

**Report for AF&PA**

**Trade and Environment  
Program in Europe**

**April-May 1999 Report**

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“INFORMING THE SUSTAINABLE WOOD INDUSTRY”

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# **Technical Consultant to the AF&PA Trade and Environment Programme in Europe**

## **Technical Report for April/May 1999**

### **Highlights**

- The UK Woodland Assurance Scheme is being formally launched at a press conference on 3 June. The scheme has been endorsed by Tony Blair.
- PEFC makes progress at an open workshop attended by over 200 people in Wurtzburg Germany. The environmentalists reject the program and argue that small private owners should become more involved in FSC. But the scheme receives broad endorsement from the German and European authorities and wide trade and industry support.
- The UK's Paper Federation/Timber Trade Federation progress with their collaborative project to promote the concept of mutual recognition within the UK and Europe.
- The Irish state forest authorities follow the UK's Forest Enterprise in seeking FSC certification before the end of 1999
- The ASEAN group of nations are taking the first steps towards developing Asian certification scheme
- FSC hold an international Trade Fair in Mainz, Germany. While relatively small scale, the Fair illustrates the wide variety of FSC products now on the market.

### **1 Meetings**

The Technical Consultant attended:

- the FSC Trade Fair and Symposium in Mainz, Germany, 14 to 16 April 1999.
- an open meeting of the Pan European Certification Initiative in Wurzburg, Germany between 20 and 21 April.

Full reports of both meetings are available.

## **2 Development of certification in Europe**

### **2.1 United Kingdom Woodland Assurance Scheme**

The UK Woodland Assurance Scheme is being formally launched at a press conference on 3 June. UKWAS is an independent certification scheme which has been endorsed by the FSC. The Scheme is to be administered by a Steering Committee comprising all interested parties. FSC will also be invited to nominate representatives. Leading up to the launch there has been a flurry of press releases from various organisations involved (attached). The scheme has been publicly endorsed by Tony Blair.

The Timber Growers Association, representing private forest owners in the UK, remain sceptical of UKWAS. In their latest press release they note that their "residual concerns include the fact that the increased costs and bureaucracy which certification will inevitably entail cannot be borne during a period of low profitability in the woodlands". They emphasise their continuing commitment to address these issues through the UKWAS steering group. They also note their continuing involvement in the Pan European Scheme.

The Forestry Enterprise, which manages state forests in the UK, issued a press release on 9 March publicly announcing they had appointed SGS - Qualifor, the Forest Stewardship accredited certifiers, to start the process of auditing its woodlands under UKWAS. They noted that SGS work would begin in earnest at the end of May, and that certification should be achieved by the end of the year.

The World Wide Fund for Nature (WWF) issued a press release stating that “*WWF-UK has taken a leading role in helping set up the agreement*” and highlighting the links between UKWAS and FSC.

Behind all the hype, there continue to be significant divisions within the UK forest sector over the practicalities of the scheme. Critical issues remain unresolved:

a) accreditation of certifiers

UKWAS provides a national certification standard, representing a broad consensus of all interest groups, but does not establish an agreed framework to accredit certifiers. As things stand, forest owners seeking certification must use certifiers accredited by other international or national bodies. At present the FSC is the only international body that has established accreditation procedures for forestry operations. UKWAS is therefore only capable of delivering FSC certification. According to a document issued by the UK's Forest Industry Council (FIC), this means that “*if FSC decides to withdraw its support, the system would be rendered useless*”.

FIC question the credibility of FSC accreditation procedures suggesting they do not comply with ISO Guidelines for accreditation of certification bodies (e.g. ISO Guides 61 and 62). Furthermore FSC seems to have no formal links with the International Accreditation Forum. As a result the industry is keen to develop alternative national procedures for accrediting certifiers through the United Kingdom Accreditation Service (UKAS). Development of national level accreditation procedures is also a requirement for UKWAS compliance with the Pan European Forest Certification Scheme (PEFC).

Following pressure from the UK private owners and industry, UK's Forestry Commission announced that UKAS will be involved in the accreditation process. FSC certifiers (notably SGS) and the environmental community have consistently argued against the need for any UKAS involvement.

b) chain of custody and % based labelling

The UK panel products sector is negotiating directly with members of the 1995 Plus Group over the issue of per-centage based labelling. The UK's panel products industry is concerned that lack of take-up of certification amongst private forest owners will prevent FSC labelling of significant volumes of UK panel products. They are arguing for a major reduction in the FSC's current 70% threshold for labelling. In discussions with the 1995 Plus Group, they have apparently developed an “industry” standard, for which they are seeking FSC endorsement, that would allow the FSC logo to appear on products containing very little certified fibre. Other sectors of the industry, having been excluded from the discussions, are concerned that the panel industries' initiative will set a precedent allowing different national sectors to negotiate their own criteria for FSC labelling.

