Report for AF&PA

Trade and Environment Program in Europe

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Trade and Environment Programme in Europe

Technical Report for January 2000

Comment and Summary

This month's report highlights the importance attached to international networking in the evolving certification debate. In a UK trade press article, the World Wide Fund for Nature (WWF) set out their plans to evolve into a "global forest and trade network" the existing largely uncoordinated series of WWF buyers groups, FSC-certified producers, and other FSC promotional campaigns. As a counter-balance, industry representatives throughout the western world have been preparing for an International Forest Industry Roundtable (IFIR) meeting to discuss ways of linking the wide variety of national certification schemes into a single coherent international framework. In an increasingly global market place, the relative competitive success of the various different approaches to certification may well hinge on the outcome of these initiatives.

The report also includes details of a presentation by a European Commission representative which, while a "personal view", gives an indication of the direction of EC thinking on forest certification. The EC is becoming increasingly interested in the non market role of forest certification to promote sustainable forestry. There also seems to be strong support within the EC for the eventual international harmonisation of forest certification schemes.

1 Meetings

There were no major meetings during the month. Attention has focussed on the lead-up to major international meetings to be held in February. Most notable amongst these is the 4th session of the Intergovernmental Forum on Forests (IFF) under the auspices of the United Nation's Commission on Sustainable Development (UNCSD) to be held at UN Headquarters in New York. The options under consideration by IFF range from the establishment of a permanent intergovernmental forum to discuss forest policy issues, to controversial proposals for the introduction of a legally binding Global Forest Convention. Any agreements reached during the IFF meeting will have to be ratified at the 8th session of UNCSD to be held in April.

In other meetings, the International Forest Industry Roundtable are scheduled to meet in the wings at New York to discuss the development of an international framework for mutual recognition (see below). In Europe, the Pan European Forest Certification Council holds a General Assembly in Luxembourg at the end of February (see December report).

Looking further ahead, the FSC's International Trade Fair and WWF Forest Conference will be held in the London Docklands, UK, 6-7 June.

2 Development of certification in Europe

2.1 European Commission attitude to certification

The European Commission's attitude to certification was set out recently in a presentation by Mr Dieter Schoene of the EC Environment Directorate to European paper industry representatives. Mr Schoene noted that he is the only individual within the Commission with a brief exclusively focused on forest certification. His background is in forestry (being previously involved with the German private forest sector) which is reflected in his pragmatic attitude to the issue. His contact details are: Mr. Dieter Schoene, European Commission Environment DG, 200 Rue de la Loi, B-1049 Brussels, tel: +32-2 296 55 82, fax: +32-2 296 95 57, e-mail: Dieter.Schoene@cec.eu.int

Mr Schoene emphasised that the EU as a body has not developed an official policy on forest certification. Therefore what he had to say represented personal views. Although the EU has no official position, certification is referred to in 3 separate EC Policy Papers:

- most significantly, the EU Forest Strategy paper, which states that certification is a useful, market based instrument to improve consumer information and promote the use of wood. The strategy suggests the EU should “consider the possibility for further action” on certification.

- an EU “Communication of the Forest Based Industry”, which suggests that “implementation of voluntary [certification] measures are a future action area”

- aU EC “Communication on Forests and Development”, which suggests that certification could become a useful market based instrument, but that it requires further efforts for development.

The European Union is also directly involved in certification in the following ways:

- through the 4th ACP-EC Lome Convention, which provides the African, Carribean and Pacific Group of states with concessionary access to European markets. The Convention effectively states that wood from certified forests in these countries will be given preferential tariff treatment.

- similarly, through the EU’s General System of Preferences (GSP) system which, while not referring directly to certification, states that favoured conditions will be granted to products from sustainably managed forests

- the EU has provided direct financial and technical aid to projects developing forest certification in the developing world

- the EU has given grants at various times to PEFC, FSC, the WWF, and the Centre for International Forest Research (CIFOR) for certification development.

