

Report for AF&PA

**Trade and Environment
Program in Europe**

July-August 1999 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 1999

Highlights

- B&Q endorse Finnish forest certification scheme
- Nordics seek rapid endorsement by Pan European scheme
- FSC and WWF stall UK involvement in Pan European scheme
- Malaysia gets closer to the FSC

1 Meetings

No meetings to report.

2 Development of certification in Europe

2.1 Pan European Certification Initiative

The technical document used to assess national certification programmes under PEFC was approved at the PEFC General Assembly on 30 June. Those members of the PEFC that have operational certification programmes are seeking early recognition for their schemes under PEFC so they can start marketing wood under the Pan European logo. Finland's National Forest Certification Council, Norway's Living Forests Project and the EMAS/ISO14001 linked certification program operated by Sweden's non-industrial owners, are all expecting PEFC endorsement by the end of the year.

The German Forest Certification Council (GFCC) was founded in Bonn on 21 July to act as the governing body for forest certification in Germany and the nation's PEFC member body. The Council includes representatives from private, municipal and state forests, conservation and vocational bodies, forest industry and trade unions. The major German environmental groups have boycotted the Council. Despite a late start, GFCC is determined to keep up with its Nordic counterparts and has set the ambitious goal of achieving PEFC recognition before the end of 1999.

Concerted efforts are also being made in France to develop a certification scheme in accordance with the PEFC criteria by spring 2000.

So far, PEFC has not gained the support of environmental groups. B&Q, the UK's largest DIY retailer and member of the 1995 Plus Group, have also issued a policy paper (see below) implying they are unlikely to endorse the scheme without FSC involvement.

Preliminary press reports suggest that roughly 10 million hectares of European forest might be certified under PEFC by spring next year. The next PEFC Board meeting is to be held on 30 September.

2.2 United Kingdom Woodland Assurance Scheme

2.2.1 Links between UKWAS, FSC and PEFC

The main story in the UK is the continuing efforts by WWF and FSC to ensure UKWAS is tied firmly into the FSC umbrella and to block the development of formal links with PEFC. Stalling tactics are being employed to delay developments until FSC/WWF feel they are better placed to present UKWAS as a formal part of FSC. They are relying on a large area of Forestry Commission woodland being certified by SGS using the UKWAS audit protocol and subsequently labelled with the FSC logo before the end of 1999. They are also hoping that the FSC Board will formally recognise UKWAS as an FSC compatible program at their meeting in October.

As one stalling tactic, WWF/FSC are delaying the establishment of UKWAS as a legal entity. WWF/FSC representatives in the UK are delaying agreement over the legal structure of UKWAS until they have had time to consult their respective international counterparts. As PEFC rules require national certification bodies to be legally constituted, their delay has effectively blocked UKWAS entry into PEFC.

The debate is also continuing over the possibility of strengthening UKWAS identity by establishing its own independent logo and product label. This could be achieved by the development of separate chain of custody systems and national level accreditation arrangements for certifiers through the United Kingdom Accreditation Service. This approach is being firmly resisted by WWF and FSC, who argue that the existence of the FSC procedures and label render national level arrangements unnecessary. However forest owners and industry are less keen for the scheme to be wholly dependent on the Forest Stewardship Council.

2.2.2 Chain of custody and % based environmental claims

Technical discussions revolving around the development of chain of custody and FSC labelling of products from UK forests are on-going. An "informal working group" has been established bringing together UK producers of wood based panels, members of the WWF 1995 Plus Group, and environmental groups to consider the format of labels. The exact status of the group is unclear, but UK contacts believe it may have a significant impact on the future development of overall FSC policy on product labelling.

Under current FSC rules, products can only be labelled if they meet a 70% threshold input of FSC certified raw material (recycled content is excluded from the calculation). At a meeting at end August, the working group proposed a new policy to replace the threshold limit. Many FSC producers have argued that the 70% threshold is unrealistic in circumstances where wood is supplied from numerous small owners. Swedish industry has been particularly against the threshold limit. Despite certification of industrial lands, Swedish corporations' continuing heavy reliance on uncertified non-industrial forests has meant they are having difficulty reaching the threshold. Domestic suppliers to the WWF 1995 Plus Group are worried the situation will be repeated in the UK.

