

Report for AF&PA

**Trade and Environment
Program in Europe**

February 1999 Report

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“INFORMING THE SUSTAINABLE WOOD INDUSTRY”

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Technical Report for February 1999

Highlights

- The Swiss claim to have developed the first label for timber based on an environmental assessment of the full production process
- Norway demonstrates the use of ISO14001 in the forest sector and keeps its options open over FSC and the Pan European Certification Initiative
- Dutch sales outlets for Keurhout certified wood are increasing rapidly. Members of Keurhout in Holland now include around 140 companies. Amongst these, 20 leading timber traders have reached an agreement with the Keurhout Foundation to ensure all their imported timber is hallmarked by Keurhout.
- Malaysia agrees to work with the FSC
- FSC certified forest area reaches 15 million hectares and WWF claim that new buyers groups will be established in France, Japan and Hong Kong during 1999.
- Over 30% of Canada's commercial forest area is likely to be certified under various programs within the next 3 years.
- FSC receives bad press in the Netherlands following the publication of a report revealing serious malpractice associated with a Dutch investment programme for teak plantations.
- Greenpeace and Friends of the Earth have launched a campaign aimed at UK architects to promote FSC certified wood products.

1 Meetings

The next Steering Group Meeting of the Pan European Certification Initiative will be held 26/27 March in Spain.

FSC are holding a trade fair in Mainz, Germany, during April (still await details from the organisers)

2 Development of certification in Europe

2.1 Switzerland

Reports in the German trade magazine EUWID claim that Switzerland is the "first European country to certify not only the wood raw material but also the entire production process on the basis of criteria stipulated in ISO14020" (the series of standards ISO14020 to 25 establish international principles and guidelines for environmental labelling.) Two companies, Lehmann AG and Despond SA were awarded the Swiss environmental "Q-label" on 11 February 1999. Under this label, the criteria for certification is not restricted to forest management but also includes an investigation into the environmental impacts of the production process. The certificate is very nationalistic in the sense that, in order to receive

the label, companies must demonstrate to independent auditors that 85% of processed timber originates in Switzerland. A set of principles has also been developed “for the environmental certification of sawmilling products”. These include reference to the country’s clean air act, noise abatement measures, energy efficiency measures and requirements for environmental monitoring. It is not clear from the report which organisations were behind development of the principles.

Certificates were presented to the two companies by the Vice President of the Swiss Timber Industry Conference. On handing over the certificates, the Vice President launched into an attack on the FSC stressing that it distorts competition and fails to consider the environmental impact of production processes. He noted that the FSC label would allow large Swedish forest owners to be “washed green” with only minor adjustments to their “ecologically poor” forest management. He also suggested that in other countries FSC certification tolerates forest management methods which in Switzerland “would be liable to prosecution”.

2.2 Norway’s Living Forests

Norway’s Living Forests Project, initiated in 1995, involved the full range of forestry interests in the consensus development of a set of sustainability standards for Norway’s forests. These standards were finalised in March 1997.

Since 1997, a Certification Committee established by the Living Forests Steering Committee, has been working on the development of a practical mechanism to certify forests in Norway. Efforts have been made to develop systems of certification that link the Living Forests Standards with both ISO14001 and FSC.

A major issue has been to develop methods of group certification for non industrial owners. 80% of Norway’s forest land is in the hands of these owners. The country’s largest company, Norske Skog, which processes nearly 50% of home produced industrial roundwood, owns around 81,000 hectares of forest but this area can supply only 2% of the company’s total wood requirements. The bulk of its supplies derive from around 35,000 individual forest owners. So far a variety of mechanisms have been developed to allow group certification of non industrial owners described variously as the “membership scheme”, the “sales contract scheme”, the “agreement scheme” and the “regional scheme”.

To date, two district associations within the Norwegian Forest Owners Associations have been certified to ISO14001 using the “sales contract scheme” and incorporating forestry performance measures derived from the Living Forests Standards. Other district associations are working towards similar ISO14001 certification.

