

Report for AF&PA

**Trade and Environment
Program in Europe**

July-August 2000 Report

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“INFORMING THE SUSTAINABLE WOOD INDUSTRY”

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Technical Report for July/August 2000

Highlights and Commentary

As usual, the summer was a relatively quiet time for the forest certification debate in Europe. There were no significant international meetings focusing specifically on sustainable forestry or forest certification. Perhaps the most significant event was the endorsement by the Pan European Forest Certification Council (PEFCC) of two more national certification schemes – in Germany and Austria – bringing the total to five. In the process, PEFC has overhauled FSC on the simplistic measure of total area of forests certified. PEFC now accounts for over 20 million hectares of certified forest, while FSC accounts for around 18 million hectares.

Certifiers accredited under both the PEFC and FSC schemes have been busy auditing forests on the ground during summer. The remaining uncertified forest regions in Finland are currently pursuing certification through the PEFC endorsed Finnish national scheme. By the end of this year nearly the entire forest area of that country will be independently certified. Half of Germany's forest area will be PEFC certified by the end of the year. As far as the FSC is concerned, the next large European area to be certified is likely to be the Coillte state forests of Ireland covering around 347,000 hectares, primarily softwood plantations. FSC also reported some progress in Switzerland during the summer, and announced that a small number of Finnish forest owners are now seeking FSC certification – rekindling the debate over the relative merits of FSC and PEFC in the Nordic country.

On the market side, there is evidence that European retailers and publishers are becoming increasingly concerned over the low levels of FSC certified wood available, and that they would like to see greater co-operation between different certification schemes to overcome this problem. Mutual recognition is increasingly seen as a large part of the solution.

News that Greenpeace is having severe financial difficulties emerged during the summer. This seems to be reflected in the intensity of environmentalist direct action now focused on the timber trade – which seems tame by comparison with the late 1980s and early 1990s. Those campaigns which are being undertaken focus primarily on illegal logging in the tropical sector. There is some evidence that European environmental groups have refocused campaigning into two areas: firstly issues of more immediate and direct public concern – including GM crops, food safety and transport; and secondly direct lobbying of international organisations, notably the WTO, World Bank and IMF. It remains to be seen if this is a temporary lull, or indicative of a more lasting trend.

1 Meetings

There were no large international meetings focused specifically on sustainable forest management or certification during the summer months. There was however a potentially significant development at inter-governmental level at the G8 summit in Japan during July. After a UK initiative to increase international action to prevent illegal logging, the G8 endorsed the following statement in their final communique: "*We will examine how best we can combat illegal logging, including export and procurement practices.*"

A number of potentially significant meetings are being held during the Fall:

- The International Forest Industry Roundtable will be meeting in Australia between 24 and 27 October. A key focus of the meeting will be to discuss the IFIR Working Group report finalised in June on the development of an "international mutual recognition framework system" for forest certification.
- A second international seminar on mutual recognition of forest certification schemes, to follow-up the first seminar arranged by the Pan European Forest Certification Council in June 2000, is planned to be held in Brussels on 29 November. The seminar is being jointly hosted by the Confederation of European Paper Industries (CEPI), IFIR and PEFC.
- The World Bank/WWF Forest Alliance are holding a workshop on forest certification in Washington DC, 9-10 October 2000.

- The FSC are holding their 2nd Annual Conference between 9 and 13 November. The focus of the meeting will be a discussion of three issues: indigenous people, community forestry, and workers' rights.

2 Development of certification in Europe

2.1 Pan European Forest Certification Scheme

2.1.1 German and Austrian schemes endorsed

Two additional national forest certification schemes were approved by the Pan European Forest Certification Council (PEFCC) during the summer. The German and Austrian Forest Certification Schemes were endorsed on 31 July and 6 September respectively with the unanimous agreement of the PEFCC member forums in 14 European countries.

The German scheme aims to accommodate about 1.5 million woodland owners with an average woodland size of 3.5 hectares. Around 3.5 million hectares of the country's 5.3 million hectares of forest are expected to be independently certified through the scheme by the end of the year.