- through the development of consumer eco-labels. The EC has evolved criteria for the eco-labelling of two paper products, both of which require that the raw material derives from sustainably managed forests.

- through the EC’s Eco-management and Audit Scheme (EMAS), essentially a development of the ISO 14001 Environmental Management Systems standard.

The EU is also indirectly involved in the certification debate through its representation at inter-governmental meetings including the IFF, WTO, the Helsinki Process and ITTO. Forest certification has also come up in trade discussions between the EC and ASEAN group of countries. The latter have emphasised the problems of market access arising from Europe’s confusing demands for certification. Some of ASEAN nations have apparently called for a single European strategy on certification to simplify the marketing issues.

The future role of the EU in certification is still undecided. Views within the Commission are polarised, reflecting the diversity of opinion amongst European stakeholders in the certification debate. Certain NGO’s are particularly opposed to any EU involvement. Nevertheless, there are signs that the EU may wish to become more closely involved in the certification debate. Their interest lies not in the marketing aspects of certification, which are viewed as a purely private sector concern, but in the other potential roles of forest certification. These include:

- the potential to use forest certification as an extension tool to raise awareness and encourage sustainable forestry practice, both within and outside the EU

- the potential for forest certifiers to take over some of the roles of regulatory authorities and effectively privatise regulatory services.

- the possibility of providing tax breaks for certified forest areas, introducing a new incentive for sustainable forestry

- the potential to link forest certification to the provision of aid, promoting sustainable forestry in the tropics, and also providing a method of benchmarking the effectiveness of aid.

It was stressed that, in the performance of these “non market” roles for certification, there was much less of a need for environmental groups involvement in the process. Certification for these purposes could be undertaken by some form of international governmental body. Furthermore, Mr Schoene was critical of the existing “market focus” of the certification debate. In fact, this creates an impediment to the successful development of certification as a tool to promote sustainable forest management. The much-hyped “positive incentive” of certification to provide greater returns and market access for sustainably managed wood, has failed to materialise. Instead certification operates as a negative incentive, whereby forest owners are increasingly having to absorb the extra costs of certification in order only to maintain market share. Not surprisingly, this attitude has served to alienate forest owners. The market’s emphasis on impractical chain of custody monitoring and audit only adds costs and further deters forest owners from implementing certification. Chain of custody procedures are also prone to “moral hazard”; reliable monitoring is extremely difficult and many opportunities exist for abuse.

The presentation also looked briefly at the issue of international harmonisation or mutual recognition of forest certification schemes. It was suggested that a framework of bilateral mutual recognition, whereby each scheme had to recognise every other scheme, may soon become unmanageable. Therefore Mr Schoene seemed to favour eventual harmonisation of the various certification schemes. He pointed to the potential for consumer confusion, “ruinous” competition, and duplication of effort that may result from a range of different schemes entering the market place. A range of potential institutional frameworks for harmonisation were mentioned, including ISO (“likely to play a major role”), the FSC, the EU itself, the IFF follow-up, or an entirely new global forum.

2.2 Finland

The first non-FSC certified wood products to be exported to the UK arrived during January. A sample load of sawn redwood labelled by the Finnish Forest Certification Council (FFCC) was shipped by Polkky Oy, one of several Scandinavian sawmills represented by UK timber agent and distributor Compass Forest Products Ltd.

Meanwhile, the FFCC reports that three further Finnish forest regions were certificated on 16 December 1999. The regions were Pirkanmaa and South Ostrobothnia (both certified by DNV Certification) and Southwest Finland (by SFS-Certification). Together the certificates cover 3.2 million forest hectares. FFCC certificates had previously been issued to the regions of Central Finland on 4 November 1999; Lapland on 8 November 1999; South Savo on 25 November; and North Karelia on 29 November 1999. FFCC certificates now cover over 13 million hectares of forests. More than 180000 forest owners have chosen to participate in the certification scheme. FFCC certification is expected to cover all thirteen Forestry Centre areas of Finland by the end of this year.