## **2.2 Pan European Certification Initiative**

An open workshop was held in Wurzburg in Germany on 20-21 April to discuss development of the Pan European Forest Certification Initiative. Over 200 people attended the event. The initiative now involves 16 countries in Europe (Finland, Sweden, Austria, France, Czech Republic, Germany, Norway, Ireland, Spain, Switzerland, Slovenia, Belgium, Luxembourg,

Portugal, Denmark and the United Kingdom). PEFC draft statutes and technical document setting out criteria for recognition of national certification documents were presented and discussed. Ben Gunneberg, formerly of the UK Timber Growers Association was appointed Secretary General of PEFC for a trial period until July. This will tend to forge stronger links between the UK Woodland Assurance Scheme and PEFC. Ministers from the German Lander (States) of Bavaria, Baden-Wurtemberg and Thuringen all expressed their support for the scheme. Christian Anz of the European Commission Agricultural Directorate (DGVI) also expressed strong partisan support. The PEFC logo was launched with great fanfare at the seminar in the presence of the German national media.

During the workshop the environmental groups issued a statement rejecting the PEFC. They also boycotted the working group discussions. Tim Synnott, FSC Executive Director, made an unscheduled appearance. He announced that FSC were "open to dialogue with PEFC". However he also stressed that without further information "FSC couldn't offer co-operation or mutual recognition".

It became evident during the meeting that different interests involved in PEFC were divided over how best to deal with the FSC. Some Scandinavian and UK interests seemed inclined to work towards some form of co-operative arrangement, or even "mutual recognition", between FSC and PEFC. Other interests, most notably from Germany and Austria, were equally convinced that PEFC should develop as a direct competitor to FSC. Overall the latter view seemed to prevail. In summing up discussion, the German Forestry Council chairman concluded it "would be difficult to find a common standard linking FSC and PEFC" and that the market should decide "which is superior". He said that customers would appreciate the advantages of flexibility and availability of supply offered by PEFC.

From the perspective of the US industry, the meeting in Wurzburg was a mixed bag. Some European forest owners seem keen to ensure the initiative is exclusively associated with the "long term practice of sustainable forestry by Europe's small owners". They want to use PEFC as a tool to provide European producers with market advantage over non-Europeans. On the other hand, some delegates at the seminar were willing to accept the value of building a broader international framework for certification. In his opening address, the German Forestry Council Chairman stressed that PEFC would be willing to co-operate with other countries. It is also notable that two Eastern European countries (Czech republic and Slovenia) are already involved in the scheme.

Further details of the scheme are contained in a report on the Wurzburg meeting.

### **2.3 UK "Mutual Recognition" Project**

The Paper Federation/Timber Trade Federation are progressing with their collaborative project to promote within the UK and Europe the concept of mutual recognition of national forest certification schemes. The project has involved the development of a series of criteria and indicators to compare the credibility of different national certification programmes. The comparative framework is based on compliance with existing ISO Guidelines for accreditation and certification, the use of ISO14001/EMAS, and the provision of adequate institutional arrangements for participation in standard setting. A questionnaire has been devised, based on the C&I, which has been issued to the governing bodies of national certification programmes in around 20 countries (AF&PA should have received their questionnaire by now). Issue of the questionnaire is seen as a two way exercise:

- a) to provide the UK importing industry and their customers with comparative information on the structure and current operational status of different certification schemes
- b) to advise those organisation's developing certification schemes of the criteria needed to ensure market acceptance of certificates in the UK.

The Paper Federation and Timber Trade Federation are also promoting their criteria as one potential framework for mutual recognition. In pursuit of this aim, Kathy Bradley of the UK Paper Federation gave a presentation on the criteria at the PEFC Wurzburg meeting.

## **2.4 Confederation of European Paper Industries (CEPI)**

CEPI has now formally approved “mutual recognition” of national certification schemes as its policy on forestry certification. CEPI are helping to promote the “UK model” of mutual recognition, developed by the UK Paper Federation and Timber Trade Federation. They are also encouraging PEFC to adopt the UK framework for mutual recognition.

