

Report for AF&PA

**Trade and Environment
Program in Europe**

February-March 2001 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 February/March 2001

Commentary and highlights

Increasing competition between the FSC and PEFC certification schemes seems to have boosted the pace of development in forest certification.

Having received a fresh injection of funds from the Ford Foundation, which has committed US\$10 million to FSC over the next 5 years, FSC now seems determined to raise its market profile and overcome the threat posed by the emergence of the PEFC. Over the last four months, FSC certified forest area has increased by 1.6 million hectares to 22.4 million hectares, while the number of companies achieving chain of custody certification has risen 30%, from 1074 to 1405. FSC have re-intensified their efforts to boost FSC certified area by focusing on the larger corporations (this month Tembec announced their decision to pursue FSC certification), and through joint initiatives with government authorities, most recently the Ontario Ministry of Natural Resources.

Meanwhile, PEFC certified forest area has now risen to 34.63 million hectares. This area is expected to increase rapidly over the next few months following PEFC's anticipated endorsement of four more national certification programs in France, the Czech Republic, Latvia and Switzerland. Product labelling under PEFC is just getting underway, 24 Finnish companies and one German company having now achieved PEFC chain of custody certification. The first PEFC chain of custody certificates are soon expected to be issued in Norway and Austria.

Environmental groups have intensified their efforts to undermine the credibility of the PEFC amongst European consumers. Following quickly on the heels of the Greenpeace "*Anything Goes*" report, WWF published their own critique of PEFC. This prompted a rapid response from the PEFC secretariat, who issued a statement damning the WWF report as biased and politically motivated.

1 Meetings

1.1 Recent meetings

The Technical Consultant attended on behalf of AF&PA a meeting in Rome arranged by FAO, ITTO and GTZ between 19-20 February on "*Building Confidence among forest certification schemes and their supporters.*" A full report of this meeting was prepared and issued separately.

1.2 Future Meetings

ITTO - The next meeting of the International Tropical Timber Council will be held in Yaounde, Cameroon, between 28 May and 2 June 2001. The Trade Advisory Group have scheduled a market discussion on "Regulations for a Sustainable Timber Trade - Relevant Issues."

United Nations Forum on Forests (UNFF) - meets for the first time in New York between 11 and 22 June.

PEFC 5th General Assembly of the PEFC Council – to be held on 19th June in Santiago de Compostella, Spain. PEFC Spain is organising the event.

2 Forest certification developments

2.1 Pan European Forest Certification Scheme (PEFC)

2.1.1 Continued expansion

By the end of March, the total area of forest certified under the five PEFC-endorsed schemes reached 34.63 million hectares (see table). Four national forest certification schemes were also undergoing the assessment process for PEFC endorsement as follows: France, Czech Republic, Latvia and Switzerland. Full details of all these schemes can be viewed on the PEFC web page www.pefc.org. Additional forest certification schemes from Canada, Belgium, Spain and Portugal are expected to be submitted to the PEFC Council over the next few months.

PEFC Endorsed Scheme	Forest area certified (millions hectares)
Austrian Forest Certification Scheme	0.55
Finnish Forest Certification Scheme	21.90
German Forest Certification Scheme	3.85
Norwegian Living Forest Standards and Certification Scheme	7.00
Swedish Forest Certification Scheme	1.33
TOTAL	34.63

2.1.2 PEFC Austria

Austria relies heavily on the PEFC regional certification model, reflecting an ownership structure in which the majority of forests are in the hands of around 210000 small-scale forest owners. Nine naturally homogenous regions have been defined in Austria as individual units for forest certification. One of these regions has so far been certified, while preparation work is underway in the remaining 8 regions. Three of these are expected to be certified by mid 2001.

No chain of custody certificates have yet been issued in Austria. However PEFC Austria report that during a series of seminars held in February and March, there was a high level of interest from the wood working sector in their chain of custody system. Austria's "group model" for Chain of Custody certification attracted particular interest from Austria's many small and medium sized woodworking enterprises. PEFC Austria also report that implementation of group Chain of Custody certification has already commenced in the sawmilling sector.

2.1.3 PEFC Belgium

Belgium has been developing a forest certification scheme that is compatible both with environmental management standards, including ISO 14001 or EMAS, and with the Pan European (formerly Helsinki) Criteria for sustainable forest management. Like the Austrian scheme, the main unit of certification is the forest region.

