Report for AF&PA

Trade and Environment Program in Europe

December 2001-January 2002 Report

Rupert Oliver
rupert@forestindustries.info

VAT Registered No: 746311248 – Registrar of Companies for England and Wales Company No: 4689869

Head Office: The Little House▪ 18 Church Street▪Settle▪North Yorkshire ▪ BD24 9JE ▪ United Kingdom
Tel: +44 (0)7553 346410 / www.forestindustries.info

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

December 2001 – January 2002

Highlights

- The area of PEFC certified land reached over 40 million hectares by the end of 2001
- Estonia becomes the 19th country to join PEFC
- PEFC chain of custody certificates now number over a hundred and are expected to increase rapidly
- PEFC schemes in southern Europe are now making more headway, with the Spanish scheme already undergoing assessment and development of an Italian scheme well underway
- FSC certified forest area increased from 23.84 million hectares to 25.52 million hectares between the end of October and beginning of January 2001. Recent gains were in Eastern Europe - including the Ukraine, Latvia, Slovakia and Russia - Brazil, and New Zealand.
- The rate of increase in FSC chain of custody certificates is increasing rapidly. At a global level there are over 8000 FSC labelled products and 1900 chain of custody certificates in 60 countries, up from August 2001 when there were 1500 chain of custody certificates in 53 countries.
- A draft FSC forest certification standard for Russia has been tested
- Canadian companies are forging ahead with independent forest certification. By November 2001, Canada had 72 million hectares (or 179 million acres) of certified forests, up from 50 million hectares in August 2001. Many companies are implementing ISO14001 as a first stage towards implementation of forest certification standards
- FAO have released the main report of their Global Forest Resources Assessment 2000. It reveals that the rate of tropical deforestation remains high but is declining; the area of boreal and temperate forest continues to rise; the overall standing volume of wood in the world's forests is rising despite global deforestation; and that there were sure signs of improvements in forest management during the 1990s.
- The Marrakesh deal which kept the Kyoto Protocol alive has major implications for the international wood sector. It will add new costs for industries in the developed world, improve the competitive position of forest industries in developing countries, generate new sources of investment for plantation forestry in the tropics, and provide new opportunities for wood by creating demand for energy efficient building materials.
- Hardline greens are maintaining their campaigns to discredit all forms of forest certification, including FSC.
- The Brazilian authorities have taken steps to make forest certification mandatory for mahogany extraction in some areas.
- Green groups have been lobbying the European Commission on imports of illegal wood

1 Forest certification developments

1.1 Pan European Forest Certification Scheme (PEFC)

1.1.1 World's Largest Scheme

By the end of 2001, PEFC had endorsed nine national certification schemes. Together these schemes had certified just over 41 million hectares of forest. Three other schemes in Spain, the UK and Belgium are undergoing assessment and are expected to be endorsed early in 2002. New applications for membership of PEFC have been received, the latest from Estonia whose acceptance would bring the membership to 20 independent forest certification schemes from 19 countries.

Schemes Endorsed by PEFCC	**Hectares Certified (millions)**
Austrian Forest Certification Scheme	**3.05**
Czech Forest Certification Scheme	**0.00**
Finnish Forest Certification Scheme	**21.90**
French Forest Certification Scheme	**0.00**
German Forest Certification Scheme	**5.30**
Latvian Forest Certification Scheme	**0.00**
Norwegian Living Forest Standards and Certification Scheme	**9.10**
Swedish Forest Certification Scheme	**1.67**
Swiss Q Label Holz Scheme 0.04	**0.04**
Total	**41.06**

As an increasing area of forest has been certified, chain of custody certificates seem now to be taking take off. By the end of 2001, independent certifiers had issued over 100 chain of custody certificates with most of the recipient companies also applying for permission to use the PEFC logo. The number of chain of custody certificates is expected to double within the next few months. By the end of 2001, the geographical distribution of chain of custody certificates was as follows: Austria (40), Finland (40), Germany (15), Norway (2), and Sweden (11).

1.1.2 PEFC Certification Database

PEFC are about to launch an interactive forest certification database on the web. The public will be able to search for and obtain information on any certificate or logo licence number relating to any forest or chain of custody certification in all PEFC endorsed schemes.

1.1.3 PEFC Switzerland

Swiss Q Label Holz certification scheme draws on the existing Swiss forest legislation (which are linked to the Pan European Criteria), and environmental legislation. It also draws on the ISO 14020 and 14024 standards (certification audits by an independent external certification organisation), and the ISO 14001 standard (Environmental Management Systems), including requirements for continual improvement of environmental performance.

The unit for a certification is the individual ”organisation”, as defined in the ISO 14001 standard. Certification bodies are independent, financed by certification fees, and operate according to EN 45011 (European Standard for accreditation of certification bodies). They are accredited by SAS, the Swiss national accreditation organization. Certificates issued under the program are valid for a period of five years. By the end of 2001, 178 forest owners,

organisations and wood processing firms had the right to use the Q-and PEFC-Logo on their products.

1.1.4 PEFC Sweden

Following the first Swedish logo usage licence for PEFC Chain of Custody certification issued in August 2001, independent certifiers have granted another eight licences. A further 35 companies are hoping to have their chain of custody systems PEFC certified during the next few months. Södra's umbrella group certification covering 1 million hectares has now been formally transferred from the Södra standard certification to the PEFC Swedish Forest Certification scheme. The Sodra scheme covers over 10,000 owners. To ensure continuing conformance with the PEFC standard, 70% of timber supplies to Södra sawmills will have to come from PEFC certified sources.

1.1.5 PEFC Spain

The PEFC-Spain forest certification system is currently undergoing assessment by the Finnish consulting group, INDUFOR OY. The consulting firm was due to finalise its assessment of the scheme during a four-day visit in mid December to Madrid, the Basque Country, Catalonia and Galicia. The first regional certification pilot experiments are now being undertaken in Catalonia and the Basque Country.