The Working Group has proposed "truth labelling" as an alternative to the threshold limit system. Product labels would simply set out in percentage terms the proportion of raw material input that is: a) recycled; b) non wood fibre; c) FSC certified; and d) other wood fibre.

Batch labelling would be allowed and calculated over a maximum 30 day period as a rolling average for all classes of production process including chip and fibre production, assembled products, and solid timber. However, this system would not preclude the producer from continuing to segregate solid timber for example and processing 100% FSC timber and stating that fact on the label. Consistent with the "truth" policy, where batch labelling has been used labels would have to state "*x% average of the batch*". However where the FSC logo applies to the exact amount of FSC material in the product the words "*x% of this*

product...” could be used. The Working Group also proposed that systems be established to ensure continuous improvement in the proportion of FSC wood contained in specific products.

The Working Group also tried to establish a policy for the “other wood fibre” portion of a product with less than 100% FSC certified content. They proposed that suppliers must provide chain-of-custody auditors with a declaration of the source of all non FSC endorsed virgin wood. The declaration must state the species and country, region, and forest management unit of origin. The Group noted that “*further discussion is needed on the level of declaration needed where there are hundreds of thousands of small suppliers to the processor. It is anticipated that the regional level will be adequate*”.

2.3 Forest Certification on EU Agenda

The Finnish government is hoping for further discussion on forest certification issues at EU level within the scope of their presidency of the EU Council. The Finnish Minister for Agriculture and Forestry, Kalevi Hemila, intends to put discussion of the EU Strategy Paper on Forestry developed last year, together with the PEFC, on the agenda for the EU Council meeting in Fall 1999. However, in view of the low priority accorded to forestry by other member states, no major developments are expected.

2.4 FSC briefs

The German state of Schleswig-Holstein has announced that the 50,000 hectares of forest under its ownership would be officially certified by the FSC in October. This will double the area of Germany's forest certified by the FSC. Germany is currently into its second draft FSC National Standard which has been developed without the participation of the principal forest owner associations.

The FSC claimed a “breakthrough” when a local authority in London's outer suburbs became “the first municipality in the world to receive certification for its street trees”. Waste from the trees is being used to make charcoal for sale for local barbecues, as part of a national scheme run by local sustainability action organisation BioRegional. The trees apparently make up 8% of land area in the borough of Croydon, which is 1% higher than the average across the whole of England

3 Development of certification outside Europe

3.1 FSC Director responds to critics

FSC has recently been subject to criticism from within its own ranks. The main criticism centres around the belief that FSC no longer serves those for whom it was originally intended. It has moved away from its original aim, seen as providing market access for small environmentally sound projects primarily in the tropics, to become a marketing exercise for large commercial interests (see report of FSC Critique in June Report).

Tim Synnott, FSC Director, has responded to his critics with an article on the FSC website (www.fscoax.org) entitled “FSC and Tropical Rainforests”. In this article he stresses the efforts being made to expand FSC in the tropics, referring to “new funding” allocated for this purpose. He notes that “*there now national initiatives, developing standards and promoting forest certification, in more than forty countries. These include many tropical countries, such as Bolivia, Brazil, Cameroon, Colombia, Costa Rica, Ecuador, Gabon, Ghana, Guatemala, Indonesia, Malaysia, Mexico, Nicaragua, Papua New Guinea, Peru, Solomon Islands, Vietnam and Zimbabwe....Forest management certificates, endorsed by FSC, are distributed in Africa, Latin America and the Asia Pacific region. These currently cover more than 50 certified units, in eighteen countries, with an area of 3.4 million hectares*”.

On the question of the relatively higher areas of certified forest in the north than the south (there are 13 million hectares of certified forests in the developed world), Synnott suggests that *“one major constraint is that there are only small areas of well-managed forests in the tropics” and that “the situation is not improving”*. He believes that growing international demand for certified forest products will contribute to *“a steady increase the areas of well-managed forests in the tropics.”* He suggests that *“another constraint is that many northern countries have raised their own funds to develop national standards, initiatives and buyers groups, while southern countries have had greater difficulty in finding funds. FSC itself has raised over one million US dollars to support national standards and certification initiatives in tropical countries, and southern participation in FSC activities.”*