A pilot project to certify the Walloon Region's 500,000 hectares of forest is now its final stages. A Regional Working Group has reached a consensus on a "Charter of Commitment" to adhere to the scheme. The Charter consists of 6 commitments for regional level organizations, and 13 commitments that must be endorsed by each individual forest owner or manager. Three accredited certification bodies (AIB-Vinçotte, International, KPMG and Lloyd's Register of Shipping) have submitted proposals to undertake certification of the Walloon Region.

2.1.4 PEFC Finland

Between the end of December 2000 and March 2001, the number of Finnish companies entitled to label products with the PEFC label rose from six to twenty-four. A regularly updated register of Finnish logo holders is available at the PEFC Finland website: www.ffcs-finland.org.

As one illustration of the depth to which PEFC is now becoming embedded within the European forestry sector, a total of 311,500 individual forest owners have made a commitment to participate under at least one of the 13 regional forest certificates in Finland.

2.1.5 PEFC Germany

The 3.85 million hectares so far certified under the PEFC Germany scheme include 700 community forests; 560 private forests; together with forests managed by 222 forestry associations encompassing almost 100,000 members.

PEFC labels on products from certified German forests should soon start to emerge following issue of the first PEFC logo-license in Germany to a branch of the Rettenmeier Holding. Chain-of-Custody certification was awarded by DQS (the German Society for the Certification of Management Systems) in March 2001.

According to PEFC Germany *“The demand for PEFC Chain of Custody certificates is rapidly increasing. The German associations of sawmills, timber traders and paper industries have provided all their members with detailed information on how to obtain PEFC Chain of Custody certification. The majority of forest enterprises have been confronted with a demand for certified timber. The ratio between FSC and PEFC certified area in Germany is 1:13. As a consequence the exclusive demand for FSC certified timber is decreasing as it would effectively mean a ban of native timber from well-managed independently certified German forests.”*

Nevertheless *“attacks by some of the opponents of PEFC in Germany are becoming more and more vehement with no attempts to constructively contribute or participate in the PEFC process. [However] The safety mechanisms to assure the stability of the German PEFC system are working well and all attempts to discredit it have failed.”*

2.1.6 Norway

By the end of March, forest areas supplying 82% of the 7 million m³ harvested in Norway each year had been certified through the Living Forests (PEFC Norway) scheme. Certificate holders include the five largest district associations of the Norwegian Forest Owners' Federation; a company owned by the State-Owned Land and Forestry Company; two companies owned by the Norwegian Forestry Association; and the forests of Norske Skog. Sub-licences to use the PEFC-logo are about to be issued to all these certificate holders.

Efforts in the forest are currently focused on training to ensure proper application of the Living Forests Standards. The numbers participating in training courses beat all previous records this winter when 17,000 forest owners were involved in more than 2,200 study courses.

2.1.7 PEFC Portugal

The PEFC Portugal certification organization, CFFP, was incorporated by public deed on 21 February 2001. Founding members include: on the production side, two major forest producers, federations and a large regional Association; and from industry, three major Portuguese business associations representing the forest-based industries: cork, wood products and pulp and paper. Two members of the Portuguese Government, representing the Ministries of Agriculture and Industry, made presentations at the official launch of the CFFP.

2.1.8 PEFC Spain

A significant step towards the finalisation of a PEFC scheme in Spain came with the publication early this year of the Spanish Standards for Sustainable Forest Management. The standards apply and adapt to Spanish conditions the Pan-European sustainability criteria and indicators. Publication of the standard was approved in December 2000 by a Technical Committee on sustainable forest management operating within AENOR, Spain's national standards institute.

Development of the standard has been a major undertaking due to the great diversity of forest environments present in Spain, from maritime pine forests in the north, to oak cork forests in the south. Three sub-committees were set up to consider respectively *“Vocabulary, terminology and definitions”*, *“Management Unit Criteria and Indicators”* and *“Auditor and Certifying Body Qualifications and Criteria”*.

The standard will form the basis of certification by PEFC Spain, an organization established in June 1998. At present, membership includes the main national associations representing forest owners and forest-based industries. PEFC Spain is now finalizing an institutional framework for the Spanish certification system.

2.1.9 PEFC Sweden

The PEFC Sweden scheme, which is supported primarily by smaller private forest owners, operates by certifying “umbrella organizations”, typically associations of forest owners such as Sodra and Mellanskog. Different associations are at very different stages of the certification process. Some have already achieved forest certification, and made some progress to implement chain of custody procedures. Others are still in the early stages of implementation. A number of associations hope to achieve forest certification under the scheme during the summer.