1.1.6 PEFC Latvia

Following endorsement of the scheme in July 2001, a major focus of activity has been to establish training courses for PEFC Latvia staff, forestry contractors, and consultants working with private forest owners in Latvia. The first PEFC certified forests in Latvia cover a total of 1,497 ha. It is expected that a total of 1.4 million hectares, managed by 155,000 family forest owners will be certified under the umbrella of the KSMAA (private forest owners association) in the near future.

1.1.7 PEFC Germany

In an effort to end the counter-productive slanging match underway in Germany between PEFC and FSC, a German "Forest Summit" was held in Bonn at the end of October 2001. All stakeholders, including forest owners associations, ENGOs, trade unions and the timber industry came together to negotiate a "social contract". Efforts were made to reach agreement on a joint statement containing what PEFC Germany describe as the "lowest common denominator", that stakeholders should "tolerate the existence of two certification schemes – PEFC and FSC – while recognizing differences in system, procedures and standards." The major ENGOs have yet to sign the statement, "for tactical reasons" according to PEFC.

By the end of 2001, PEFC certified forests in Germany reached 5,208,946 hectares in 1,206 community forests, 1016 private forests and 345 forestry Associations. Meanwhile, the federal state of Saxony Anhalt has become the tenth German region to achieve PEFC certification.

1.1.8 PEFC Italy

The process of developing a forest certification scheme in Italy is now underway. The PEFC Italy General Assembly took place in Rome on 14 December. 32 members were present including 24 new members (representing forest owners, wood industries, paper industries, furniture producers, environmentalists, forest technicians, co-operative of forest workers). An Administrative Governing Body was elected with 11 new Members to ensure broad representation of stakeholders. Particularly notable was the election of a representative of the environmental group Legambiente, the second most popular group in Italy after WWF.

PEFC Italy met with the Italian Accreditation Body (Sincert) in late November to discuss institutional arrangements for forest certification in Italy, and a meeting with interested certification bodies is scheduled for the end of January 2002

The first Chain of Custody pilot studies, to be undertaken in the Italian flooring sector of central Italy, have been organised and were scheduled to begin in early January. Several sawmills in Northeast Italy have also requested urgent information on the implementation of PEFC CoC procedures.

PEFC Italy representatives have been busy promoting the PEFC scheme to the Italian trade and national press.

1.1.9 PEFC France

The certification of two French forest regions, Bourgogne and Normandie which together comprise around 1.3 million hectares of forest, was imminent at the end of 2001. All of France's regional associations should be certified by the end of 2002.

The details of the accreditation process is just being finalized in France. PEFC-France is currently working with the French Committee of Accreditation (COFRAC) to elaborate a program of accreditation for certification bodies undertaking forestry audits. This work should be complete by the end of January 2002. Accreditation procedures for chain of custody certifiers have already been finalized. According to PEFC France "most of the biggest [French] industries are now ready to be certified and the first certificates for the chain of custody should be delivered early in 2002."

1.1.9 PEFC Finland

The Finnish Forest Certification Council (FFCC) scheme, the longest running operational PEFC scheme, is now heavily involved in carrying out annual monitoring audits throughout the 13 certified regions. PEFC Finland report that due to well developed regional training activities and improved harvesting practices, the number of minor non-conformities is tending to decline.

Forty PEFC CoC certificates have now been issued in Finland, and the number is expected to rise steadily.

The FFCC has invited a wide range of stakeholders, including forestry organizations and ENGOs, to join a working group to update the FFCC standard based on experience gained in the field over the last two years and on new research results. Revisions to the standard should be completed by the end of 2002.

1.1.10 PEFC Czech Republic

PEFC Czech Republic was officially established in August 2001 by 13 founders and was registered as an association according to the Civil Code of the Czech Republic. It has succeeded the Council of the National Certification Centre, which was wound up in November 2001, as the formal PEFC certification organization in the country.

1.1.11 PEFC Austria

At the end of last year four further regions were certified by the PEFC Austria scheme. Seven of Austria's nine forest regions, comprising over 3 million hectares and over three quarters of the nation's forests have now been certified. A significant proportion of certificates have been issued by SGS.

1.2 Forest Stewardship Council (FSC)

1.2.1 Changes in FSC certified forest area

Country	*Organisation*	*Area in Oct-01 hectares*	*Area in Jan-02 hectares*	*Change Oct-Jan hectares*
Sweden	Sveaskog AB	0	900,000	900,000
Ukraine	Dragoplast Import-Export	0	203,000	203,000
Mexico	Ejido El Largo y Anexos	0	187,129	187,129
Latvia	State Joint Stock Company - Latvijas Valsts Mezi (LVM)	66,141	205,000	138,859
Brazil	Pisa Florestal S.A.	0	103,036	103,036
Brazil	Klabin Riocell S.A.	0	66,733	66,733
Indonesia	PT Perhutani- KPH Lawu	0	51,349	51,349
Slovakia	Presov State Forest District	0	48,159	48,159
New Zealand	Pan Pac Forest Products Ltd	0	42,958	42,958
Russia	Madok GmbH	0	31,200	31,200
New Zealand	Wenita Forest Products Ltd.	0	29,720	29,720
Mexico	Comunidad Santiago Textitlán	0	27,646	27,646
Mexico	Comunidad Santa Catarina Ixtepeji	0	21,107	21,107
Ecuador	Face Foundation	0	20,000	20,000
Sweden	Skogsutveckling Syd AB	0	18,012	18,012
Switzerland	Waldbesitzer-Verband des Kantons Schaffhausen	0	10,530	10,530
Brazil	Maracai Florestal e Industrial Ltda.	0	8,172	8,172
USA	National Audubon Society	0	6,070	6,070
Guatemala	Unión Maya Itzá	0	5,924	5,924
Germany	Naturland Verband e.V.	21,373	25,910	4,537
UK	Fountain Forestry	0	3,254	3,254
Netherlands	Staatbosbeheer Regio Drenthe – Groningen	18,200	21,449	3,249
Germany	Gemeinde-und Städtebund Rheinland-Pfalz (GStB)	38,000	40,430	2,430
France	Groupement de l'Arbre d'Or /Independent Forestry	0	2,100	2,100
USA	Chris W. Olson Forestry	0	1,823	1,823
Sweden	Kristianstad Kommun	0	1,319	1,319
Costa Rica	Expomaderas S.A.	0	132	132
Finland	Family Jalas' Forest	0	93	93
Total gains				**1,938,541**
Denmark	Svejbaekgard I/S	36	0	-36
Solomon Is.	SWIFT Group Certification	1,356	0	-1,356
Netherlands	Staatsbosbeheer - Regio Flevoland-Overijssel	21,716	18,200	-3,516
Sweden	SUSAB	18,012	0	-18,012
USA	Menominee Tribal Enterprise	95,504	0	-95,504
Lithuania	Department of Forests & Protected Areas	205,000	66,141	-138,859
Total losses				**-257,283**