The Austrian scheme is designed to accommodate the nation's 213,000 non industrial forest owners, accounting for 4 million hectares of forest and covering nearly half the land area of Austria.

A total of five national certification schemes have now been endorsed by PEFCC (Finland, Sweden, Norway, Germany and Austria). The total area of PEFC certified forests now amounts to just over 20 million hectares.

2.1.2 Lower quality softwood suppliers

Latvia and Portugal, two leading suppliers of lower quality softwood to European markets are in the process of developing PEFC national schemes.

PEFC Latvia intends to have a fully operational national certification scheme ready for PEFCC endorsement by 2001. Forestry standards are currently being developed by the PEFC Latvia Council, a participatory organisation which is supported by a wide range of interest groups including industry associations, government departments, forest owners associations, wood processing enterprises, and a number of local environmental and social interest groups, such as the Latvian Nature Foundation. Independent certification bodies will be accredited by the Latvian National Accreditation Bureau (LATAK), and their forestry competence subject to re-assessment every three years. Currently only one national certification body has been identified – an independent organisation called "Forest – Riga".

The PEFC Latvia certification system is targeted specifically at the private non-industrial forestry sector, and will include group certification procedures. The intention is also to provide state subsidies to forest owners implementing the scheme. One significant area of uncertainty is the role of the Latvian State Forest Service, which currently is not participating in the scheme. The State Forest Service is responsible for the management of all Latvian state forest lands and also regulates forestry operations on private lands. Despite a far-reaching process of forest privatisation, the state forest enterprise remains the main supplier of Latvian softwood to international markets. In the past the State Forest Service has been closely involved with the WWF and taken preliminary steps towards eventual FSC certification. Latvia's forest area amounts to 2.7 million hectares (42% of land area), with growing stock of 489,000 m³. Forests are of boreal type dominated by coniferous trees particularly Scots pine and Norway spruce.

PEFC Portugal is developing a national forest certification scheme designed to accommodate the nation's full range of forest types and ownerships. The scheme was initiated by the state forestry organisation, DGA, and by the industry association AIMPP. There has also been broad participation from other relevant government departments; industry and forest owner associations; certification bodies (including SGS); and one local environmental organisation (CPN). Forestry standards are currently being drafted by the Instituto Portugues da Qualidade (IPQ), Portugal's national standards institute. IPQ operates in line with procedures established in ISO Guide 66 for accreditation bodies and will be responsible for assessing the competence of certification bodies. Forest management standards are not expected to require full compliance with ISO14001, but will include many components of the environmental management systems approach. No target date has been set for finalisation of the scheme.

Portugal's leading commercial species for the production of sawn lumber is Maritime pine, of which there are plantations covering around 1 million hectares. Eucalyptus plantations covering around 700,000 hectares provide pulp for paper production. Due to an ambitious forest plantation program, between 1985 and 1995 the growing stock of Portugal's forests increased by around 37% from 201 million m³ to 276 million m³. Forest area continues to expand at a rate of around 15,000 hectares per year.

2.1.3 PEFC UK

Efforts to develop a UK-based PEFC certification scheme by the Timber Growers Association, which represents non industrial forest owner interests, remain entrenched due to continuing disputes with environmentalists. The green lobby have criticised the draft constitution drawn up for the UK PEFC scheme on the grounds that it does not encourage participation by environmentalists. Environmentalists are also trying to prevent PEFC UK using the forest standard agreed last year by the UK Woodland Assurance Scheme (UKWAS). The UKWAS standard was developed by a fully participatory working group facilitated by the Forestry Commission, and has been endorsed by all the leading UK forest interests including industry, owners, government and environmentalists. It was later endorsed by FSC International as compatible with the UK's FSC national standard, and now forms the basis of FSC certification in the UK. TGA hopes to use the UKWAS standard for the PEFC scheme so that forest owners may eventually obtain both PEFC and FSC certification through a single auditing process.

2.2 Finland

The debate over the relevant merits of PEFC and FSC certification in Finland was revived over the summer with the announcement by WWF Finland that, for the first time, five Finnish private forest owners were seeking to acquire FSC certification. According to a report by the Environmental News Service, the WWF claim that a national FSC working group should be in place "within a month," and have suggested that the FSC will "gradually become the leading certification program in Finland".