FSC has also been criticised on the grounds that all the certification bodies now accredited by FSC are based in northern countries. This could lead to discrimination against tropical countries. In response he notes that *“all [the certification bodies] have networks of partners and collaborators in the tropics. Assessments in the tropics are now usually carried out by experienced national staff and consultants, thus helping to reduce costs.”*

3.2 Malaysia and FSC cooperate

Tim Synnott, FSC Director, met with representatives of Malaysia's National Timber Certification Council in early September as a follow-up to the agreement reached in March 1999 to promote cooperation between the two schemes. Since the agreement was reached, FSC have obtained funding from the WWF-World Bank Alliance for the specific purpose of enhancing collaboration between FSC, NTCC Malaysia and the Indonesian national certification programme (Lembaga Ekolabel Indonesia - LEI).

It was agreed at the meeting that a comparative review of the FSC Principles and Criteria (P&C) and the Malaysian Criteria, Indicators, Activities and Management Specifications (MC&I) should be carried out. The work would be carried out jointly by an FSC and NTCC consultant and the final report would be submitted to both the FSC and NTCC Malaysia within four weeks. The review would be used as input to Malaysia's national-level consultation on the development of the MC&I which is scheduled for 18-21 October. FSC would be represented at this meeting. In the meantime, all FSC accredited certifiers operating in Malaysia would be asked to contact NTCC Malaysia during pre-assessment studies for certification and to use the MC&I during assessments.

It also became apparent at the meeting that WWF UK and WWF Malaysia were to provide funding for a Malaysian trade workshop on FSC certification. This is likely to take place on 8-9 March 2000 in conjunction with the Malaysian International Furniture Fair (MIFF) in Kuala Lumpur. The Workshop may be merged with an NTCC Forum planned as part of their consultation process.

3.3 Progress towards a Malaysian national scheme

Progress towards development of a national certification scheme in Malaysia was set out in a paper presented by the CEO of Malaysia's NTCC at the WWF 1995 Plus Group Annual Conference during June. NTCC work during 1999 includes a programme, under the Malaysia-Netherlands pilot study, to evaluate forest management in five more states of Peninsular Malaysia. This extends work carried out between 1996 and 1998, to evaluate 3 of Peninsular Malaysia's 11 states against the MC&I. Around 15,000 m³ of wood from these 3 states, assessed and labelled as “Declaration” timber by SGS, was successfully marketed in Holland through the Keur Hout trademark scheme in 1998.

Malaysia's 1999 programme also includes identification and appointment of local assessor organisations; modification of the MC&I in the light of recent amendments to the ITTO Criteria and Indicators (on which the MC&I are based); specific work to develop a scheme for

rubber plantations; training programmes for timber and assessor companies; and consultations with interested parties.

The paper suggests that *“even if Malaysian companies decide not to wait for the NTCC scheme and instead get their products certified under some existing scheme, the volume of timber products available to the market would not be substantial, given the fact that Malaysian timber companies, with few exceptions are generally medium to small sized operations. It is only through a national and integrated scheme that substantial volumes of certified wood products can be supplied to the markets concerned. NTCC therefore hopes that importers and buyers, especially members of the WWF 1995+ Group, can show more flexibility in terms of implementing deadlines for supply of certified timber products.”* It is also noted that Malaysia’s problems in developing a national certification scheme are being *“compounded by the fact that importing countries within Europe have adopted different standards with regard to forest management certification; producer countries therefore have to make adjustments to meet the requirements of each market”*

3.4 Brazilian National Scheme

Brazil is planning to launch a national certification scheme, initially focusing on plantation forests in the South, by the end of 1999. The scheme is being developed by Brazil’s national standards association, ABNT, under the acronym CERFLOR. The scheme has evolved from an initiative of the Brazilian Society for Silviculture beginning in 1993. The scheme is currently being pilot tested to assess practical application and likely costs. The scheme includes independent assessment of forestry practice which will be carried out by ABNT’s own auditors. Certification procedures have been developed to comply with ISO Guidelines for third party auditing and accreditation. The standards for the scheme have been developed with the active support of the full range of interests (WWF included), and consultation with well over 100 organisations country-wide. Both the FSC Principles and Criteria and the ITTO Guidelines were considered during formulation of the standard. However, the scheme does not link in with ISO14001 EMS standards.

