco pulp mill, the forestry industry has increasingly invested in good neighbour programmes in the community where these companies operate (Delamaza, 2012; interview with industry representative, Santiago, December 2012). Furthermore, the Chilean forestry companies, which – in contrast to the Uruguayan foreign owned multinationals – are in the hands of Chilean investors, are constantly being monitored by human rights groups. This is due to their land conflicts with the Mapuche indigenous groups (Gomez-Barris, 2013; Haugney, 2012; Kowalczyk, 2013), where ITP expansion is a form of violent land grabbing, enclosure and dispossession – activities that have been largely sidelined in the discussion of SLO in the forestry sector (Kröger, 2013). The Mapuche claims to regain control and autonomy of their ancestral land, now used for ITPs, have not been recognised under the Chilean law and those engaged in reclaiming their ancestral rights have been charged and convicted under a modified version of the anti-terrorism law that was put in place by the military government of Augusto Pinochet (Human Rights Watch, 2004). In recent years, several documentaries have exposed the public to the issues at stake from the perspective of the Mapuche and their *cosmovision* (Fernández and Henríquez, 2009; Trejo and Correa, 2013; Varela, 2011), which together with books published by Mapuche authors (Cayuqueo, 2012; Marimán et al. 2006; Nahuelpan Moreno et al. 2012) has increased awareness outside the local, and often marginalised, community sphere.

*Problems in trying to achieve SLO through compensation and CSR*

A part of our empirical material in Chile was collected in connection with a three-hour-long FSC public hearing in the town of San José de la Mariquina in September 2012, when the Chilean wood pulp and forestry company Arauco was going through the certification process of its plantations next to the Valdivia pulp mill. During the meeting several participants raised concerns about the effects of the plantations and logging in their community. They reported issues of water depletion, dust from the roads leading to the logging areas, loss of biodiversity, plantations encroaching on sites of cultural significance to the indigenous population, and the overall decreased quality of life as a result of the installation of ITPs next to their homes. One participant raised a concern about the effects that the company’s Social Responsibility practices had on the local authorities and elected members of the local government:
Today, how are we to understand this concept of social responsibility in the municipalities of this region? That the company is practically subsidizing the whole municipality? I am not surprised that local authorities modify the regulating plans over how land is used [from fit for agriculture to forestry use]. In this municipality, every year the company distributes corporative presents worth millions of pesos. It is distributed through the local city council, and it repeats itself in other city councils in this region. So there is also a responsibility of the current local city council members.

The FSC auditors noted that as long as it is within the limits of the law, it is not in conflict with the standards, and that in fact this kind of contribution to the local economy could be perceived as a form of ‘social mitigation’ for extracting resources, returning some benefits to the state and the local community. However, another local community member noted in a separate interview that the price of food in the community has been steadily rising while the availability of local produce is decreasing (former subcontractor to pulp mill, San José de la Mariquina, September 2012) – which suggests that compensation is not enough to mitigate the inherent vices of Big Pulp SLO.

There were several voices that were highly critical of the company presence in the region in terms of how it had dealt with the environmental impact from the start-up of the mill and in terms of how it has handled its labour relations. One participant went as far as suggesting that the company should ‘freeze in hell before it is granted the FSC certificate due to all the problems that existed in the region’. But the FSC auditors avoided this criticism saying that they did not look at the mill operations. The FSC standards are more focused on the management of the forest plantations. The FSC is not a comprehensive tool for securing SLO or claiming that a forestry operation would have an SLO because it has been granted the FSC certificate.

**SLO in the absence of rule of law?**

Several community members did not believe in the Chilean laws or the authorities. In fact, they felt the laws were made to protect the powerful interests and only those who can afford lawyers can be protected by the law:
‘Against the laws emitted by the government, our community can do nothing. We are obliged to live with them and suffer from them. This is the reality that we are living. Some time ago we tried to have a meeting with CONAF (the National Forest Agency in charge of the management of the country’s forest resources) authorities, to ask them to look into the issue of companies planting areas meant for agriculture. But they (CONAF) do not have enough power to confront the company.’