FSC certified forest area increased from 23.84 million hectares to 25.52 million hectares between the end of October and beginning of January 2001. Recent changes in FSC certified area are shown in the table. The gains over recent months are slightly misleading since the largest area, 900,000 hectares comprise an area of industrial forest in Sweden removed briefly from the list at the end of last year, due to a change of ownership, and now reinstated. This land was formerly under the ownership of AssiDomän Skog & Trä AB, but is now recorded under the ownership of Sveaskog AB, the Swedish state forest company. More significant perhaps are the recent gains in certified forest area in Eastern Europe - including the Ukraine, Latvia, Slovakia and Russia - Brazil, and New Zealand.

While the rate of increase of FSC certified forest area has slowed over the last two years, the rate of increase in FSC chain of custody certificates has increased rapidly. According to figures provided by FSC in November 2001, at a global level there are over 8000 FSC labelled products and 1900 chain of custody certificates in 60 countries, up from August 2001 when there were 1500 chain of custody certificates in 53 countries.

1.2.2 FSC in Brazil

FSC is now making headway in Brazil. With the recent certification of 103,036 hectares of Pinus and Eucalyptus plantations belonging to Pisa Florestal S.A. in the southern state of Paraná, the total FSC-certified forest area in Brazil now stands at 1,049,510 hectares. Pisa Florestal SA is part of the Norske-Skog group, the Norwegian-based supplier of publication papers. FSC certification has been granted to 16 forest parcels in Brazil, consisting of 286,675 hectares of natural Amazonian forests and 762,835 hectares of plantations in the South, Southeast and Central-West regions.

In addition to the forest-management certifications, 95 private companies in Brazil have obtained FSC "Chain-of-Custody" certification covering the processing of logs, lumber, and charcoal, the manufacture of wood components and finished goods, and the production of food- and cosmetic-grade products such as heart of palm and phyto-therapy ingredients.

1.2.3 FSC in Russia

According to FSC contacts in Russia, Klin forestry and the German certifier GFA Terra Systems tested the draft Russian national framework FSC standard in September. Following the test certification, some indicators were simplified and a decision was taken to require separate financial audits of forestry operations rather than to request existing formal financial documentation. The evaluation team were largely satisfied with outlined procedures for defining logging sites and areas for old-growth forest protection. The framework standard is now to be sent to FSC International for evaluation.

1.2.4 FSC in Sweden

An evaluation of the existing FSC Sweden standard is currently underway. Environmentalists and scientists are pushing for a significant increase in the area of forest that will have to be set-aside for forest protection in southern Sweden under the standard. They claim the current requirement that 5% of forest land outside conventionally protected areas should be set-aside for conservation purposes, is not enough to ensure the maintenance of forest biodiversity. They suggest that even doubling the requirement to 10% would fail to achieve this goal.

1.3 Canada

According to a recent Forest Products Association of Canada (FPAC) survey of member and non-member companies across Canada, Canadian companies continue to forge ahead with independent forest certification. By November 2001, Canada had 72 million hectares (or 179

Certification standards used in Canada	*Hectares certified as of November 2001*	*Hectares to be certified by 2005*
ISO 14001 - Environmental Management Standard	72 million	105 million
CSA - Canada's National Sustainable Forest Management Standard	6 million	33 million
SFI - The American Forest & Paper Association Sustainable Forestry Initiative	5 million	16 million
FSC - The Forest Stewardship Council Principles	123 000	15 million

Note some forest areas are certified under more than one standard

million acres) of certified forests, up from 50 million hectares in August 2001. This represents almost 43 percent of Canada's annual harvest of approximately 180 million m^3 and over 60 percent of Canada's managed forest lands. Canadian companies are also committed to seeking 3rd party certification of forest management activities in the future. The FPAC survey projects that the level of certified forest land will jump to over 105 million hectares by 2005.

2. Special Report: FAO Forest Resource Assessment 2000

2.1 Introduction

In December 2001, the UN Food and Agriculture Organisation released the main report of their Global Forest Resources Assessment 2000 (FRA 2000). FRA 2000 is the most comprehensive review of the world's forests ever undertaken covering more countries and parameters than previous assessments by FAO. It was compiled with full participation by countries in the collection and analysis of data and through partnerships with leading international institutions. It drew together the results of on-ground forest inventories with a remote sensing survey of forest resources in tropical countries. It has also involved capacity building at national and regional levels to put the necessary data-gathering infra-structure in place. FRA 2000 is also the first global assessment which has been based on a single well understood definition of "forest". Based on the consensus recommendation of the Intergovernmental Panel on Forests (IPF), FRA 2000 adopted a threshold of 10% minimum crown cover for all countries. This contrasts with the FRA 1980 and FRA 1990 reviews when the 10% threshold was applied to developing countries, and a 20% threshold applied to industrialised countries.

