

Report for AF&PA

**Trade and Environment
Program in Europe**

July-August 1998 Report

**Rupert Oliver
rupert@forestindustries.info**

“INFORMING THE SUSTAINABLE WOOD INDUSTRY”

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

Technical Report for July/August 1998

1 Meetings

The Technical Consultant attended no major meetings during July or August.

The principal international meeting held during the period was the second UN **Inter-governmental Forum on Forests** meeting held in Geneva (IFF 2). Delegates discussed a huge range of issues during the 2 week session, including international policy towards forest products trade and the environment, certification and labelling, international financing for sustainable forest management, and the future supply and demand for forest products. Underlying discussions on all these issues was the continuing struggle over an International Forest Convention.

Reports suggest that progress towards a convention was slow at the IFF-2 meeting. The meeting was characterised by national delegates restating well established positions. The US, with the backing of Brazil, felt that negotiations towards a legally binding Convention would be premature, arguing that a Convention would only duplicate existing processes. The EU and Canada, with backing from a number of developing countries including Argentina, Gabon and Costa Rica, continued to press for negotiations towards a Convention. China and some other developing countries remained sceptical about costs. Those supporting a Convention argued that problems of cost could be overcome with the introduction of an international forest fund alongside a forest convention. Canada and Costa Rica have initiated a joint project which aims to consider the possible contents of a legally binding Convention. As part of the project, they are holding an expert meeting in Costa Rica from 9 to 12 March 1999.

During discussions on “trade and environment” governments were able to agree on broad statements of policy, but not on how to act. All agreed that environmental trade measures, including certification and tropical timber bans, should not be used as a form of disguised protectionism. Efforts by the G77 Group of countries to commit developed world governments to tackling tropical timber boycotts at local government level were blocked by the US and EU. Most countries could accept that forest certification is “among many potential tools” to promote sustainability. Others emphasised the problems. Brazil, for example, stressed that certification could act as a potential obstacle to market access, while Korea noted that the costs of certification would fall particularly heavily on small and medium sized companies. Canada, having progressed a long way with their own national certification scheme, want other countries to be judged on a level playing field. Canada called for action to ensure certification standards are “comparable” and “equivalent”. Other countries, notably the G77 and China, were against comparability and favoured an approach to certification based on “mutual recognition” of national standards. The United States argued that government action to develop an international certification framework was premature.

Future meetings

International Seminar on Finnish Certification Scheme, October 28, Helsinki - this meeting is significant as the Finns are hoping that their regionally based approach to certification, designed to accommodate small non industrial forest owners, will provide a model for other European countries. The Finns are currently pushing a Pan European approach to certification (see below). The Seminar also includes an opening address by a representative of the European Commission on "Forest Certification as a European Issue". Furthermore the Finnish government is due to take over the Presidency of the EU in the second half 1999. They intend to make forestry a central feature of European discussions during the six month period, which will inevitably include forest certification. It is important AF&PA has a presence at this meeting. I would be happy to go to gather information on your behalf.

Confederation of European Paper Industries (CEPI) - Internal Forum on Sustainable Forest Management and Certification - Brussels - 20 October - the European paper industry will be debating future policy towards certification. Patrick Ollivier, Chairman of the CEPI Forest Committee, is providing an overview of Forest Certification in Europe, while Hannu Valtanen of the Forest Industries Federation, is talking about the "Pan European Certification Initiative". Note that, under a separate contract with the UK Paper Federation, I have been asked to speak at this meeting about "Mutual Recognition of Credible Certification Schemes".

2 Development of certification in Europe

2.1 United Kingdom.

The UK is progressing rapidly with the development of a national certification scheme in line with its target to ensure full operation by the end of 1998. In facilitating the development of the scheme, the UK's Forestry Commission has been successful in ensuring the continuing participation of all interests including forest owners, members of the 1995 Plus Group, representatives of the FSC and other ENGOs. Despite the presence of FSC representatives throughout the process, the scheme has effectively been developed outside the FSC framework and may not be endorsed by the FSC Board at the end of the day. However, as members of the 1995 Plus Group have been intimately involved in the scheme's development, it will be difficult for them to reject the finalised certification system even if FSC fail to endorse the scheme.