However, the WWF's claims have been dismissed by representatives of the Finnish Forest Certification System (FFCS). Hannu Valtanen, spokesman for the FFCS notes that "we've already completed certification procedures for eight of Finland's 13 regions, and expect to have 96-98% of forests in the country under our umbrella by the end of the year." He also notes that the scheme has been given a considerable boost by the decision last year of B&Q, the UK's largest home improvement retailer, to recognise the Finnish national label. B&Q has been one of the most enthusiastic commercial supporters of FSC certification.

2.3 Switzerland

Like other European countries, Switzerland's forest sector is split in their support for PEFC and FSC. WWF announced during July that 12% of Swiss timber supplies will be FSC certified by the end of 2000, following recent and forthcoming audits in several parts of the country.

In four Swiss cantons - Solothurn, Aargau, Zürich, and Graubünden - various state-owned, community, and private forests were FSC certified in the Spring of this year. Audits of additional forest holdings in the cantons of Thurgau, Geneva, and Schaffhausen were continuing throughout the summer. WWF claim that, by the end of this year, 70,000 hectares of forests producing 12% of the country's timber will be FSC-certified.

Switzerland is also developing a PEFC scheme known as the Q-Label Certification System. This system relies on the Swiss Accreditation Service to assess the competence of certifiers. It has broad support from the Swiss wood industry and from forest owners. The Swiss forest authorities have been observers to the scheme. The scheme is already operational, but not yet endorsed by PEFC.

Switzerland has a WWF Buyers Group with around 20 member companies, including Migros, the country's largest retailer which is already offering a range of FSC timber products to its customers.

2.4 Ireland's state forests run into certification problems

Ireland's state forestry company Coillte have been seeking FSC certification during the summer. Coillte commissioned an independent assessment from SGS Qualifor to be undertaken in June. The assessment was to be based on (1) FSC's principles and criteria; (2) a draft National Forest Standard for Ireland (currently being prepared under the Irish Forest Certification Initiative); and (3) a Code of Best Forest Practice soon to be published by the Forest Service. All stakeholders were invited to comment on the assessment.

A report in the Irish Times suggests that environmental organisations have been severely critical of Coillte's application for FSC certification. The greens complained that most of the company's assets were plantations of non indigenous softwood species and that these species continue to be favoured over native hardwoods during replanting. The company has rejected the criticisms as unjustified.

During 1999, Coillte sold 1.42 million m³ of saw logs and 1.09 m³ of fibrewood. Over the next five years, Coillte's wood harvest is expected to increase by 50% as plantations established during the 1950s and 60s reach maturity. Coillte currently manages 347,000 hectares of productive woodland, mainly plantation grown softwood (sitka spruce). Coillte also holds a 35% stake in a joint venture with Louisiana Pacific Coillte Ireland (LPCI) Ltds which produces OSB at a site in Waterford. LPCI is the largest buyer of fibrewood in Ireland.

3 Development of certification outside Europe

3.1 IWPA endorses mutual recognition

On 27 July, the International Wood Products Association (IWPA) agreed a policy on forest certification which: a) endorses the rights of individual countries and companies to pursue certification schemes most appropriate to their operations; and b) endorses the development of an international mutual recognition system. The International Wood Products Association (formerly the International Hardwood Products Association) has 195 members globally, of which 95 trade in, and ship, imported wood products in the USA. Based just outside Washington DC, the association is committed to programmes for the development of imported wood products in the USA, including conservation, market research and industry standards.