In any corporate responsibility programme or certification scheme, including FSC, companies must comply with the local laws before they go beyond them. However, in terms of securing an SLO, what happens when the local laws are already rejected by the local population due to their unjustness?

The conflict with some Mapuche communities⁸ goes so deep that it is not even possible to envisage an SLO for Chilean forestry in territories previously inhabited by Mapuche. The lack of dialogue and deeply rooted mistrust both towards the company, the certifying agency and the government, was a topic of much importance during the interviews conducted with representatives of the Mapuche community directly after the meeting. Among those who felt discriminated the most, both by the company and the Chilean government, there was little hope in achieving a common understanding with regards to how the company should relate to the locals. As a Mapuche exclaimed:

‘There can’t be any agreement with them, because there has been so much abuse, so much humiliation, so much pain that they have made us suffer these big multinational companies and the government. ... It has cost us death and suffering. There are people still in prison, they are condemned for fifteen to twenty years – today, in a democracy, in the 21st century ... So the trust has gone. And to regain trust, I do not think it is that easy to regain it ... I can’t hit my wife, for example, and the next day pretend that I am happy, knowing clearly that inside, between me and my wife, there is tremendous pain. I mean, I can’t just pretend that.

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⁸ The Mapuche struggle is not unified in its social organising nor are the goals of the different organisations the same, some aim for increased representation and inclusiveness in the Chilean system while others take a more radical stand in terms of decolonising the Mapuche identity in order to achieve total autonomy from the colonising state and neoliberalism (Kowalczyk, 2013) – the more radical Mapuche groups claim that those not resisting have been bought or co-opted by the companies or that they are not real Mapuche (Kröger 2013a).
When a couple is doing well, both make an effort to have a dialogue and seek a better future, right? Then I think you can talk on equal terms. But between us the Mapuche and the State, I do not see a dialogue on equal terms.’

The ontological impossibility of producing SLO in indigenous territories via compensation

The solution to the Mapuche conflict cannot be redeemed with money, as the indigenous culture is based on a fundamentally different land use and ontology to that of forestry firms. The basic difference is that whereas in modernity and capitalism nature is commoditised and monetised in an effort to make things commensurable in quantitative and monetary terms, in the indigenous cosmovision such a modernisation process means a death to their understanding of the world. This conflict of interests became evident in how accepting compensation for the loss of livelihood offered to the community members on behalf of the company was referred to as ‘selling oneself’, as one of the locals of the Mapuche community noted:

‘Look, they have even offered me 20 million pesos, imagine, my children, my grandchildren would be saying: my dad sold himself for 20 million. And what about my health? I am from the hills, the last hill up there, that is my territory, my grains. Imagine, we used to make good sales from our produce before ‘the eighteenth’ [Chilean independence day], but now there is no water. There is no water. [...] but what is the point in telling them to leave, when in the end they will never talk to us – the Mapuche. ‘

One of the interviewees, who believed there could be improvements in community relations by engaging in a dialogue with the company, claimed that his engagement in conversations with the company provoked resentment among other community members accusing him of selling himself to the company.

‘I know what it is to sell oneself and not to sell oneself, I am clear on that. And that is not the case when forestry is working with us, which I think is good. There are things that can be solved by us demanding better conditions from the company.’