2.2 Summary of results from FRA 2000 for the world and USA

Item	Unit	World	United States
Land area	000 hectares	13,063,900	5,978,396
Population	Million (1999)	5,978	276
Population change	Annual % (1995-2000)	1.3	0.8
Forest cover 2000	000 hectares	3,869,455	225,993
Area per capita	Hectares (2000)	0.65	0.8
Forest cover 1990	000 hectares	3,963,429	222,113
Change in area	Annual 000 has (1990-2000)	-9,391	388
Change in area	Annual % (1990-2000)	-0.22	0.2
Forest plantation area	000 hectares (2000)	186,733	16,238
Annual planting rate	000 hectares (1990-2000)	4,458	121
Standing volume	Million m3 (2000)	386,352	30,838
Standing volume	M3/ha (2000)	100	136
Area under management plans	000 hectares (2000)	na	125,707
Volume harvested	000 m3 (ob)/year	na	452,000
Forest area certified	% total forest area	2	11.6
Forest in protected areas	000 hectares (2000)	na	66,668

2.3 Highlights of FRA 2000.

Global forest area. On the basis of the new definition of "forest", FRA 2000 estimates the world's forest area at 3.9 billion hectares in 2000 comprising 95% natural forest and 5% plantations. 47% of forest area is in the tropics, 33% in the boreal zone, 11% in temperate areas, and 9% in sub tropical areas.

Upward estimate from previous report. The uniform application of a single definition had a significant impact on forest area. The estimated forest area in 2000 is 400 million hectares greater than the corresponding global figure reported in 1995. The change in definition particularly affected forest area estimates for Australia and the Russian Federation where large areas of forest have between 10 and 20 percent canopy cover. Another factor leading

to the upward revision has been improved information from more recent national inventories which generated higher estimates for forests in some countries.

Change in forest area. Deforestation during the 1990s was estimated at 14.6 million hectares per year. This was partly compensated by a worldwide gain in forest cover totalling 5.2 million hectares, comprising 1.6 million hectares per year of afforestation (planting in areas not previously under forest) and 3.6 million hectares per year of natural forest expansion. Although deforestation is still substantial, the net change during the 1990s was lower than in previous decades because of increased expansion of forests, primarily in non tropical regions.

Domain	Natural Forest					Forest Plantations			
	Losses			Gains	Net change	Gains		Net change	Net change
	Deforest-ation (to other land uses)	Conversion to forest plantations	Total loss	Natural expansion		Conversion from natural forest (reforestation)	Afforest -ation		
Tropical	-14.2	-1	-15.2	+1	-14.2	+1	+0.9	+1.9	-12.3
Non-tropical	-0.4	-0.5	-0.9	+2.6	+1.7	+0.5	+0.7	+1.2	+2.9
Global	-14.6	-1.5	-16.1	+3.6	-12.5	+1.5	+1.6	+3.1	-9.4

Worldwide changes in forests – gains and losses (million hectares per year), 1990-2000

Rate of deforestation declines. In addition to the analysis of statistical data from countries, which provided the core information, FRA 2000 included a pan tropical remote sensing survey covering 87% of tropical forests. This study indicated a slight decrease in the rate of forest loss, from 9.2 million hectares per year in the 1980s to 8.6 million hectares per year in the 1990s – although this difference fell within the margin of error for the estimates.

Causes of deforestation. The study also considered the major causes of deforestation. Although population growth is clearly a factor, the direct link between population growth and deforestation is becoming less obvious. This is partly because population growth is concentrated in urban areas and the proportion of world population dependent on subsistence farming is declining rapidly. The study indicated that deforestation is now less associated with the extension of shifting agriculture, and is dominated by direct conversions of forest to commercial agriculture and other land uses. There is also a strong link between deforestation and factors related to land tenure rights.

Global wood volume increases. While forest area decreased during the 1990s, FRA 2000 indicates that the world standing wood volume increased by 2% during this period, largely because of increment in temperate and boreal forests. In the year 2000, the world standing wood volume was 386 billion m3, comprising 29% in South America, 23% in the Russian Federation, 17% in North and Central America, 12% in Africa, 9% in Asia, 7% in Europe, and 3% in Oceania.

Plantations. New forest plantations are being established at the reported rate of 4.5 million hectares per year, with Asia and South America accounting for more new plantations than other regions. About 70% of new plantations, or 3.1 million hectares per year, are considered to be successfully established. Of the estimated 187 million hectares of plantations worldwide existing in 2000, Asia accounted for 62% of the world total. Pinus (20%) and Eucalyptus (10%) remain the dominant species, but the diversity of species is increasing. Industrial plantations account for 48% of global plantation area, and non-industrial plantations (e.g. for fuel wood) for 26%. The purpose of the remaining 26% is unspecified. China and India are the countries with the largest area of plantation, followed by the Russian Federation, the United States and Japan. Although accounting for only 5% of global forest cover, forest plantations were estimated in the year 2000 to supply around 35% of global roundwood. This figure is anticipated to increase to 44% by 2020.

Greenhouse gas mitigation. The importance of greenhouse gas mitigation funding of plantations has been increasing since the adoption of the Kyoto Protocol in 1997. To date, this form of funding covers about 4 million hectares worldwide. The recognition of afforestation and reforestation as the only eligible land use change and forestry activity under

the Clean Development Mechanism of the Protocol (see below), is expected to lead to a steep increase in forest plantation establishment in developing countries.

Forest management and certification. FRA 2000 includes information on the status of forest management in the year 2000 and of progress during the 1990s. It is noted that "in summary the situation as regards forest management has improved in most regions during the period 1990-2000." As of 2000, 149 countries were involved in nine different criteria and indicator processes. At least 123 million hectares of tropical forest, or 6% of the total forest area, are now reportedly subject to management plans, as are 89% of the forests in industrialised countries. However no data was available on the implementation of these plans. The area of certified forests worldwide at the end of 2000 was estimated to be about 80 million hectares, or about 2% of total forest area, with the bulk in temperate and boreal forests. There was very little evidence of widespread adoption of low-impact logging or other model harvesting practices in the tropics.

Accessibility of forests for wood supply. FRA 2000 found that 51% of the world's forests are within 10 km of major transportation infra-structure and therefore physically accessible. This proportion increased to 75% for forests within 40 km of transportation infra-structure. The lowest accessibility was in boreal forests. In some regions, for example the United States and Western Europe, protected areas represent a significant limitation for access to wood supply.