Three forest certification organisations recently applied for accreditation by SWEDAC, the Swedish national accreditation organisation. The organisations are De Norske Veritas, SEMKO-DEKRA Certification AB, and SGS Forestry.

PEFC Sweden has arranged a series of meetings for the Swedish wood industry scheduled for May to discuss chain of custody issues, the use of the PEFC Logo, and promotion.

2.2 Forest Stewardship Council (FSC)

2.2.1 Expansion in FSC certified forest area

Between 31 January and 31 March 2001, the total area of FSC certified forest increased by 800,000 hectares from 21.4 to 22.2 million hectares. Most of the new area comprises 635,000 hectares of government owned land in Poland. FSC has now certified around 3.4 million hectares of forest land in Poland, all government owned, although the country has yet to develop a national standard endorsed by FSC. Over recent months other smaller areas have been certified in various countries including Russia (around 32,000 hectares), Colombia (around 20,000 hectares), Germany (around 26,000 hectares), Swaziland (around 17,000 hectares), Sweden (around 35,000 hectares), Switzerland (around 13000 hectares) and Austria (around 4000 hectares).

Meanwhile the area of FSC certified forests has declined in 2 tropical countries over recent months: in Bolivia from around 880,000 hectares to 800,000 hectares; and in Indonesia from around 72,000 hectares to only 10,000 hectares.

2.2.2 New funds for FSC

The Ford Foundation has announced a \$5 million grant to the FSC. The grant is part of a \$10 million commitment to the FSC envisioned by the foundation over the next five years and is designed to help FSC expand its worldwide forest certification program. The loan will significantly extend the FSC budget, and marks a major increase in the level of financial support provided by the Ford Foundation, which between 1993 and 2000 granted slightly less than US\$1 million to FSC.

2.2.3 Joint initiative between FSC and Ontario government

The Ontario Ministry of Natural Resources (OMNR) and the FSC have agreed to jointly undertake a set of activities related to certification in Ontario. The agreement revolves around the Sustainable Forest License (SFL) auditing system which OMNR operates on provincial lands. The OMNR system follows the Ontario Independent Forest Audit Process and Protocol. The keystone of the OMNR system is an on-the-ground audit of each SFL once every five years. Independent auditors are contracted to conduct each audit. OMNR staff also conduct separate, random annual auditing. No certificates are granted in the OMNR system.

The intent of the OMNR and FSC agreement is to:

- identify the procedural gaps between the OMNR and FSC audit processes;
 - identify the technical content gaps between the two audit processes and enabling documents;
- and,

- conduct research and design a process that might combine both processes so that FSC auditing parallels and reinforces the OMNR auditing/certification process (and vice versa), with the possibility that at some point in the future this could result in joint independent audits and FSC certificates for each candidate SFL.

In early April, FSC Oaxaca headquarters issued a statement clarifying the role of the initiative following widespread speculation that it provided Ontario with a fast-track route to FSC certification that may bypass the existing FSC regional standard process. In the statement, FSC note that while the initiative *“could lead to a more formal agreement whereby Ontario’s forests could become eligible for FSC certification, we are not there yet...[The initiative] does not imply any “mutual recognition” or advance approval. It does not guarantee eventual certification or guarantee the acceptance of the Ontario provincial government’s regulations as permitting FSC certification without the normal and complete assessment and inspection by independent FSC-accredited certification organizations. Furthermore, FSC Regional Standards remain the backbone of the FSC process in Canada, particularly the active participation of members in each of the four chambers: social, indigenous peoples, environmental, and economic.”*

2.2.4 Tembec agrees to pursue FSC certification

Canada based Tembec and WWF Canada have issued a joint statement announcing their intention to work in partnership to ensure that all of Tembec’s Canadian forestry holdings eventually receive FSC certification. However, this is likely to be a protracted process, given the current lack of consensus between the timber industry, environmentalists and First Nations over FSC regional standards in Canada.

2.2.5 New FSC accredited certifier

FSC accredited their eleventh certification body over recent weeks, the Italian organisation ICILA (Istituto per la Certificazione ed I Servizi per Imprese dell’arrendamento e del legno) which is based in Milan. ICILA is accredited to carry out chain of certification in all areas of the world.