This interviewee, although he considers himself part of the Mapuche community, revealed that he does not practice Mapuche spiritual beliefs, which are deeply relational with the place where they live, but clings to catholic religious values. This difference in belief systems and approach towards the forestry sector
between community members also highlights the fact that there are contrasting positions and claims, and different historical and contemporary differences in terms of how members of the Mapuche community see their own identity and ethnicity in relation to the dominant national culture (Kowalczyk, 2013), and that these differences contribute to a lack of common perspectives in traditional Mapuche settlements (Barton et al. 2012). In terms of SLO, and as previously argued based on findings from the mining industry (Sing, 2015), these differences among locals may create ruptures in the social fabric and conflicts in terms of how community members relate to each other and the investment project seeking its SLO in the community. However, the findings from forestry communities stand in sharp contrast to findings from the social acceptance of mining companies by the Chilean public, where both the locals and the general public have expressed the opinion that they trust the mining industry and the social acceptability for the industry and its contribution to society is well received (Moffat et al., 2014). This is a cleavage between modernity and its project of ‘civilising’ its ‘others’: SLO is a tool located in this larger project. The references made to ‘selling oneself’ raise questions regarding the ethics of compensation packages and community development initiatives offered by the companies looking to secure an SLO from this local community. Such initiatives have recently been promoted as a solution to the current loss of corporate legitimacy among different stakeholder by creating a shared value that ‘enhances the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities which it operates’ (Porter and Kramer, 2011). However, for those whose livelihoods, identities and entire belief systems are at stake, the focus on creating shared value may be interpreted as a trick to silence opposition through co-optation and the creation of ruptures in the local resistance against the investment itself.

Temporal considerations in forestry SLO

It is very hard to claim that an investment could have an SLO before the locals have had a chance to really understand the effects of the investment: any pre-investment SLOs are bound to change with time. In forestry, the changes in SLO typically unfold more gradually than in mining. In Uruguay there was a limited understanding of ITPs in general before the effects became evident, which restricted the locals from
creating a strong resistance prior to the installations of the plantations. One interviewee noted that in comparison with the negative image of mining operations held by the public in Uruguay, the prejudice against forestry operations is something that grew with time as the real consequences became evident. He compared forestry to mining arguing that the change provoked in nature by mining is visually more shocking and immediate, while the negative effects of forestry and the fact that the plantations did not fulfil the originally promised benefits could only be noted several years after the trees had been planted, which was too late to stop the installations (State prosecutor, Montevideo, November 2012). Another interviewee noted that in the beginning, it was promised that the tree plantations would generate development and jobs in the countryside, thereby revitalising rural communities that had been hit by several agricultural crises in the past. Therefore local communities did not originally disapprove of the arrival of the plantations, thinking it would create more jobs. However, they realised only ten years later that this was not true and instead they had to deal with the negative consequences in the form of predator animals and water shortages (Alternative Radio journalist, Montevideo, November 2012). The converging double trajectory of a slowly-unfolding community non-SLO in forestry and a silencing of criticism by the state explain how forestry has an apparent but not real SLO in Uruguay. The discussion of Chile’s physically violent conflicts further elucidates how different, converging SLO trajectories at multiple scales and through time lead to problems in defining when industrial forestry has an SLO.

Conclusions

In this study, we have looked at the concept of SLO from the perspective of local communities affected by the forestry industry in the global South, more specifically in Uruguay and Chile, and through a comparison with the mining industry. Based on our field research with local communities in Uruguay and Chile and a review of Big Pulp investment-caused local and global politics, we have found core weaknesses in how the concept is currently theorised and practiced, particularly in terms of how the views of those who are adversely affected by the industry are marginalised and excluded. Such exclusion of local opposition creates the illusion of an industry enjoying an SLO in places where its presence is highly contentious. SLO can
therefore be mistakenly understood as a concept that is achieved by the industry’s one-sided engagement with community and government stakeholders without taking the agency of local actors seriously into account. This, we argue, does not guarantee conflict-free future operations. Rather, by not taking local grievances seriously into account, the companies are at risk of encountering unforeseen conflicts in the future.

If having an SLO means that the company can be held accountable for its action by its host community, our empirical material does not suggest that the forestry industry has been successful in its efforts in achieving such a licence. On the ground, based on our research material, the discontent with this ‘good neighbour’ is apparent among those whose living conditions are threatened by the forestry companies’ core business operations (i.e. the spread of ITPs in and around their communities). The findings also suggest that if the industry enjoys an SLO at some level of the host community, it is not the locals that have been the main actors in granting them this licence; rather it is an outcome of more complex, global and upstream supply chain processes that hide the grievances experienced by the farmers and local community members living next to ITPs. Until now, the majority of tree plantation SLOs have been ‘corporate SLOs’, not ‘local SLOs.’