2.3 Germany

Since the inauguration of the Pan European Forest Certification (PEFC) scheme in mid 1999, Germany’s private forest owners have been working flat out to make up ground lost to their Nordic neighbors and to develop a national certification system by mid 2000. Following a series of successful pilot tests in summer and autumn 1999, a set of criteria for certification were agreed by Germany’s PEFC national body a few days before Christmas. A chain of custody pilot project is currently underway. Contacts at the German timber trade federation, BD-Holz, say they are confident that Germany will be in a position to submit a national certification scheme for PEFC consideration in time for the next PEFC General Assembly at end February. All going well, they expect the first German PEFC certified products to be available by late Spring. BD-Holz note that the PEFC scheme has the full support of private forest owners throughout Germany, and of public forest authorities in Southern Germany. However public forest authorities in the Northern parts of Germany, particularly around Hamburg "are more FSC-minded".

2.4 Life Cycle Analysis

Forests Forever, the environmental arm of the UK's Timber Trade Federation, has begun work on the Life Cycle Analysis of wood imported into the UK. The work is being carried out in collaboration with Imperial College London and the UK's Building Research Establishment (BRE). The aim of the project is to provide information on the environmental impacts of extraction, transportation and initial processing of timber in some of the UK's major supplier countries. It should highlight that the environmental impact of imported wood products is low compared with other building materials. Analysis of data from the United States will form part of the study. Other regions to be covered include Scandinavia, Canada, Latvia, Brazil, West Africa and Malaysia.

The data on imported wood products will be used to supplement BRE's existing environmental profiles database which is being used to compare the Life Cycle environmental impact of the full range of building materials used in the UK. Further details of the project are available from Katherine Gaylarde, Forests Forever, 4th Floor, Clareville House, 26/27 Oxendon Street, London SW1Y 4EL. Tel +44 (0) 20 73890136; Fax +44 (0) 20 78396594; email kgaylarde@ forestsforever.org.uk.

3 Development of certification outside Europe

3.1 IFIR consider mutual recognition framework

The International Forest Industry Roundtable Working Group, following their meeting in Brussels at the end of November (see Oct/Nov T&E report), have drafted a report setting out proposals for the development of an "International Mutual Recognition Framework System". The Working Group on mutual recognition - which is chaired by the New Zealand Forest Industry Council, and includes industry representatives from the United States, Canada, the European Union, Australia and Brazil - is due to discuss the report at a meeting in New York in early February. The draft report sets out the reasons for mutual recognition explaining that :

"*a mutual recognition framework would serve to link the national programs for SFM that have been developed independently around the world based on agreed critical elements that characterise credible SFM standards and certification systems. A mutual recognition framework system would also serve to build credibility for existing national programs, as well as assist in the development of new national systems, while providing a cost effective approach to marketing and communicating SFM programs to customers and non-customer stakeholders internationally*."

It goes on to identify a set of draft principles for ensuring a credible certification system, before discussing potential management and administrative options for an international mutual recognition framework. Three possible options are identified:

- Bilateral mutual recognition
- Multilateral mutual recognition
- Global SFM trade mark

According to the draft report, "*these are not mutually exclusive options and, from a developmental perspective, the international system could evolve from a start point of bilateral and then multilateral arrangements and, overtime, move towards a single SFM trade mark encompassing all credible certification approaches involved in the system. From a marketing perspective, a single trade mark for forest product sustainability, providing it has high credibility and customer and stakeholder acceptance, is suggested as the optimum, albeit, long term solution for the international forest industry*."

The report raises the possibility of further cooperation between the Working Group and other bodies looking at mutual recognition, notably the World Bank/WWF alliance. It also refers to the involvement of Stephen Bass of the International Institute of Environment and Development to provide objective and independent input into the work of the Working Group.

3.2 Canada

The following data on the area and status of forests certified in Canada is supplied by the Canadian Pulp and Paper Association. The data indicates that Canadian certified forest area, under a variety of schemes, increased very rapidly during 1999. CPPA expect a further 5 million hectares to be certified in 2000.