2.2.6 Accredited certifier suspended

On 30 March, following an annual monitoring audit and based also on additional information received from stakeholders, FSC temporarily suspended the authority of SKAL, an FSC-accredited certification body located in the Netherlands. In announcing the suspension FSC states that *“the company’s operating practices did not fully comply with FSC procedures....SKAL has been an FSC-accredited certification body since 1997 and, until now, has consistently conformed to FSC’s expectations. The current suspension means that SKAL may not issue any new forest management or chain-of-custody certificates until it can demonstrate that it meets or exceeds FSC standards. FSC staff will work with SKAL to correct completely their operating procedures until FSC is satisfied that SKAL’s certificates fully uphold the integrity of FSC’s “checkmark-and-tree” logo on forest products....The FSC action does not affect the certificates already issued.”*

2.2.7 New FSC guidelines for High Conservation Value Forests

In January 1999, FSC approved an amendment to Principle 9 of their Principles and Criteria which marked a shift in emphasis away from giving special status to so-called “old growth” or “virgin” forests towards the concept of “High Conservation Value Forest (HCVF)”. This concept is defined in the current FSC Principles and Criteria to include forests with one or more special features with rare or threatened species or ecosystems, critical environmental services and fundamental social values. Following approval of the HCVF concept, FSC established an Advisory Panel to draft a document providing guidance to regional standards writing groups, certification bodies and forest managers on it’s implementation. A draft version of this document has been made available on the FSC website (www.fscoax.org) and comments are invited.

2.2.8 FSC endorses standards-setting groups in Mexico and Peru

In a significant expansion of its Latin American activities, FSC announced in March that it has recognized national Working Groups in Mexico and Peru to set FSC national standards. It also approved Peru's standard for Brazil Nuts, the first ever for a non-timber forest product.

2.2.9 First FSC certificates in European Russia

Forests recently certified by FSC include the first in European Russia. Early this year, IMO, an FSC accredited certifier based in the Netherlands, announced certification of two forest operations, two sawmills and one panel factory in the Arkhangelsk oblast, Northwestern Russia. All FSC-certified operations are leased or owned by the German wood company Holz Dammers Moer. Dammers mainly produces blockboards in Russia and Germany. The certified land base amounts to 151 803 ha of productive forest land with an annual harvest of around 140 000 cubic meters. Certification has been controversial because the certified forest lands partly consist of areas identified by Russian conservation groups as "old-growth". The certification requires that the forest operations identify all "High Conservation Value Forest" areas on the territory before June this year and that there is a two year logging moratorium on these areas while negotiations on their future continues.

2.3 International Forest Industry Roundtable Working Group

Following the FAO/ITTO/GTZ meeting in Rome, the IFIR Working Group decided to go ahead with their proposals to facilitate development of an International Mutual Recognition Framework. Final copies of the Working Group report setting out these proposals were sent out to all stakeholders represented at the FAO/ITTO/GTZ meeting requesting further comments and input. The Working Group also decided to promote an institutional model for mutual recognition which would include:

- a consortium of certification system owners (i.e. PEFC, SFI, FSC, Indonesian LEI, Malaysian NTCC etc.);
- a credible administration body;
- an independent quality assurance group;
- various analytical tools to assess the substantive equivalence of different participating systems, including a set of criteria and indicators, a questionnaire and glossary.

The IFIR Working Group agreed that they would continue their efforts to involve other stakeholders, including small and developing countries and small and community forest owner groups, in the formal establishment of an International Mutual Recognition Framework. In line with this objective, the Working Group held a meeting in early April with the PEFC Board, and continues to explore the potential for input and cooperation with FSC. The Working Group has also prepared draft statements in support of their proposals for possible endorsement by the International Forum of Forest & Paper Associations at their next meeting on 25 April, and also by the FAO Advisory Committee on Wood & Paper Products at their next meeting on 27 April. In addition, members of the IFIR Working Group will be promoting their proposals at the next ITTO meeting in Cameroon during May.

The Working Group has set a tentative timetable for development of an international mutual recognition framework to be in place by the end 2001.

2.4 Eastern European Unions express support for mutual recognition

The International Federation of Building and Wood Workers (IFBWW) recently held a meeting on forest certification for Eastern European participants at the Jedlnia Forest Training Centre in Poland. Participants included representatives of unions from Russia, the Czech Republic, Poland, Romania, Latvia, Lithuania, and Croatia. There were presentations from both PEFC and FSC Europe. According to reports from PEFC, the unions expressed support for forest certification. They also recognized the need for mutual recognition initiatives to reduce potential for discriminatory trade barriers.