The findings suggest that although the SLO is framed as being a primarily local concept, much of its acceptability still depends on how a company is perceived by other actors outside the local sphere. For example, the mass-media portrayal of the desirability of these kinds of operation has a major impact on the perceived SLO in the general public opinion at the national level. By promoting industry interests as socially acceptable, while at the same time occluding the local grievances, media outlets function as gate-keepers of SLO; in this case favouring industry interests while marginalising the voices of the adversely affected rural communities.

Furthermore, the benevolent attitude of governments towards the industry at the expense of local livelihoods may be misinterpreted as a sign of the industry enjoying an unambiguous SLO in the host country. This is present in both Chile and Uruguay, where governmental policies in the form of laws, subsidies, and tax benefits have enabled the establishment of vast areas of ITPs without the consent of the rural population. Is then a social licence to operate granted by the local community or is it in fact more
dependent on governmental consent? What about when the legal setting is perceived as an absence of rule of law? The interviews conducted in Uruguay and Chile suggest that more than being an agreement between local communities and the company in question, the SLO is dependent on how the ruling elite welcomes these kinds of investments.

As the findings from Uruguay indicate, the SLO is not only an outcome of local and national negotiations over what is desirable. When international interests are involved, as in the case of the conflict that arose with Argentina during the construction of the first foreign-owned pulp mill in Uruguay, the opposition towards forestry developments was silenced to achieve international support against the claims made in Argentina.

Even local community consent can be an unreliable indicator of an SLO in the long term. The references made by interviewees in Chile to ‘selling oneself’ or ‘being sold’ indicate that local acceptability cannot be bought through compensation packages or investments of some of the created ‘shared value’ in local development programmes. The attitudes towards industrial operations are not defined by mere self-driven interests, but also depend on the identity and worldviews of the community members and the community as a whole. How they see themselves and the world in which they live greatly influences their disposition to engage with companies whose core operations threatens their identity, worldview and current forms of subsistence. When the whole investment model is imposed across an ontological cleavage that is not recognised, and is a tool of engulfing particular place-based indigenous or other non-modern cosmologies under the conceptual world of capitalism, it is inherently impossible to produce a local SLO.

Furthermore, our findings indicate that there is a temporal dimension to SLO. The social acceptability of the firm may be questioned when the real tangible effects of the operations are noticed by the locals. Such temporal aspects of SLO are issues that deserve attention in future research.

Our findings also suggest that it is doubtful whether certification schemes such as the FSC, in their current form, can assist in building SLO for forestry operations at the local community level. The standards that serve as the basis for evaluating behaviour of the company towards the local community, in particular the FSC’s third principle on indigenous rights and the forth principle on enhancing the community’s social and
economic well-being, do not cover all aspects of the local discontent towards the company being assessed for certification. Furthermore, where local laws clash with indigenous claims for territory, FSC evaluation departs from the local regulatory framework, leaving the indigenous claims unattended (this took place in the Chilean case studied in this article, and it has also taken place in, e.g., Eastern Brazil, see Kröger 2010, 2013a). In addition, the multiple meanings and worldviews that exist on the ground are not contemplated within the system, and end up serving the purpose of legitimising forestry plantations at the expense of other modes of existence. Our findings indicate that those whose livelihoods and worldviews are endangered by plantation operations may be left with a feeling of frustration and exclusion once the public hearing and certification process is completed.

To conclude, we would like to ask: who benefits from an SLO with limited local support? From an ethical and socio-environmental perspective, the recognition of conflicting interests and the absence of SLO may be better options if an investment is causing damage at the local level. If investors and governments want to secure smooth operations, they need to recognise that an SLO depends in the end on the agency of receiving populations. The primary focus of investors and regulators should be to ensure a sound investment policy that does not occlude local realities and incommensurabilities, but which promotes truly democratic solutions from the bottom up, where no ‘investment’, or ‘social licence’ can be granted by the community for operations that do not serve their own interests.

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