Company	Woodlands Division Certified	Certifi-cation Achieved	Hectares (AAC m3)	Future plans
Abitibi-Consolidated Inc	Newfoundland Woodlands	ISO – Dec 99	1,864,000 (600,000)	Plans to have one certification per woodlands division in Ontario (4) and Quebec (2) during 2000, which will cover an additional 4.1 million hectares
Canfor	All BC and Alberta Timberlands	ISO – Nov 99	3,000,000 (5,800,000)	Working to have all the newly acquired Northwood operations ISO14001 certified by end 2000. Also pursuing CSA and FSC certification on area based tenures in BC and Alberta, to be in place by end 2000.
Interfor	All coastal operations, BC	ISO – Dec 99	2,900,000 (3,300,000)	Pursuing CSA in 2000 and pilot FSC projects
J.D. Irving	Black Brook, New Bruswick	ISO – Mar 99 FSC – Oct 98	190,000 (650,000)	Withdrawing from FSC in the Maritimes but is continuing with FSC certification in the US. Also planning SFI third party verification for Black Brook and its other Canadian lands. ISO audits are scheduled in January 2000 for Nova Scotia Woodlands (140,000 has). Remaining lands in New Brunswick to be certified to ISO by end 2000)
Spruce Falls Inc (a Tembec Company)	Spruce Falls Woodlands. Operations on Gordon Cosens Forest Ontario	ISO – Jun 99	1,000,000 (750,000)	Future plans under review
Stora Enso Port Hawkesbury	Port Hawkesbury's Woodlands in Nova Scotia	ISO – Dec 98	630,000 (300,000)	Also considering CSA and FSC certification
TimberWest Forest	All 5 divisions in BC certified	ISO – Nov 99	600,000 (3,700,000)	Also considering CSA, FSC and PEFC
Weldwood of Canada	100 Mile House Woodlands in BC	ISO – April 99 CSA– Dec 99	250,000 (400,000)	Plans to have all BC and Alberta woodlands certified to both ISO and CSA by end 2000. Monitoring FSC developments
Weyer-hauser	BC Coastal Group (North Island Division)	ISO – May 99 CSA– May 99	230,000 (1,400,000)	Plans to have all Canadian Divisions certified to ISO by 2002 and CSA by 2003
	BC Interior (all 6 units(	ISO – Mar 99	1,250,000 (1,670,000)	
Total			11,900,000 (18,600,000)	

3.3 Indonesia

The Indonesian Eco-Labelling Institute, a national forest certification organisation that has a formal co-operative agreement with the FSC, has been undertaking a series of pilot tests. The results have not been promising. Out of 16 Indonesian firms audited by LEI during 1999, only one qualified to carry the LEI backed label.

3.4 African Timber Organisation

The ATO, an inter-governmental organisation with members concentrated in tropical regions of Africa, has for some time promoted the concept of forest certification. It's work has been slow and under-funded. However it has agreed a draft set of Criteria and Indicators using ITTO Guidelines as the starting point It has also tested these Criteria and Indicators on the ground in Cote d'Ivoire and Cameroon in association with the Centre for International Forestry Research (CIFOR). It has given some preliminary consideration to possible institutional frameworks for certification and sought to create awareness in member states. Most recently, forest certification was on the agenda at a meeting of ATO forestry officials held between 15 and 17 December 1999 in Libreville, Gabon. Little substantial progress seems to have been made. However the meeting mandated the Secretary General of ATO to prepare a document bringing to the attention of the ATO Conference of Ministers the results of tests on the ATO Criteria and Indicators and highlighting "*the urgency and importance of working towards an African forest certification system or green label*." The meeting was attended by forestry officials from Angola, Central African Republic, Congo-Brazzaville, Gabon, Equitorial Guinea, Nigeria, Congo, and Tanzania. Observers present included the IFIA-ATIBT (the african forest industry association and technical research organisation); and the Worldwide Fund for Nature.