Norway’s existing certification framework will deliver forest management certificates but no product label. Non industrial owners are keeping their options open on product labelling. If the market requires it, they seem willing to work with the FSC. Although no FSC certification has yet taken place in Norway, WWF Norway are undertaking a review of the Living Forests Standards to establish the extent to which they meet the FSC Principles. Norway’s non industrial owners are also heavily involved in the Pan-European Certification Scheme to develop an alternative to the FSC label.

Industry is also keeping its options open. At present Norske Skog is promoting the Living Forests standards amongst its suppliers and has set targets for 100% certification of suppliers to ISO14001. To encourage suppliers down this route it is paying more for wood from suppliers that are ISO14001 certified. At present, 25% of Norske Skog supply derives from ISO14001 certified suppliers that are also implementing the Living Forests Standards. If a product label becomes necessary, Norske Skog and other companies will be in a position to chose between PEFC and FSC.

NB. Based on correspondence between the Technical Consultant and Berit Sannes of Living Forests

2.3 Confederation of European Paper Industries

CEPI's Forestry Committee have established a sub committee to consider the question of certification in greater depth. CEPI appears to be very supportive of the concept of mutual recognition. Discussions within the committee are focusing on the further development and elaboration of the series of criteria and indicators for credible certification programmes developed in the UK jointly by the Paper Federation and the Timber Trade Federation.

2.4 Sweden's Non Industrial Owners

Sodra, the southern Swedish co-operative of non industrial forest owners, is well ahead of its self-imposed target to certify 90,000 ha of forest by the end of January 1999. Sodra is using a system of certification which links its own forestry performance standards with the European Environmental Management and Audit Scheme (EMAS). Certification began on 1 July last year and to date around 860 forest holdings covering 110,000 ha have been certified.

3 Development of certification outside Europe

3.1 Malaysian scheme establishes links with FSC

The National Timber Certification Council of Malaysia, which started operations on 1 January this year as a stand-alone national certification institute, has reached a preliminary agreement with FSC to collaborate in the development of a certification framework in Malaysia. During a series of meetings of the Executive Director of the FSC with Malaysia's Minister of Primary Industries between 2 and 5 March 1999, it was agreed that:

- FSC would advise its accredited certification bodies to take account of the Malaysian sustainable forestry criteria and indicators (MC&I) when certifying operations in Malaysia
- FSC would assist in the development of the MC&I to ensure that they are compatible with the FSC Principles
- When compatibility has been achieved, FSC will advise its accredited certification bodies to use only the MC&I during assessment

A copy of the full text of the agreement is attached.

3.2 FSC certified forest area reaches 15 million hectares

WWF issued a press release announcing that, following the certification of 2 million hectares of SCA industry lands in Sweden during January, the total area of certified forest world-wide reached 15 million hectares. SCA's certification "maintained momentum towards achieving WWF's Forests For Life Campaign's certification target of 25 million hectares certified by the year 2001". The press release also noted WWF plans to establish new Buyers Groups in France, Japan and Hong Kong before the end of the year.

3.3 New Zealand's Verifiable Environmental Performance Card (VEP).

New Zealand Pine magazine reports that a significant increase in the number of customer enquiries for certified wood has put fresh life into the concept of a "green card" for New Zealand forestry. New Zealand's pulp and paper industry has been working on the development of a series of "verifiable environmental performance" (VEP) report cards. VEPs are environmental "statements of intent" committing producers to managing their business in an environmentally responsible way. VEP's have been developed to cover environmental aspects for different operations within the NZ paper industry. The forestry version, which has been bogged down by a lack of consensus, should be ready for review this year.

The NZ Forest Owners' Association also confirmed that NZ intends to develop its own certification process for forestry at a national level. Once the system is operational, it will then decide whether to link the scheme with the FSC or some other international mechanism.

3.4 Canadian certification data

Over 30% of Canada's commercial forest area is likely to be certified under various programs within the next 3 years. At a Canadian Lumbermen's Association seminar in February, Tony Rotherham of the Canadian Pulp and Paper Association reported that companies managing over 70 million hectares of commercial forest are currently working towards some form of independent certification. Canada has around 237 million hectares of commercial forest land.