Harvesting intensity. In the tropical domain, about 11 million hectares of forest were harvested annually between 1990 and 2000, which represents about 1% of the accessible area. In the temperate and boreal domain, excluding the Russian Federation, removals are about 70% of increment, suggesting a higher intensity of wood extraction for industrial purposes than in the tropics.

Protected areas. At the global level, 12.4% of the world's forests were estimated to be in protected areas according to the categories defined by the World Conservation Union (IUCN).

Forest fires. FRA 2000 undertook a reasonably comprehensive study of forest fires during the 1990s. In those countries where long run data was available, the evidence indicates an increase in wildfires in the 1990-2000 period, although available records and qualitative assessments show that the 1980-1990 period may have been equally severe. The climate phenomenon known as El Nino was implicated as a major contributing factor in the 1990s.

3. Special Report: Forests and the Kyoto Protocol

The Kyoto Protocol is an agreement under the United Nations Framework Convention on Climate Change (UNFCCC) whereby developed countries (so-called 'Annex I ' countries) have agreed to reduce their net emissions of greenhouse gases by 5% below 1990 levels. The 1997 Kyoto Protocol can only enter into force and become legally binding after it has been ratified by at least 55 Parties to the Convention, including industrialized countries representing at least 55% of the total 1990 carbon dioxide emissions from this group. The future of the Protocol was put into serious doubt following President Bush's decision in 2001 to reject the treaty. However, the Protocol was saved from oblivion at the seventh Conference to the Parties to the UNFCCC in Marrakesh during November 2001 when EU negotiators managed to rally sufficient support from other industrialized countries. In the end the deal was agreed by 160 countries, including around 40 developed nations. Signatories to the Marrakesh deal are committed to ratifying the Kyoto Protocol during the course of 2002.

Although the Marrakesh deal was seen by some as a further watering down of the Kyoto Protocol, and there remain unresolved technical issues, it was hailed as a triumph of negotiation by European leaders. In effect it commits around 40 industrialized countries to reduce emissions of carbon dioxide and other heat-trapping greenhouse gases by an average of 5.2 percent below 1990 levels by 2012. It also spells out rules for compliance,

sets binding penalties for countries that fail to meet their targets and creates a trading program that will allow major industrial polluters to buy carbon emission "credits" from countries with low pollution levels, that invest heavily in anti-pollution technology, or that establish forests as carbon sinks.

The deal acknowledges the crucial role played by forests as carbon sinks, but places a limit on the extent to which these can be used to offset commitments to reduce emissions. As a rule, only 15 percent of carbon uptake by forests, with a ceiling of 3 percent of 1990 absorption levels, can be claimed. This partial discounting of sink credits is a concession to environmentalists who have argued that carbon sinks contravene the spirit of the protocol and that, if not strictly overseen, they will radically dilute the intended greenhouse gas emission reductions. The Protocol establishes definitions for the types of forest that may be counted towards carbon offsets and procedures for assessment of carbon content.

Concessions made

In reaching agreement, EU leaders were obliged to make last-minute concessions to the Umbrella Group (a loose alliance of developed nations that includes Canada, Australia, Japan, the Russian Federation, and New Zealand) to add flexibility to the rules and grant economic advantage.

Particularly significant concessions were made to Japan which in effect held a swing vote after the US withdrawal. Japan insisted that negotiators wait until after the treaty is formally ratified during 2002 before determining whether the emission targets are "legally" binding or simply "politically" binding, as it prefers. Japan was also exempt from a clause that limits the credits most nations can claim via the use of forests as carbon sinks. The upshot of this deal is that Japan can subtract up to 13 million tons of carbon absorbed by forests as carbon dioxide from its emissions reduction target. This is no small sum. A 13 megaton ceiling translates to roughly 3.9 percent of Japan's greenhouse gas emissions in 1990. This in turn equates to a hefty two-thirds of the 6 percent reduction Japan must achieve during the first commitment period of the protocol, from 2008 to 2012. Japan is now struggling to quantify carbon absorption in its forests in an effort to demonstrate that the country should indeed be allowed to chalk up 13 million tons of carbon absorption in 2010.

A major concession was also granted to Australia, which had been one of the staunchest critics of the original protocol alongside the United States. Australia managed to negotiate an 8% increase in their emissions over 1990 levels.

Wooing Russia

Russia extracted a concession effectively doubling the amount of credits it could claim for its carbon-absorbing forests and agricultural land from 17.6 million tons to 33 million tons. This concession was given despite the fact that Russia's emissions reduction targets are less onerous than other countries. Because Kyoto reductions targets are set against 1990 emissions levels, Russia's economic problems over the last decade have lowered industrial output and have already contributed to lower emissions. The science behind the credits for Russia's forests is also controversial. For example some studies suggest that over the last few decades large tracts of Siberian forest have been converted from a sink into a carbon source due to an increase in wild fires and insect damage.

Some benefits for developing countries…

In many ways developing countries also emerge as beneficiaries of the treaty as it establishes new systems for the transfer of technical and financial aid. The Marrakesh meeting legitimised the Clean Development Mechanism (CDM) hammered out at the previous Conference of the Parties in Bonn during July 2001. The CDM is designed to "assist Parties not included in Annex I in achieving sustainable development and in contributing to the ultimate objective of the Convention".

At the same time, developing countries are not required under the treaty to meet the emissions caps before 2012. This fact has been a major point of contention for the United States, and remains one even for those developed nations that have signed the treaty. China, for example, spews an estimated 11 percent of the world's carbon emissions into the atmosphere, compared to 18 percent by the United States. At the Marrakech meeting, Japan proposed beginning discussions at the next Conference of the Parties in autumn 2002 about possible greenhouse-gas reduction targets for developing countries, in hopes of paving the way for the U.S to join other industrialized countries in ratifying the Kyoto Protocol. However this proposal was adamantly rejected by most developing countries, which insist that the industrialized world is primarily to blame for global warming.