4. Market Developments

4.1 Buyers seminars

Over the summer, at least two of the leading European wood producers held seminars on forest certification for their customers. In August, Stora Enso held a seminar in London for their major UK wood products buyers, many of which are retailer members of the UK WWF Buyers Group. More recently Assi Doman held a seminar in Germany attended by members of the German Buyers group, including retailers and some of the country's largest publishing houses. The WWF were present at both seminars. Although no written reports are available, verbal reports from the seminars suggest there is a fairly high degree of consensus amongst German and UK retailers and publishers on the forest certification debate. This consensus may be summarised as follows:

- Retailers and publishers are not particularly interested in the political debate between FSC, PEFC and other certification schemes. The industry needs to sort out the political divisions as soon possible and provide a simple solution for their customers.
- The current internal political debate within the forest sector – focusing on the issue of control over certification and emphasising competition between different schemes – is damaging the image of the whole industry.
- Industry-led certification schemes must gain the support of environmental groups if they are to be acceptable to retailers and publishers.
- However, FSC does not offer an adequate solution for retailers in its current form as it has failed to satisfy buyers' demands for commercial volumes of certified wood. FSC should be more open to negotiation with other certification schemes.

To many in the forest sector, the demands of European retailers and publishers will seem contradictory. On the one hand they tell the industry they are not interested in the political debate; on the other hand they feed that very debate by effectively giving one interest – the “mainstream environmentalists” - a right of veto over market acceptance of any forest certification program. But, on a more positive note, there are at least signs of growing willingness to acknowledge the potential of certification schemes outside the FSC framework.

4.2 Link between PEFC and B&Q

There are unconfirmed reports that Alan Knight of B&Q, the UK's largest home improvement retailer, has been appointed as a retailing advisor to the Pan European Forest Certification Council. B&Q has been a

leading commercial advocate of the Forest Stewardship Council, but have also been critical of FSC's inability to supply commercial volumes of FSC certified wood. B&Q recently released a draft policy paper recommending mutual recognition between FSC and other forest certification schemes.

4.3 FSC in the construction sector

FSC's inability to provide commercial volumes of wood at competitive prices have been a major factor limiting the scheme's impact in the European private construction sector. Although municipal authorities in certain countries – notably Holland, Germany and the UK – have sought to implement purchasing policies favouring FSC products, such commitments remain very rare amongst commercial construction companies.

In an effort to overcome resistance amongst construction companies, the WWF have been on the look out for "success stories" in the construction sector. Their most recent offering is to claim the world's "first FSC certified apartment building". The building was planned jointly by WWF Sweden and JM, a leading Scandinavian construction company, and is situated in Stockholm. Consisting of two linked five-storey houses, much of the structure is made of concrete, but also contains around 150 m³ of wood material. WWF claim the building "qualifies for an FSC-label" because more than 70% of the wood content is FSC-certified.

From the industry's perspective, the WWF's claim that an entire building should be FSC certified, despite containing a large quantity of concrete, may set an unhealthy precedent. Against a background of only limited availability of FSC certified wood, it creates an incentive to replace uncertified wood with non-wood materials on spurious environmental grounds.

4.4 CEPI certification database

The Confederation of European Paper Industries (CEPI) are planning to release a second edition of their comparative matrix of certification schemes during October. The matrix compares the credibility of various national and international certification schemes using a number of indicators to assess the independence, transparency, and reliability of each scheme.

5. Environmental issues

5.1 Greenpeace internal difficulties

The summer saw the publication of an article in the London Times noting the declining fortunes of Greenpeace. Drawing on Greenpeace's annual report, the article suggests the group "is in crisis and has had to slash spending, find millions of dollars to prop up its troubled U.S. group and rethink its strategies to try to reverse the decline in its fortunes". The group has recently had to cope with the departure of an Executive Director, the resignation of the entire board of Greenpeace U.S. and a virulent attack from Patrick Moore, one of its founders. Greenpeace membership has declined from 5 million in the mid 1980s, to only 2.4 million today. National offices are being forced to close in various parts of the world. One member of Greenpeace comments "*the public is bored seeing us chain ourselves to ships and cranes*". A copy of the article is attached.

5.2 Greenpeace focus on illegal logging and G8 summit

Greenpeace's campaigns in Europe over the summer have focused on illegal logging in the leading countries supplying tropical hardwood products to Europe, notably Brazil, Cameroon and Gabon. Their campaigns have taken the form of direct action protests against ships carrying tropical wood supplies, and the publication and distribution of new leaflets on illegal logging.