Companies managing around 69,000 hectares are currently working towards ISO14001; companies managing 8 million hectares of forests are seeking to implement the Canadian Standards Association (CSA) sustainable forestry standard; while companies managing a further 8 million hectares are implementing the FSC standard. Some companies implementing ISO14001 also intend to implement the CSA or FSC standard.

3.5 First tropical plywood mill certified

Brazilian veneer and plywood manufacturer, Gethal Amazonas SA is claiming to be the first tropical plywood mill to gain FSC chain of custody certification. The Itacoatiara-based company, which achieved FSC-endorsement through certifier SmartWood's Brazilian partner IMAFLORA, is the largest wood business in northern Brazil. The company claims to have the largest reforestation project in the state of Amazonas.

4 Market Developments

4.1 Netherlands Keurhout

Sales outlets for Keurhout certified wood are increasing rapidly. Keurhout is the Dutch industry scheme, supported by the Dutch government, which markets timber derived from a range of credible national and FSC certification schemes under a single trademark in Holland. Members of Keurhout now include around 140 companies and other concerns in the Dutch timber trade and processing industry. Keurhout timber products are available at around 260 sales outlets. Amongst these members, twenty leading timber traders in the Netherlands, including the four largest, and an importing joinery manufacturer have reached an agreement with the Keurhout Foundation to ensure all their imported timber is hallmarked by Keurhout, irrespective of whether FSC or otherwise certified. This means that the final consumer will only have to look for the Keurhout label to be sure that the timber product is sustainably managed.

Kees Bosdijk, managing director of Keurhout, claims that this "*proves the commitment of the Dutch trade to purchasing sustainably produced materials. It also demonstrates that consumers and suppliers have a joint interest in avoiding both a certification monopoly and a proliferation of labels for sustainable forest management.*"

4.2 Illegal practices in Dutch Investment Programmes linked to FSC

FSC has received bad press in the Netherlands following the publication of a report revealing serious malpractice associated with a Dutch investment programme for teak plantations. The case centres around the work of two companies, Greenwood and Ecobel, that have been encouraging Dutch citizens to invest in the development of FSC certified teak plantations in Costa Rica. Claims by the two companies relating to possible returns from the investments have been shown to be seriously misleading. Ecobel also misled investors into believing that they were linked with the Agricultural University of Wageningen. Ecobel is suspected of defrauding Dutch investors of 8 Million Dutch Guilders. The Directors of the two companies have been arrested. It has also been alleged that the FSC accredited certifier, Smart Wood

of the Rainforest Alliance (USA), lent its support to some of the claims made by the investment companies.

A review of the publication making these allegations, "Green Gold" by Dr. Paul Romeijn, is attached. The reviewer, Julio Centeno, was a founder member of the FSC, but now seems to be intimately involved in a campaign aimed at discrediting the FSC. The review was obtained from the Dutch Treemail website (www.treemail.nl) which provides details of the investment programme compiled by the people investigating the alleged malpractice.

5. Environmentalist campaigns

5.1 Green Groups Target UK Architects

Greenpeace and Friends of the Earth have launched a campaign aimed at UK architects in to promote FSC certified wood products. A report in the UK Journal Building Design, notes that the details of the campaign are currently "secret" but may involve direct action against the use of uncertified, primarily tropical hardwoods at various high profile Millennium projects. The report notes that environmentalists using these tactics in France have forced specifiers for Millennium projects to discriminate against tropical wood in favour of temperate hardwoods, including oak. Due to lack of FSC certified wood, some specifiers are even considering use of non wood products, including aluminium, in place of the uncertified product.

The initiative of the two green organisations is designed to extent the demand for FSC certified wood into the construction sector. As such it may be more significant for many US exporters than existing WWF campaigns focusing primarily on the retailer sector and local authority specifiers.

R. Oliver 10/3/99