…but only restricted financing for tropical forestry

In the forest sector, the Marrakesh agreement seems not to have been entirely favourable to the tropical world. For example, a recent report from the International Tropical Timber Organisation highlights a significant limitation of the Clean Development Mechanism (CDM) when it comes to the provision of support for forestry projects in the tropics. The rules of the CDM allow developed countries to benefit from carbon credits, to be offset against their carbon emissions, earned by “reforestation” and “afforestation” projects in developing countries (*see below for definitions*); they do *not* allow credits for emission reductions achieved through sustainable forest management of natural forest or so-called “revegetation”.

In effect the Marrakech agreement offers funding in developing countries only for plantations on already-cleared land, it does not offer funding for reduced impact logging, enrichment planting, forest restoration or forest conservation projects, at least for the first commitment period of 2008-2012. This failure to include crucial aspects of tropical forest management is largely down to the environmental groups that have been adamant that forestry-related CDM activities should be limited to “afforestation” and “reforestation” and should not include forest management or “revegetation”.

Impact on emissions levels

Many of the negotiators, environmental leaders and lawmakers concede that without the participation of the United States the treaty at best will have only modest impact on global emissions levels for the foreseeable future. The World Worldwide Fund for Nature (WWF) and others have estimated that the accord's effectiveness will be diminished by at least half because of the concessions granted and the withdrawal of the United States from the treaty. The treaty’s impact on global emissions levels will also be severely constrained by its failure to set any targets for large polluters in the developing world.

Implications for the wood sector

The impact of the Marakesh agreement on the wood sector is likely to be far-reaching, influencing production costs, the availability of financing for forestry, and the marketing of wood products. Some of the important implications are itemised below:

For forest industries in developed countries that are signatories to the Kyoto Protocol, there will undoubtedly be extra costs of compliance with new legislation designed to cut emission levels. This will tend to undermine competitiveness in relation to forest industry in developing countries that do not need to meet emissions targets. Already the forest industry in some countries, for example New Zealand, is raising concerns over the costs of compliance.

More positive, the treaty acknowledges the importance of forests as carbon sinks and legitimises the international trade in carbon credits, which is likely to provide an important new source of finance for plantation establishment.

However, as currently constituted the treaty may lead to a serious imbalance in the provision of funds for tropical forestry. The CDM’s failure to allow forest management and

revegetation activities is likely to lead to a heavy emphasis on fast growing plantation establishment in the tropics. There will be no new funds for forest conservation or for the sustainable management of natural forests for quality hardwoods in the tropics.

The provisions of the CDM that allow funding for tropical plantations are also causing concern in those countries that already have significant areas of plantation established. For example, the New Zealand forest sector, wishing to minimise competition on world markets for the large quantities of wood about to come on-stream from their plantations, have campaigned against the carbon-credit system.

But perhaps more important than all these other implications is the underlying fact that the treaty will provide tremendous marketing advantages for wood in use. An international drive to cut CO2 emissions should create new opportunities for a product which, compared to non-wood substitutes, requires relatively little energy to produce and is highly energy efficient in use.

Definitions used under the Kyoto Protocol

- **'Reforestation'** is defined under the Protocol as "the direct human-induced conversion of non-forest land to forest land ... on land that was forested but that has been converted to non-forest land" and was not forested on 31 December 1989.
- **'Afforestation'** is defined as "the direct human-induced conversion of land that has not been forested for a period of at least 50 years to forest land ...".
- **'Revegetation'** is "a direct human-induced activity that has taken place since 1 January 1990 to increase carbon stocks on sites through the establishment of vegetation that covers a minimum area of 0.05 hectares and does not meet the definitions of afforestation and reforestation ... ".
- **'Forest'** is defined as "a minimum area of land of 0.05-1.0 hectares with tree crown cover ... of more than 10-30% with trees with the potential to reach a minimum height of 2-5 metres at maturity ..." Countries must 'choose' its own definition of forest within these parameters.

4. Environmental Issues

4.1 Greens maintain pressure on FSC

The radical wing of the environmental movement continues in its efforts to discredit all forms of forest certification, including FSC. This position is exemplified by Glen Barry, Editor of the website Forests.org. In a recent tirade Barry has the following to say about forest certification:

"Industrial forestry based certification standards threaten the World's old growth forest wildernesses. The forest conservation movement must address whether certifying the environmental sensitivity of commercially logging primary, old growth forests is appropriate. The major forest conservation groups are sending mixed and incompatible signals, and Forests.org urges them to reexamine their position..

"…WWF has thrown itself on the sword of forest certification, to such an extent that self-examination or honest dialogue - with those that question their premise that commercial logging will save ancient forests - is out of the question.

"Even Greenpeace and Rainforest Action Network (RAN) are sending conflicting signals. Both organizations have strong campaigns advocating protection of the World's remaining and rapidly dwindling ancient old-growth forests. Yet both fail to realize that their unquestioning support for forest certification, without strong prohibitions against large-scale

certified commercial logging of old-growth, may provide crucial political cover that legitimizes the final harvest of the World's remaining forest wildlands.

"Failure of the large forest conservation groups to reconsider their unquestioned support for certified logging of old-growth means the massive forests of Brazil, Canada, Russia, Papua New Guinea, Indonesia, Cameroon and elsewhere are presumed to be mostly logged. It is our job as forest conservationists to expect and work for more…

"RAN has a well known and successful market campaign to stop old-growth logging in pristine forests….RAN states it is against logging ancient old-growth forests in the United States, but it is acceptable in Canada because "Canada has tens of millions of acres of old growth still untouched." This position is scientifically without merit. Large old-growth forests are the most important forests to preserve. Only large forests harbor viable populations of most species, and have core areas adequate to ensure forest composition and function are little changed. These large, contiguous and fully operational forest ecosystems must not be fragmented if the Earth's ecological systems are to function properly and the World's species are to continue to evolve in a non-human dominated context and not be mere museum specimens."