3. Market developments

3.1 Rapid increase in FSC chain of custody certification

There was a rapid increase in the number of companies certified to the FSC's chain of custody standards during the first two months of this year. In January and February, FSC's accredited certification bodies brought 331 new companies into its program, representing a 30% increase. There are now 1,405 companies that hold FSC chain-of-custody certificates, up from 1,074 at the end of December 2000.

3.2 Veneer paneling manufacturer joins Belgian Buyers group

Decospan, Europe's largest manufacturer of veneer panelling, announced that it will join the Belgian Club 97 to become its 50th member. Decospan has two plants in Menen, Belgium and another in Northern France plus sales offices in Germany and the UK. Decospan produces around 5 million m² of veneered panels a year and has a turnover of 50 million euro. About 15% of this turnover is realised in France and 10% in the UK and Germany. Decospan's subsidiary, Par-ky, produces 1 million m² of veneered flooring a year. FSC-certified veneer is currently being offered in American cherry, maple and red oak.

FSC suggest there is growing interest in their scheme in the Flemish part of Belgium where Decospan is based. A recent seminar on FSC in the region attracted eighty representatives from around 50 paper and timber companies. However the Walloon region of Belgium is more oriented towards the PEFC scheme.

3.3 Nordic Swan recognizes PEFC alongside FSC

The Nordic Eco-labelling Board decided in December 2000 to scrap its decision to only accept FSC certification standards under the Nordic Swan labeling scheme. Nordic Swan is a multi-issue environmental product label marketed throughout the Nordic region. In December 1999 the scheme introduced new criteria for labeling paper products which stated that at least 15% of the raw material should originate from FSC certified sources. However Nordic producers may now obtain Swan labels for pulp and paper produced with Pan European Forest Certification (PEFC) certified timber.

4. Environmental issues

4.1 WWF join in the offensive against PEFC

In March, the World Wide Fund for Nature (WWF) joined Greenpeace in their offensive aimed at "destroying the credibility of PEFC". They published a critique of PEFC by Pi Environmental Consultants, an organization run by Pierre Hausleman, a former WWF employee. At the same time they issued a position statement, stating their unwillingness to support the PEFC. Amongst other things, WWF claim PEFC does not require verification of legal compliance of forest management; does not require the comprehensive implementation of international agreements and conventions; does not require protection of high conservation value forests; and fails to recognize the rights of indigenous peoples.

WWF's critique prompted a rapid response. The PEFC Secretariat issued a statement entitled "*18 myths and the facts behind them*", claiming that the WWF report is biased and politically motivated, and countering each of the WWF claims in turn. Several of the PEFC national associations also issued statements. Copies of the WWF analysis and position paper, and of the PEFC responses are attached.

Meanwhile in mid February, WWF arranged a tour to Finland for European timber buyers from 13 companies that are members of WWF Buyers Groups in Germany, UK, the Netherlands, Sweden and France. The timber buyers met representatives of the forest sector both in private meetings and in a seminar on 14 February. According to WWF "*the message of these companies was the need to have an FSC label on the timber they buy, in order to guarantee their customers that their products are environmentally friendly.*" Prominent amongst the companies involved were BBC Worldwide Ltd, the UK's third largest publisher, and Homebase, a large UK DIY retailer. The tour was part of WWF Finland's campaign to raise forest industry support for the Finnish FSC National Standard, due for publication this summer.

4.2 Greenpeace maintain pressure on Finnish forestry

As a follow up to their “*Anything Goes*” critique of the PEFC, Greenpeace recently organized a press trip for British and German newspaper and TV journalists to the Inari region of Finland in Northern Lapland. The press mission focused on the forestry practices of Metsähallitus (previously the Finnish Forest and Park Service). 44 of the 55 cases of “*ecologically detrimental logging*” cited in the Greenpeace report related to Metsähallitus. Both the press mission and report also focused on the impact of forestry on traditional reindeer husbandry practices in Northern Lapland.

The Finnish forest sector responded with a series of statements designed to discredit the Greenpeace campaign. Metsähallitus responded by providing details of their Landscape Ecological Planning process, which they argue provides adequate mechanisms for broad stakeholder input during the planning of forestry operations. A statement was also distributed from Inarin Luonnonystävät ry, a local association of the Finnish Association for Nature Conservation. According to the statement, the association fully supported existing plans for forest management in the region drawn up by Metsähallitus, and noted that they “*find it strange that the forest debate is being carried on without consulting local environmental protection expertise; none of the parties have at any point contacted Inarin Luonnonystävät ry*”.