A second draft of the forest certification standard, or "Audit Protocol", has now been produced. This has been tested on a pilot basis during the summer. A Technical Working Group is meeting to finalise the document during the week beginning 14 September.

In the meantime, the Forestry Commission and FICGB, the umbrella organisation representing UK timber growers and processors, has met with the United Kingdom Accreditation Service (UKAS) for preliminary discussions about the accreditation arrangements for certifiers operating the scheme. It appears that FICGB, the Forestry Commission and Department of Trade & Industry are fairly supportive of UKAS being the primary accreditation agency. This would mean that all certifiers would have to be UKAS accredited regardless of whether or not they were accredited by FSC.

Certifiers that are not accredited within the FSC framework would also be able to certify under the scheme. WWF, the certifiers (notably SGS), and a number of larger UK mills (who want the FSC logo without extra cost), are resisting this proposal.

It is likely that the scheme will be renamed the Woodland Assurance Scheme and managed by a Steering Group including Government, NGOs and industry. Other countries, notably Finland, Norway and British Columbia have been taking a close interest in the scheme. By bringing all interests into the process early on, and by ensuring that forest owners and retailers were involved in the same discussion groups, the Forestry Commission seems to have succeeded in developing a system which is broadly acceptable to both interests. They are also providing a practical demonstration to 1995 Plus Group members that national certification schemes can be at least as “credible” as FSC based schemes. On the down side, if the scheme is finally endorsed by FSC, this will intensify the pressure on other producers supplying to the UK to obtain similar FSC endorsement.

2.2 Europe’s small forest owners

Associations representing small forest owners from five European countries, including Finland, Germany, Austria, France, Norway are involved in a series of discussions with the aim of developing a European framework for timber certification which reflects their needs. The initiative is described as a “stakeholder initiative” and does not involve the European Commission at this stage. However, depending upon progress, the project may result in a proposal to the European Commission for a Pan European Certification Framework.

According to contacts at the Finnish Forest Industries Federation, the target is to agree most of the details of a certification framework by the end of this year. This is clearly an ambitious target and meetings are going on “almost on a weekly basis” in an effort to meet it. Some industry contacts are sceptical of the success of the initiative given that French, German and Austrian forest owners have staunchly resisted any form of third party auditing for their forestry practices. There is some suspicion that forest owners in these countries are looking only for a framework that will rubberstamp and promote their existing government legislation and regulatory frameworks without any additional development of certification standards or new auditing requirements. The Finns, on the other hand, are pushing as a model their national certification approach that has involved the formulation of new standards and incorporates independent auditing procedures to improve credibility. The Finnish Forest Industries Federation claim that the Germans, French and Austrians are moving more towards acceptance of their approach which they hope will provide the basis for mutual recognition of wood products certification in Europe.

It is intended that the certification scheme will be based on the Helsinki criteria for sustainable forest management in Europe. Certification and monitoring will take place on a regional level as forest certification of single forest holdings is regarded as too costly. The certification scheme is being developed by a working group with representatives from the 5 leading countries. The working group is being chaired by Mr Martin Strittmatter, executive director of the German Forestry Board. There will also be a steering group with invited representatives of various interest groups from other European countries.

2.3 Finland

Finland's national certification programme is advancing as scheduled. Four expert groups have been working actively on the details for implementation of certification. Final reports of the Working Groups will be published and released at an international seminar scheduled for 28 October in Helsinki. Guidelines for regional group certification are being prepared. Work is also underway to develop a chain of custody label using a per-centage based system. By doing so the procedures will avoid physical log tracking, which is regarded as impossible in Finland due to the industry drawing timber from 130,000 to 150,000 small purchase contracts per year. Institutional frameworks for accreditation and auditing are being finalised. Large scale certification is due to start in early 1999.