Green groups are also criticising FSC certified forestry practices on a more practical level. For example, in a letter to the editor of the Swedish journal LAND SKOG published in January, Sven Gaunitz, Chairman of local Association for Nature Conservation, expresses concern over forestry practices in the FSC certified forests of Northern Sweden. Gaunitz claims his group has "scrutinized certified forestry in the north of Sweden". He alleges that "*the result is a catastrophe. Only 2 of 37 harvest areas were acceptable…..Trees of special environmental value (different trees, big trees, old trees) and small biotopes with special features are regularly cut down – clearly against FSC rules. Even some key biotopes (areas with high values and possible habitats or red listed species) had been harvested, a serious offence against FSC*."

4.2 Illegal logging in Russia

According to a report from the Taiga Rescue Network, the Russian Natural Resources Minister Vitalii Artyukhov has declared that illegal logging has risen some 80% over the past five years to reach 732,000 cubic meters during 2000. Illegal logging is reported to be most prevalent in border regions and areas near commercial seaports. These official figures are substantially lower than allegations by Greenpeace Russia and the WWF Russian Program Office which respectively claim the percentage of illegal logged timber to be 20% and 30% of the total harvest. The Ministry of Natural Resources estimates that Russia logged about 140 million cubic meters of commercial timber in 2001, which is 6% more than in 2000.

4.3 Brazilian authorities make mahogany certification mandatory

In October 2001, the Brazilian environmental agency, IBAMA, suspended all transport and trade permits for Brazilian mahogany in response to allegations of continuing illegal activity. This was followed in early December by a Decree of the Brazilian government to suspend all mahogany forest management plans in the States of Para, Mato Grosso and Acre. The Brazilian government excluded those mahogany management plans which are in the process of being independently certified as coming from well managed forest operations. In addition, the government made certification mandatory for all management plans which surround Indian lands and conservation areas.

Trade reports suggest that the introduction of these regulations may have been encouraged by an informal agreement reached between the IBAMA President and Greenpeace. The private sector in Brazil is questioning the legal status of a government decision which may have been reached behind closed doors following the intervention of an ENGO. They are also questioning whether it is appropriate to introduce a market mechanism like forest certification, which is intended to be voluntary, as part of national forest legislation. These

measures, the private sector claims, reflect IBAMA's lack of capacity to monitor and control the activities in the sector.

Meanwhile the Brazilian authorities are also taking steps to extend their direct legal ownership and control of forest management over a larger area of Amazonian forest. At present, most Amazonian forest land is technically in the public domain and owned by the community at large. A Brazilian law states that if land in the public domain is occupied and effectively utilised for at least five years, the occupier is given full legal title to the land. Over the years many sawmill owners have taken advantage of this law, claiming private ownership over lands in public domain to secure a long term timber supply.

Under current regulations, all but the smallest private forest estates are required to develop forest management plans ("Projeto Do Manejo Florestal") which allow a company to extract a fixed volume of each species of timber per year from the area covered under the plan. However, following implementation of Brazil's National Forest Program during 2001, the Government is seeking to increase the area of state-owned forests in the Amazon and to manage these under a concession system. These forests comprise the National Forests which were originally established under the ownership of the Federal government through the 1965 Forest Code and which today cover only around 15 million hectares of the 350 million hectares of Brazil's Amazonian forest. The policy of switching more wood production to the National Forests is currently under public consultation, a process expected to be concluded during 2002.

5 Meetings

5.1 Recent meetings

5.1.1 International expert meeting on monitoring, assessment and reporting, 5-8 November, Yokohama, Japan.

The meeting focused on monitoring, assessment and reporting (MAR) on the progress towards sustainable forest management. Experts from 31 countries, international organizations and regional processes, and NGOs were in attendance. The meeting was hosted by Japan and co-sponsored by Australia, Brazil, Ghana, Indonesia, Malaysia, Norway and the US. Participants heard presentations and broke up into working groups. The first two days focused on the role of criteria and indicators in MAR and sustainable forest management. On the third day, participants attended presentations on MAR and heard updates on the progress of implementation of the Intergovernmental Panel on Forests/Intergovernmental Forum on Forests proposals for action, followed by discussions on these topics in the working groups. The report from this meeting will be transmitted to the second session of the UN Forum on Forests to be held next March in San José, Costa Rica.

5.1.2 7th Conference of the parties to the UN Framework Convention on Climate Change, 29 October – 9 November 2001, Marrakech, Morocco.

More information is available on the internet: http://www.unfccc.int/. See also report above.

5.1.3 Meeting on illegal logging, DG Trade, European Commission, Brussels, November 2002.

The meeting, which was not widely publicised, was arranged following a request from the environmental movement to discuss with representatives of the European Commission their handling of illegal logging. It was attended by representatives of the environmental movement and of different DGs of the Commission, as well as the paper industry. Environmentalists were given an opportunity to make presentations on the scale of EU imports of wood products from illegal sources. The Taiga Rescue Network presented a report on their recent research which they claim shows that 30 % of the Russian and 50% of the Estonian timber market might be based on illegal timber. The European forest advocacy

group Fern emphasized the need for capacity building on law enforcement, research on timber flows and efficient legal measures. Fern called for an EU wide ban on imports and trade in timber from illegal sources.

DG Trade emphasised that they would be working on a multi-lateral approach to the problem of illegal logging as a follow up to the recent forest law enforcement conference held in Bali Indonesia. NGOs requested follow up meetings with the European Commission, suggesting a larger seminar to consider case studies (Cameroon and Indonesia were suggested), and smaller meetings on specific regions such as the Baltics and Russia.

5.1.4 World Resources Institute 5th Annual Sustainable Enterprise Summit, 5-6 December 2001, Washington DC.

Entitled "*Sustainability as the Next Business Driver*", the event highlighted product and process innovations that deliver environmental and social performance and create financial growth and competitive advantage. Leading global companies presented case studies on how they strive to achieve financial and market success based upon tools and strategies of sustainable business. One such case study considered the role and value of FSC certification in Bolivia. WRI also publicised their new publication "Global Trends Shaping the Future Marketplace" to be released in January 2002. Published in collaboration with the World Business Council on Sustainable Development and the United Nations Environment Program, WRI claim "this will be the first compilation of global social, economic and environmental trends to be collected and communicated specifically for a business audience." More information http://www.wri.org/wri/sep/summit01.html

5.2 Future Meetings

5.2.1 In Europe

5.2.1.1 PEFC Council General Assembly, Luxembourg, Thursday 24th January 2002

5.2.1.2 Forest Trends, London, March 13-14 2002. A large meeting under the theme "*Finance and Nature New Market Opportunities and Growing Risks: The Financial Impact of the Natural World*". This meeting was postponed from October 2001.