4 Market Developments

4.1 B&Q accepts Finnish Scheme

B&Q, the UK’s largest DIY retailer and ardent commercial advocate of the Forest Stewardship Council (FSC), reports that it is on course to achieve its target of 100% certified forest products by the end of the year. To achieve the target, B&Q are relying heavily on rapid FSC certification of the UK forest estate. They also appear, for the first time, to be endorsing a certification program that has been developed outside the FSC umbrella.

B&Q’s “Position Paper” of 30 July 1999, notes that, in order to achieve their target, B&Q are accepting certification through the Finnish National Forest Certification Council. In accepting Finland’s national certification scheme, B&Q explain that *“Finland is a very significant source for us. Whilst reviewing the historical context of our policy we must not forget that other than one very isolated example, B&Q has never been criticised for buying wood from Finland. We have also been encouraged by the determination of the Finnish industry to create a scheme that meets our needs.”* While encouraged by the efforts of some other national certification schemes, for example the Indonesian LEI scheme, to work towards mutual recognition with FSC, they note that *“at this stage the only other scheme we are prepared to accept is the Finnish scheme. However “we are currently reviewing the Indonesian and Norwegian scheme and a review of all other schemes should be completed by January 31 2000.”* They imply that the Pan European Scheme is unlikely to meet their requirements because mutual recognition with FSC is unlikely.

They argue against the development of certification schemes as competitors to FSC. However, they also suggest that forest management certification should be separated from product labelling. Their "ideal model" is for national schemes operating throughout the world to take responsibility for forest management certification. These would all be recognised by a global umbrella scheme to take care of the "chain of custody" and award the product label. FSC remains their preferred option for the umbrella scheme.

B&Q's position paper notes that 9.5% of the companies product range of 14700 wood-based products is currently FSC certified. A further 56% of their product range is "on track" to be certified by 31 December 1999. Under this category are included all of their UK sources. B&Q are confident that the recent launch of the United Kingdom Woodland Assurance Scheme (UKWAS) will deliver large volumes of wood to the required certification standard within the next 4 months. Of the remaining 34.5% of their products, they are confident that 14% "can be obtained from certified sources within the deadline although more activity is required"; and 19.5% come from Finland. 1% are products for which it will be difficult to achieve certification, and will be discontinued.

B&Q's recognition of Finland's certification scheme has created tension within the 1995 Plus Group. Sainsbury's Homebase has expressed concern over the implications of B&Q's move, which was carried out without discussion within the Group, for the future development of Group policy.

5. Environmentalist campaigns

Environmentalist campaigns seem to have reverted squarely back on tropical forest issues. Environmentalists have published two new reports, both of which focus almost exclusively on tropical forests.

According to press reports, Greenpeace "Buying Destruction" report presents "*the findings of its most recent research into the logging industry's activities in the world's remaining old growth forests. Drawing on recent literature and contact with both forest products companies and a range of environmental organisations, the report discusses current threats to ancient forests, outlines the difficulties in tracing the origins of forest products and summarises the implications of these both for consumers and for forests. The report concludes with details of more than 150 logging companies active in the production or trade of old growth forest products. Countries covered are: Brazil, Cameroon, Canada, Chile, Gabon, Guyana, Indonesia, Papua New Guinea and the Solomon Islands, Russia and Suriname.*" The report is aimed "*primarily at corporate consumers of forest products*". The report was reviewed in the UK national press. The Daily Express noted that "*Any company or industry associated with, or considered to be associated with, the destruction of the rainforests has a PR disaster on its hands.*" The report is due to be published in late September.

A network of ENGOs including Friends of the Earth, Greenpeace, the Rainforest Foundation and the Environmental Defence Fund has just issued the "Life After Logging" report which they claim provides "proof" that commercial logging in tropical forests threatens the survival of species, destroys forest communities, damages local environments and "exacerbates the dangerous climate change crises". The report suggests that ITTO Objective 2000 has been an abject failure. Most of the report is devoted to a selective summary of research work designed to show that logging tropical primary forest is damaging and economically non viable. They conclude that tropical forest logging should adhere to the "precautionary principle" and be subject to independent certification. They also suggest that more emphasis should be placed on "conservation initiatives".

R. Oliver 10/9/99