A "National Working Group for FSC-Standard" has also been established in Finland, although not with formal FSC endorsement. Its members derive from 6 environmental ENGOs which intend to rewrite the certification criteria agreed by the National Certification Group in April 1997.

Finland's Ministry of Agriculture and Forestry has released a "non paper on a possible EU framework for certification of sustainable forest management (and related labelling)" (copy attached). The Finnish government are due to take over the Presidency of the EU in the second half 1999 and intend to make forestry a central feature of European discussions during the six month period.

3 Development of certification outside Europe

3.1 Malaysia

The National Timber Certification Council of Malaysia (NTCC) is expected to be fully operational early next year. The NTCC, currently operating under the auspices of the Ministry of Primary Industries, is being registered with the Registrar of Companies. It will be an independent company limited by guarantee with no shareholding. Its main function will be to accredit forest certification bodies and assess the professional competence of auditors in Malaysia.

To date, Malaysia's certification scheme, developed jointly with the Keur Hout labelling programme in Holland, has been operating on a pilot basis in 3 states: Selangor, Pahang, and Terengganu. It is now being expanded to cover 5 more states: Kedah, Perak, Johor, Negri Sembilan and Kelantan. Extension of the scheme into the 5 new states will cost around M\$600,000 (US\$160,000). This means that the whole of West (Peninsular) Malaysia, with the exception of Perlis, will be covered by the scheme. The scheme has not yet been extended to Sabah and Sarawak.

The pilot project, which began in 1996 in the first 3 states involved the certification and labelling of sawn timber, plywood and moulding products which were then exported to Holland and tracked by Keur Hout to the end user. As of July this year, 8,996 m³ of sawn timber had been shipped to Holland under the pilot study. 29 Malaysian companies have been registered as meeting the scheme's requirements for chain of custody monitoring and the export of labelled products (list attached). Malaysia is urging the Dutch government and Keurhout Foundation to promote their Hallmarking system to other European Union countries.

3.2 FSC

FSC have just released guidelines for group certification of small forest owners. A copy is enclosed

4 Market Developments

4.1 UK importers endorse mutual recognition concept

The Paper Federation and Timber Trade Federation may soon be collaborating in a project to push the concept of “Mutual Recognition” within the UK and Europe. The Paper Federation Certification Working Group, established around 2 years ago to develop paper industry policy on certification and to undertake direct negotiations with 1995 Plus Group members, is developing a comparative reporting framework for certification schemes. The approach advanced by the Paper Federation is likely to be endorsed by the TTF, so that it encompasses the full range of wood product importers in the UK.

The reporting framework is being built around a series of Criteria and Indicators (C&I) drawn up by the Working Group to define the elements of a “credible” certification scheme. A questionnaire is being developed, based on the C&I, to be issued to the governing bodies of all national, regional and FSC based certification programmes (NB. AF&PA’s SFI and the American Tree Farm System will be included in this distribution). The framework is based very much on compliance with existing ISO Guidelines for accreditation and certification, the use of ISO14001/EMAS, and the provision of adequate institutional arrangements for broad participation in standard setting. Data gathered from the questionnaire will be used by the UK’s importing industry to compare the “credibility” of national/regional approaches to certification developed outside the FSC, against FSC certification on the basis of objectively derived criteria. The information will also be used to advise members of the Paper Federation and Timber Trade Federation of the status of different certificates marketed in the UK.

While the project currently focuses on the gathering and analysis of comparative data on certification schemes, the framework may be developed further to provide a basis for the “mutual recognition” of national/regional approaches to certification. The Paper Federation/TTF will be pushing the framework as their contribution to the debate on “mutual recognition” of certification schemes in Europe.