## **2.5 Germany**

The FSC Working Group in Germany, comprising representatives from environmental organisations, trade unions and a section of the timber industry has agreed on a set of national certification standards. The private non-industrial owners, who account for around 47% of German forest area, have not been involved in the process. The standard leans heavily towards so called “nature forestry”. It prohibits the use of monocultures, clear-cutting, and chemicals. It includes requirements for leaving dead wood after harvesting, for increased use of native species, and reduced reliance on mechanical harvesting. Germany is the fifth country to publish an FSC National Certification Standard after Sweden, the UK, Belgium and Bolivia.

## **2.6 Ireland**

Apparently encouraged by events in the UK, Coillte, the Irish state forestry body, has announced it's intention to seek FSC certification for it's entire 435,000 hectare estate before the end of the year. The announcement was made at the launch of Coillte's new forest strategy document “Coillte's Forests: A Vital Resource” in May. Coillte's forests account for 81% of Ireland's forest area and an even higher proportion of national timber production. Coillte say they have opted for FSC 'because that is what the market requires'.

Ireland's FSC National Working Group has not yet finalised a certification standard. However, Coillte are hoping that a national FSC standard will be available before the end of the year. If it is not available, Coillte intend to be certified using standards drawn up by an accredited FSC certifier according to FSC's International Principles and Criteria. Coillte say they decided to go ahead with certification after extensive negotiation with stakeholders, including environmental NGOs, the forestry and timber industries, labour representatives and the public. A certification body is expected to be appointed by the end of summer.

## **2.7 SCA**

Lugnvik Sawmill in Kramfors, Sweden has become the first of SCA Forest and Timber's sawmills to receive FSC certification for chain of custody. SCA Timber (UK) is now planning to obtain FSC c-of-c certification. In announcing the initiative, SCA noted that “FSC timber is in short supply in its most demanding market - the UK”

# **3 Development of certification outside Europe**

## **3.1 ASEAN Nations**

The ASEAN group of nations is developing criteria and indicators (C&I) for sustainable forest management. The criteria and indicators are based on ITTO's C&I that were revised in May 1998. The move by ASEAN is in keeping with the Helsinki and Montreal processes for European and other countries in the temperate and boreal zone to reach a regional consensus at government level on the defining elements of sustainable forest management. The ASEAN C&I will provide a basis for the elaboration of national sustainable forestry standards throughout South East Asia.

A draft set of C&I has been formulated by 30 forestry experts from the public and private sector at a meeting held in Kuala Lumpur in May. The draft is now being considered by senior forestry officials of the ASEAN nations. All ASEAN members except Singapore, Laos and Cambodia attended the meeting.

Commenting on the C&I, Dr Ismail, Director of ASEAN's Regional Centre for Forest Management said that, in the longer term, ASEAN should strive to develop a regional sustainable forestry certification programme based on the C&I and using locally based certifiers familiar with forests in the region.

### **3.2 Russia**

The MacArthur Foundation are promoting the development of forest certification in Russia. According to a representative of the MacArthur Foundation at the FSC Trade show in April, regional certification groups are "springing up in many areas" in a civil society movement. She also noted that Russia's Federal Forest Service have introduced a "mandatory certification scheme", officially for environmental reasons but interpreted by many observers as a tool to increase forestry taxes and raise additional Federal funds from state authorities and the private sector. Introduction of the system has created conflict over who should shoulder the cost.

### **3.3 Latvia**

Latvia are heavily dependent on timber exports (60% of country's total exports) and heavily dependent on the UK market (66% of exported timber goes to the UK). They are therefore significantly influenced by WWF Buyers Groups. Latvia's forest sector have inherited an archaic legislative system from the former Soviet Union which sets strict formalised rules that effectively lead to unsustainable practices. National legislation needs to be overhauled before certification becomes a possibility. However steps towards certification are being made. The Latvian private sector have co-operated with the WWF in the development of a model forest project based on the principles of site adapted forestry. Latvia also has a national certification working group operating outside the FSC framework. A draft certification standard was agreed in 1998. A "Producers Club" has been established which aims to promote certification in Latvia and to encourage amendments to national legislation to make certification feasible. SGS have also been commissioned to audit Latvian forestry practices.