3.5 Ghana

Ghana is the only tropical African country that has so far made substantial progress towards the development of a national certification scheme. Since 1996, a broadly representative Working Group has been developing a framework for forest certification in Ghana. Their work has benefited from financial assistance from the European Union and the Netherlands. The Working Group has developed a set of draft forestry standards which link performance elements based on the ITTO Criteria for sustainable forest management in the tropics, with management standards closely related to the ISO14001 document. These standards are being field tested, and the results are to be put before a stakeholders workshop early in 2000. The final version of the standard will be administered by an independent governing body. Work on the development of an administrative structure should begin in 2000.

Work is already well underway on the development of sophisticated chain of custody procedures for certified Ghanaian timber. A Ghanaian forestry expert is working with the consultancy SGS to evolve a reliable log tracking system. The consultants have so far reviewed the existing system of documentation and have proposed the use of log tags, which are uniquely numbered and cannot be removed from the log without leaving physical evidence. This will replace existing systems involving physical marking of log ends which may be easily removed. Data will be gathered using hand-held computers which transfer data directly to a central database. A variety of hard copy reports will be generated at the information centre, allowing reconciliation of data on transported logs with forest inventories and planned harvesting operations.

4 Market Developments

4.1 WWF to develop global "Forest and trade network" for certified products

In an article published in the UK trade press lauding the achievements of the World Wide Fund for Nature (WWF) in promoting demand for certified wood products, Stephen Howard gave an indication of the future direction of WWF policy in this area (the full text article of the article is at www.worldwidewood.com). To summarise the main points:

- the Forest Stewardship Council has now certified 18 million hectares in 30 countries, and there are several thousand product lines bearing the FSC logo.

- the buyers groups, "*seen in the past as exclusive retailer clubs, are redefining themselves as 'Forest and Trade Networks' which span the industry from forest owner to architect, to manufacturer to retailer. These networks are open to any organisation that supports the objective of improved forest management and credible independent certification. The networks are now operating in North America, Austria, Australia, Belgium, Germany, the Nordic countries, Spain, France, the Netherlands, the UK and Switzerland*."

- there are now more than 500 member companies of WWF Buyers Groups worldwide and "*at the current rate of growth there will be 800-1,000 members by the end of 2000.*"

- the most recent group was established in France in June 1999. Club Proforets was launched with eight founding members including the major retailer Carrefour, which committed itself to use only FSC labelled paper by 2003, and representatives from different sectors of the timber industry (panel, flooring, mail order). Since its launch, the first FSC labelled products have arrived in France and the forest certification process has started.

- the UK 95 Plus Group group is set to see further expansion when "*the first new construction companies, local authorities and producers are set to join later this month*".

- the Nordic Network "*spans the spectrum from producer to retailer. Ikea, the world's largest furniture retailer with 150 stores in 28 countries, recently joined the Nordic Network after announcing its long-term goal of ensuring all the wood products in its range will come from well-managed forests….Other network members are the two biggest household retailers in Sweden, one of the largest construction companies and two of the largest building material merchants*".

- this year the WWF expects to see "*new Forest and Trade Networks in Italy, Japan, Hong Kong (co-ordinating a group across east Asia), Brazil and possibly southern Africa, as well as producer focused groups in central west Africa*".

- Finally, the WWF recognises the potential for "mutual recognition" but notes that "*it is fair to say that mutual recognition will not happen unless schemes are operating to equally challenging standards that have been developed in open participatory ways and inspected with the same independence and stringency*"

4.2 UK demand for forest certification

The FSC and WWF publicity machine continues to ensure a continuous stream of stories relating to FSC in the UK trade press. The latest relates to Railtrack, the privatised utility responsible for the upkeep of the UK's railways. A long-standing member of the 1995 Plus Group, Railtrack has now decided to shut the door entirely on non FSC certified rail ties by the end of this year. The move may well throw the UK market for rail ties into chaos. To date, the UK rail network has relied heavily on Karri, used for its particular qualities of high strength and durability, sourced through traditional supplier Bunnings of Western Australia. Bunnings currently has a A$2m contract with Railtrack which may be lost if it fails to persuade the Australian government to allow FSC certification of its forests. In the meantime Railtrack is said to be looking at alternatives supplied through Calders & Grandidge, which has already obtained FSC chain of custody certification. The latter is sourcing FSC certified ties from eucalypt plantations in South Africa. However doubts remain over whether alternative FSC-certified plantation sources are capable of supplying ties in the quantities and qualities required.