The approach has also been presented to the British Retailers Consortium, an organisation that includes many of the largest members of the 1995 Plus Group. The British Retailers Consortium seem ready to endorse the approach, and are preparing their own paper on mutual recognition. In effect this may mean that members of the British Retailers Consortium will be advised to accept any label or certificate for wood products that can demonstrate “credibility” against a set of objective criteria.

4.2 UK Local Authorities and Government Timber Procurement

The WWF/Soil Association project to encourage pro-FSC specification of timber products in Local Authority procurement is continuing. A number of further seminars have been arranged (Durham County Council, North Wiltshire District Council and Guildford Borough Council). Several more are in the pipeline (Lewes, Redbridge,

Powys, Ireland). The timber trade, through the Timber Trade Federation/Forests Forever, were invited to speak during previous seminars and actively promoted alternative certification schemes to FSC. However it is not clear whether this arrangement will be maintained in the future. There are also seminars being arranged for Local Authorities by an independent consultant in central and southern England to advise on timber procurement policies. The consultant, who is evidently pro-FSC, seems to be motivated by a desire to generate consultancy work for himself.

Following intense lobbying by Friends of the Earth in relation to Brazilian mahogany purchased by the Ministry of Defence, the UK government has announced a review of its timber procurement policy. The review covers all timbers, both temperate and tropical. The UK's TTF has been busy making representations to the UK's Environment and Trade Ministries to ensure the policies are not overly restrictive.

The Government review is also related to a "Greening Government" initiative launched earlier this year by the Environment Minister. The initiative includes a Model Environmental Policy Statement which departments are supposed to adapt for their purposes. Timber is the only building material specifically referred to in these documents which state, that as far as possible timber should be from "sustainable sources" backed by "documented proof or, if available, independent validation under an internationally recognised certification or eco-labelling scheme."

4.3 Dutch legislation now being considered by the EC

The Dutch Legislation to introduce mandatory labelling of forest products has now been sent to the European Commission for review. The Dutch Timber Trade Federation have asked their European counter-parts to send letters challenging the validity of the legislation, pointing out that it conflicts with the Treaty of Rome and WTO commitments.

4.4 FSC critique

TTJ and Wood Products International on 29 August published a 2 page interview with J-P Kiekens of Brussels University and Environmental Strategies Europe. Kiekens has long been a leading critic of the FSC. The article (attached) points to a number of FSC certifications raising question marks over their credibility.

5 Environmentalist campaigns

Environmental group activity is split along the following lines:

Friends of the Earth are focusing on Brazil, doing all they can to finish off an already decimated trade in Brazilian mahogany to the UK. UK trade in the species has declined from levels of over 30,000 m³ per in the early 1990s, to around 5,000 m³ today. The decline has much to do with price, as the species is no longer price competitive with other tropical redwoods. However environmental campaigning has also served to decimate the species public image. Demonstrations have been held outside several timber yards in the UK. However the big importers of the species, Timbmet and Meyer International, have managed to avoid demonstrations by engaging in a concerted dialogue with environmentalists.

Greenpeace continue to focus on British Columbia. They have been particularly scathing of the claims by Interfor and Western Forest Products about achieving FSC certification by the middle of next year. They have implied that if this occurs it will bring the whole FSC process into disrepute.

The WWF, while continuing to lead on certification and protected areas, have recently added an Endangered Species Campaign to their schedule. The Campaign is a follow-up to the publication in August of a report by the World Conservation Monitoring Centre, based in Cambridge, UK. The report, the "World List of Threatened Trees", states that 8,700 tree species (10% of tree species world-wide) are under threat. Of these, some 279 species are native to the USA. None of the US species are commercially traded timber species. The WCMC website refers to only 40 threatened species in trade (list attached). However the WWF claim that the timber trade is the principal threat to over 1000 of these species. Inevitably, they also claim that consumers can ease the threat to these species by purchasing from FSC certified sources.