### **3.4 Bolivia**

Bolivia passed a new forest law in 1996 which introduced demanding environmental standards for forest management. The immediate results have not been entirely beneficial. The extra costs have meant that traditional forestry practices are effectively no longer economically viable. Since introduction of the new law, the forest area under concessions has decreased from 22 million hectares to only 5.8 million hectares and the number of companies involved in the forest sector has declined by 50%. The industry's strategy to overcome these difficulties is to increase the economic returns of Bolivian forest management by ensuring greater utilisation of lesser known species and by attempting to capture high value western markets through FSC certification. The Bolivian industry has co-operated with environmental groups and other interests to develop a certification standard. Bolivia was the first tropical country to have a national certification standard endorsed by the FSC. Certification is now underway and so far 380,000 hectares have been certified by the FSC. Industry representatives in Bolivia report that a total of 2 million hectares of forest should be certified within two years. With the help of Swedish expertise, the Bolivian industry has established a new marketing organisation, Bolivian Wood, which is promoting certified Bolivian wood products in Europe and North America.

## **4 Market Developments**

## **4.1 FSC Trade Fair**

The FSC Trade Fair and International Symposium was held in Mainz Germany during April. The Trade Fair was on a fairly small scale, consisting of 48 stands occupied by suppliers of FSC certified wood, forest certifiers, and WWF Buyers' Groups. Most suppliers at the trade fair were relatively small scale and many were tropical. With the exception of Assidoman, none of the major Swedish suppliers of FSC certified wood were present. Neither were the large retailer members of WWF Buyers Groups. The fair tended to confirm that volumes of traded FSC certified product (outside Sweden) remain relatively limited and supply a niche market. However a fairly wide diversity of solid wood products were on display. Products included softwoods and hardwoods, both temperate and tropical, together with manufactured products such as garden furniture, doors and kitchenware. Panel and paper products were not well represented.

The symposium was a well attended (around 250 delegates) and professionally managed event designed, probably successfully, to impress the European media. Discussion and speakers were dominated by the "commercial wing" of the FSC and WWF Buyers Groups. Campaigning ENGO groups like Greenpeace and Friends of the Earth barely made an appearance. The aim seemed to be to press the point that FSC isn't an idealistic green organisation but a commercial enterprise.

A number of speakers from the forest products trade and industry, notably AssiDoman, Tarkett, and B&Q, consistently emphasised the commercial opportunities offered from the marketing of FSC certified wood products. FSC as a way to differentiate products and maintain market share in an increasingly competitive trading environment was a constant theme. Another theme was the need to promote a single label to maximise the impact of forest products certification and prevent confusion amongst European customers. There was considerable emphasis, most notably from the speaker from the German Consumers' Association, on the need to involve environmentalists in certification to maintain market credibility.

Further details of discussions are contained in a full report of the FSC Trade Fair.

## **4.2 Haindl**

Haindl, a large paper manufacturing company with sites in Germany, The Netherlands, and Austria has issued a wood and purchasing policy stating their support for the Pan European Forest Certification Initiative (attached). They also state that their chemical pulp supplies, bought on the international market, should come from suppliers operating under a number of different certification programs. They mention CSA in Canada, FSC, EMAS in Sweden and PEFC.

## **4.3 British Retailers Consortium**

The UK Paper Industry has been seeking a meeting with the British Retailers' Consortium as a follow up to BRC's issue of a position paper in November last year on certification that acknowledged a role for forest certification programmes other than the FSC. However BRC are being cagey about setting a firm date for the meeting. There are rumours of an internal struggle between 1995 Plus Group and non-1995 Plus Group Members.

## **4.4 WWF "Black lists"**

According to Swedish Press reports, WWF intends to put the forest owners in the Harjedalen region of Sweden on a black list following their rejection of FSC certification. In a letter to the UK's Paper Federation, the WWF deny the existence of black lists. WWF note "we usually find that such complaints are based on misunderstandings".

## **5. Environmentalist campaigns**

### **5.1 Cambodia/Vietnam**

Friends of the Earth and Global Witness, a UK environmental group campaigning against illegal timber trade practices in Cambodia and Vietnam, have teamed up to push the case for FSC certification amongst western consumers. They claim that garden furniture importers in Europe have been buying Vietnamese products made from timber illegally felled in forests in Cambodia and Vietnam. These companies are alleged to have purchased products despite warnings of illegal practices in the supply countries. They have also been misleading the public about the unsustainability of supplies. FoE and Global Witness are using the details of this trade as a case study to illustrate the value of product labelling based on a full audit of chain of custody from forest to final consumer. Their campaign attracted the attention of the UK national press with a report in the Financial Times on 20 May.

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