4.3 WWF focus on world’s largest wood companies

In March, the World Wide Fund for Nature (WWF) issued a press release under the headline “*Just ten companies can help save the world's forests.*” The press release provides details of a WWF report entitled “*The Forest Industry in the 21st Century*” which suggests that:

“If managed correctly, one fifth of the world's forests could provide the industrial wood and wood fibre necessary to meet projected future needs....If the ten global companies that dominate the industry were to adopt the effective management processes of the Forest Stewardship Council (FSC), the growing demand of the world's consumers for wood products could be met by as little as 600 million hectares of forest - about twice the size of India, or a fifth of the world's forests.....The companies' support of FSC would provide the critical mass necessary to change forestry practices worldwide, and halt the destruction of old growth forests or fragile ecosystems.”

The report identifies the leading companies in the global wood products sector, both producers and consumers. Among the top 10 companies listed by WWF, the five largest wood processors are reckoned to include International Paper, Georgia Pacific, Weyerhaeuser, Stora-Enso and Smurfit Stone Container. WWF suggests that, between them these five companies process around twenty per cent of the world's industrial wood.

WWF reckons the five largest wood buyers are Home Depot, Lowes, IKEA, Kimberly-Clark and Proctor & Gamble. The report notes that Home Depot, Lowes and IKEA are already supporting FSC, while Stora-Enso has FSC certification for its forests in Sweden.

4.4 Environmentalist focus on forestry investors

As another lever to influence forestry practice, environmental groups are increasingly focusing their campaigns on financial institutions. Recent examples include:

- a report released by Bioforum, an Indonesian environmental group and Environmental Defense, based in New York, which claims that Indonesian pulp and paper facilities, supported in the 1990s by financial institutions in Europe, Japan and North America, have caused widespread deforestation and human rights abuses. The report suggests that large areas of Indonesia's remaining forests were clear-cut to allow expansion of pulp and paper production during the last decade, and that export credit lending agencies based in industrialised nations failed to require minimal environmental standards. The report is part of an international campaign by environmental organisations to get government-backed export credit agencies, which promote investment overseas, to develop social and ecological guidelines for project funding.
- in early April, Friends, Ivory & Sime became the first financial services company to join the WWF 95+Group (the UK Buyers Group). Friends, Ivory & Sime is also the first to join WWF's

global network of Buyers Groups. By joining the 95+Group as a general supporter, Friends Ivory & Sime committed to engage with companies in which it invests to encourage them to source timber and wood products from independently certified sources. Initially they will focus on the UK construction sector. Friends Ivory & Sime has £37.4 billion of assets under management and claims to be the UK market leader in SRI - Socially Responsible Investment.

- Rainforest Action Network has launched a campaign against Citigroup, America's biggest private banking group, for their involvement in several activities including the Three Gorges Dam in China; redwood logging in California's Headwaters Forest; and the Chad/Cameroon oil pipeline. Rainforest Action Network are calling on Citigroup to impose social and environmental criteria throughout all aspects of their financing, lending and trading businesses.

4.5 Russia and Baltic States' campaign

18 environmental groups based in Northern Europe and Russia and led by the WWF have jointly published a report on the impact of the European timber trade on forestry practice in the Baltic States and Russia. The report suggests that timber imports into the European Union (EU) from the Baltic States and Russia have increased by 50% over the last ten years. It also suggests that many of the companies involved in the trade have little information about the origins of their supply, and most lack knowledge about the social and environmental impacts of the forest management supplying the imports. The report suggests that up to 20% of timber in Russia is logged illegally or involves severe violations of existing legislation.

The report includes a series of environmental guidelines for companies involved in the trade with the Baltic States and Russia which are summarised as follows:

- make it company policy to avoid buying illegally harvested timber, timber from areas involving violations of human rights, or timber from old-growth or high conservation value forests;
- develop transparent tracking mechanisms to verify the origins of their supply;
- introduce methods to assess the environmental and social impacts of the forest management supplying the timber;
- buy timber only from Forest Stewardship Council (FSC) certified forests.

The environmental groups are "*seeking co-operation with industry to further develop and implement these guidelines.*"

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