5.2.1.3 Conference on Indigenous Peoples and Forest Management in Canada and Fennoscandia, Jokkmokk, Sweden, May 2002. The conference aims to bring together indigenous people; representatives of environmental groups; governmental and intergovernmental bodies and industries; and international forest experts to discuss forest use, land rights and indigenous strategies for sustainable development. It intends to increase information exchange and cooperation on forest issues between the Sami and the Cree and to allow a constructive multi-stakeholder dialogue.

5.2.1.4 International Union of Forest Research Organisations, European Regional Conference, organised in collaboration with the European Forest Institute, Copenhagen, Denmark, 27-30 August 2002. In recognition of the increasingly urbanised nature of society, the conference aims to identify promising approaches towards making forestry serve the urban population.

5.2.1.5 European Forest Institute, Challenges for Forestry in Central European Countries and NIS: Breaking through in the EU, Kiev, Ukraine, 16-19 May 2002. The main topics of the conference will be the impacts of environmental change or forests, forest resource analysis and sustainable management, land-use change from the forestry viewpoint, and forest policy making. The aim of the Conference is to produce a synthesis paper which will contribute to the MCPFE process. The conference is aimed at forest policy makers, forest owners and NGOs.

5.2.1.6 Protecting Nature on Private Land – from Conflicts to Agreements, University of Helsinki, European Forest Institute, Lahti, Finland, 12-15 June 2002. The aim of the

workshop to consider ways of overcoming conflicts between the interests of forest owners and of nature conservation. It is aimed at ecologists, natural scientists, environmental economists, and environmental policy researchers.

5.2.1.7 4th Ministerial Conference on the Protection of Forests in Europe (MCPFE) , Vienna, April 2003, and preparatory meetings for the MCPFE: Expert Level Meetings in June 2002 and October 2002, Vienna, Austria; Fourth MCPFE Workshop on Ihe improvement of Pan European Indicators for SFM, April/May 2002, London. Preparatory work for the 4th MCPFE, a major European inter-governmental conference, began in May 2001 in Brussels where policy issues relevant to the conference were first discussed. As a follow up to this exchange of views, an expert level meeting was held on 22-23 October 2001 in Vienna, Austria. In 2002, the MCPFE will convene two further Expert Level Meetings in June and October. Expert Level Meetings are the decision making bodies between Ministerial Conferences with regard to implementation as well as preparation of ministerial decisions. The issues so far highlighted for discussion at the next Ministerial Conference include: biodiversity aspects of sustainable forest management; national forest programmes; the experiences and challenges of forestry in Eastern European countries; economic aspects of sustainable forest management; climate change; cultural and spiritual aspects of SFM; and research.

5.2.1.8 ECE/FAO seminar- Strategies to stimulate and promote the sound use of wood as a renewable and environmentally friendly material, 24 to 28 March 2003, Poiana Brasov, Romania. Themes addressed will include:

- Why promote the use of wood ?
- The place of sound use of wood in strategies for sustainable development of the sector.
- Is wood really “environment friendly”? - the lessons of life cycle analysis.
- New markets: the example of bio-energy.
- Promotion of wood: success stories
- Competition and substitution between forest products and other materials.
- Marketing and promotion of non-wood products and of forest services
- Communication with consumers and the general public
- Trade: certification, e-commerce and standards.

The seminar is open to all. There will be invited and voluntary papers. The programme will be structured to take account of contributions proposed by intending participants. Up-to date information on the seminar, will be made available on the Timber Committee website (http://www.unece.org/trade/timber).

5.2.2 Outside Europe

5.2.2.1 2nd Session of the UN Forum on Forests, San José, Costa Rica, 4-15 March 2002. To include a high-level ministerial segment. More information on the internet at http://www.un.org/esa/sustdev/forests.htm

5.2.2.2 Inter-governmental International Conference on Financing for Development (FfD), Monterrey, Mexico, 18-22 March 2002. To bring together high-level representatives from governments, the United Nations, and other leading international trade, finance and development-related organizations. More information on the internet at: http://www.un.org/esa/ffd

5.2.2.3 FSC Certified Forest Products International Conference and Showcase, Cobb Galleria, Atlanta, Georgia, April 25-27, 2002 Originally scheduled for September 2001, but postponed following the terrorist attacks of September 11, 2001. Information: conferencequestions@certifiedwood.org, Tel: +1 503 799 1839

5.2.2.4 World Summit on Sustainable Development (WSSD), Johannesburg, South Africa, 2-11 September 2002. A huge international meeting 10 years on from Rio that will bring together tens of thousands of participants, including heads of State and Government,

national delegates and leaders from NGOs, businesses and other major groups. Forward publicity refers to the meeting's aim of "*focusing the world's attention and direct action toward meeting difficult challenges, including improving people's lives and conserving our natural resources in a world that is growing in population, with ever-increasing demands for food, water, shelter, sanitation, energy, health services and economic security. At the 1992 Earth Summit in Rio, the international community adopted Agenda 21, a global plan of action for sustainable development. Ten years on, the Johannesburg Summit presents an opportunity for today's leaders to adopt concrete steps and identify quantifiable targets for better implementing Agenda 21. In addition to governments, there will be active participation by representatives from business and industry, children and youth, farmers, indigenous people, local authorities, non-governmental organizations, scientific and technological communities, women and workers and trade unions.*" The Agenda for the meeting is currently being hammered through a series of preparatory meetings and activities at the national, regional and international levels. Information is available at: http://www.iisd.ca/linkages and http://www.johannesburgmeeting.org

Rupert Oliver
AF&PA Technical Consultant
24 January 2002