Meanwhile, the timber trade maintains its efforts to keep the UK market open to forms of forest certification other than the FSC. The Timber Trade Federation's Forests Forever Campaign last year issued information on Responsible Timber Purchasing to all local authorities and over 8000 architects in the UK. The guidelines were pragmatic, recommending that end-users should favour wood supplied by timber companies that have signed Forests Forever's own Environmental Timber Purchasing Policy. While the guidelines recommend progressive increases in purchases of certified wood products, they advocate realistic timescales and are flexible over the certificates that should be recognised. Certificates issued under national schemes, including AF&PA's SFI and the Canadian Standards Association scheme, should be accepted alongside FSC certificates. A follow up questionnaire issued by Forests Forever indicated that nearly half of respondents were intending to implement Forests Forever's advice when specifying timber.

5. Environmentalist campaigns

5.1 WWF European Scorecards

WWF have just released their annual "scorecards" for European forestry. The scorecards are WWF's assessment of European national performance in four areas of forest policy – production, environmental, social/cultural, and protected areas - on a percentage scale. According to WWF "*the current situation on each issue is compared to common goals set up for all countries. The goals are derived from the UNCED agreement from 1992 and the resolutions of the Pan-European processes starting in 1993, international agreements that all the countries covered have signed*." Scores for the nineteen countries covered range from a high of 62% (Switzerland), to a low of 36% (Denmark). WWF conclude:

"*all countries have serious improvements to make in many areas of forest care. There are important flaws in all countries concerning production of timber and other forest products; environmental care and quality; social and cultural aspects of forest care; protected areas and pollution. One obvious example is The Netherlands, which scores no more than 50 per cent in any category.*

There is not an outstanding overall difference between many countries. Twelve of the nineteen countries are within ten points of each other. A handful of countries score significantly worse than the average and lag a long way behind the highest scoring nations. Some of the countries that do worse include wealthy, supposedly environmentally-conscious northern European nations such as the UK.

Eastern Europe is, in general, no worse, and in some cases considerably better, in its care for forests than its western neighbours. Poland and Slovakia, for example, perform better in many aspects than France and Germany.

Similarly, Mediterranean countries care for their forests as well as, and sometimes better than, their northern neighbours.

While overall scores are too low, the scores achieved by some countries in particular categories of forest care show that models of good practice do exist in Europe. Switzerland is excellent in its social and cultural care of forests - which includes recreation, historical remains and safety.

Looking at the different score categories, even forest production is generally poor. There is too much focus on wood products and very little interest in the use of non-wood products. The emphasis seems to be on quantity of wood produced rather than quality. In relation to the forest environment, the main problems are the reluctance of foresters to allow dead wood to rot in the forest - which is an important habitat for plants and animals - the limited number of tree species in planted forests, the use of herbicides and pesticides, and the lack of protection of valuable forests."

5.2 Greenpeace target Brazilian imports into Spain

Greenpeace have recently launched a concerted campaign targeting Spain's tropical hardwood imports from Brazil. The campaign in Spain follows in the footsteps of an earlier Greenpeace effort targeting the United Kingdom, formerly the largest European importer of Brazilian wood, which saw Brazilian hardwood imports fall from well over 50,000m3 in the early 1990s, to only around 6,000 m3 today. Spanish imports of Brazilian hardwoods have increased over recent years as the economy has boomed and supplies from traditional West African sources have become more constrained. Sawn imports from Brazil rose from 56,000 m3 in 1997, to nearly 100,000m3 in 1998. Greenpeace campaign in Spain also reflects the environmental group's recent policy decision to refocus campaigning efforts on tropical countries.

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