Greenpeace were also heavily involved in lobbying the Group of Eight (G8) countries before their summit in July, demanding that these countries "stopped subsidizing the destruction of the last ancient forests". Greenpeace claim, based on report compiled by the World Resources Institute (WRI), that the G8 are providing "perverse subsidies" to the forest sector to the tune of 3bn dollars. The WRI report, which was put together with financial support from Greenpeace, defines "perverse subsidies" as those causing forest loss or degradation and having no lasting positive impact on economic development, and especially points to Canada, Japan and the United States as the leading providers of subsidies. According to Greenpeace, these "perverse subsidies" included over 2bn dollars "lost" to the US federal government between 1992-1997 on sales of timber from national forests. During the summit, four Greenpeace activists were arrested and the group's ship - the Rainbow Warrior - was raided by riot police after they tried to deliver eight logs to the G8 leaders. The whole episode received only limited press coverage in Europe.

5.3 WWF Forest Fires campaign

During a period of severe forest fires in Greece over the summer, the WWF released a report jointly with IUCN - The World Conservation Union – seeking to raise political and public awareness of the problems associated with forest fires. They claimed that *"many more lives would be lost, livelihoods destroyed and vast areas of the world's most important forest ecosystems burnt to ashes unless urgent action is taken immediately by world leaders to address the underlying causes of forest fires before the next El Niño year hits - according to some experts this could happen in as little as 18 months time."*

5.4 WWF link FSC to investment criteria

In the UK, the WWF have sought to link the Forest Stewardship Council with new government regulations requiring occupational pension scheme trustees to state "the extent to which social, environmental or ethical considerations are taken into account in the investment process". They released a press statement in August encouraging occupational pension funds in the UK to invest in FSC certified forest product companies.

5.5 FoE quiet on forestry issues

From the forestry perspective, Friends of the Earth appears to have dropped out of the picture for the time being. European campaigns over the summer have focused primarily on more localised issues, notably the planting of GM crops, transport, air pollution and carbon taxes. Internationally, FoE are still active in the "anti-capitalism" campaigns focused on the World Trade Organisation and IMF.

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Greenpeace faces membership crisis

Offices around the world must turn a profit or close down, report says.

By Jonathan Leake

The Times of London, July 2000

London - Greenpeace International is in crisis and has had to slash spending, find millions of dollars to prop up its troubled U.S. group and rethink its strategies to try to reverse the decline in its fortunes, according to the group's annual report.

Its difficulties increased recently when Thilo Bode, 53, executive director of Greenpeace International, which oversees the 30 odd Greenpeace groups around the world, announced his departure.

This follows the resignation of the entire board of Greenpeace U.S., which was once the biggest national group but has been in disarray for several years.

In the past few weeks, the organization has also faced a virulent attack from one of its own founders. Patrick Moore has accused Greenpeace of being "dominated by left-wingers and extremists who disregard science in the pursuit of environmental purity."

At its peak in the mid-1980s the organization had more than 5 million supporters worldwide - including such celebrities as Sting, Elton John and Tom Jones, who supported its save the rain forest campaigns.

Fifteen years later, however, the picture is very different. By 1994, the numbers had dropped to 4 million and since then have fallen to 2.4 million.

Meanwhile, say insiders, Greenpeace has assumed some of the trappings of the global corporations that it attacks. Recently it rented an Italian hilltop village and flew in the heads of its national operations for a week-long meeting on policies and campaigns.

In the face of such costs it has been forced to tighten its belt, and the Amsterdam based international office, which licenses every other affiliated group, has begun insisting that national groups must make a profit or face closure.

Last week Bode confirmed that Greenpeace International is to close its office in Ukraine. Similar closures have already been imposed on the offices in Ireland and Scandinavia, where national groups have been merged into a single one called Greenpeace Nordic.

John Passacantando, Ozone Action's founder and executive director will become the new head of Greenpeace U.S.

Elsewhere, groups face increasing questions over tactics.

"The public is bored with seeing us chaining ourselves to ships and cranes", said one campaigner. "The trouble is, that's what we do best."