

Report for AF&PA

**Trade and Environment
Program in Europe**

June 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 June 1998

1 Meetings

The Technical Consultant attended no major European meetings during June. The following meetings are being held in the near future:

European Timber 98 - Wednesday 30 September - Thursday 1 October - organised by a private consultancy with a wide range of speakers from the European forest sector. The meeting will concentrate on recent changes in the European forest sector, including the effects of rationalisation and restructuring; and on various timber marketing and promotion issues (details attached).

UN/Economic Commission for Europe, Timber Committee, 55th Session 28 September - 1 October 1998, Palais des Nations, Geneva - a governmental session open to non governmental observers - will be discussing "Sustainable forest management in Europe - follow up to the Lisbon Ministerial Conference; follow up to CSD/IPF and contribution to IFF" (details attached). As a governmental meeting, it may not be appropriate for the Technical Consultant to attend, but we need to be aware of the outcome.

A national workshop and an international seminar are being arranged in Finland during September and October respectively to discuss the development of their national certification framework (see below). It may be appropriate for the Technical Consultant to attend the latter.

2 Development of certification in Europe

2.1 United Kingdom

Discussions relating to the development of a certification system for the UK are on-going. There is continuing resistance to the concept of certification from the UK's small private forest owners. The Forestry Commission, together with a number of industry representatives and certifiers, are involved in a series of regional roadshows to promote certification and to ensure private owners associations continue to participate in the national programme. Meanwhile industry representatives are seeking to ensure that certifiers are accredited through the United Kingdom Accreditation Service (UKAS) rather than FSC. This is in line with industry policy to ensure that the scheme conforms with ISO procedures and guidelines for the development of 3rd party certification programmes and accreditation (e.g. ISO Guides 61 and 62). At present however, the Forestry Commission seem inclined to view UKAS involvement as an unnecessary complication. They are arguing that FSC already complies with ISO guidelines and are stressing the marketing advantages of FSC. This attitude has renewed industry concern that the Forestry Commission's main objective is to achieve FSC certification for the UK's state-owned forest, rather than to develop a national certification scheme more acceptable to industry and private forest owners.

2.2 Finland

Industry contacts in Finland have suggested that an agreement reached between large corporate forest owners and small non industrial owners to develop a single national certification programme for Finland may not last much longer. Finnish corporations are

evidently becoming increasingly concerned about loss of market share to FSC certified forests owned by their Swedish competitors. It now seems possible that certification in Finland will follow the same path as in Sweden, with non industrial owners pursuing an ISO-based national approach, and larger corporations seeking FSC certification.

Despite these concerns, Finland continues to forge ahead with her national certification framework with the intention of ensuring full operation by the end of 1998. A national workshop to discuss the programme is scheduled for September. An international seminar to finalise and promote the scheme is scheduled for October 1998.

The Finnish forest sector has also made considerable progress in implementing ISO14001 certification. Forest Management Associations, which are run by private forest owners' to provide forestry advice and wood marketing assistance, have started to develop quality and environmental management systems for their operations based on ISO standards. To date, 72 associations have started work covering more than 50% of forest owners and forest area. Finland's Forest and Park Service which manages state forests has also been granted ISO14001 for environmental management.

UPM Kymmene are evidently working with Dickinson's Stationery, a member of the UK's 1995 Plus Group, in a feasibility study into chain of custody certification for paper products.

2.3 Norway

Norway's fully-participatory Living Forests project successfully concluded the development of a set of sustainable forestry standards and performance measures in March 1998. Work is now underway to develop the nation's forestry institutions to ensure the standards are successfully implemented on the ground. Living Forests also has a Certification Committee established to recommend an organisational framework for certification in Norway. As in Finland and Sweden, a particular challenge is to develop a framework suitable for non industrial forest owners. The Committee's recommendations are due to be published on 1 July 1998.

2.4 Nordic Forest Certification Project

Launched in 1995, the Project was launched to create a co-operation forum for the Nordic countries concerning forest certification. Since 1997, the project has emphasised information exchange. The Project is currently focusing heavily on environmental management systems in the forestry and forest industries sector. Their latest report, which is widely distributed for free to forestry companies and policy makers throughout Europe, provides practical guidance on the implementation of ISO14001 in the forest sector. The information is closely allied to that contained in the ISO/TC207 Technical Report N197 on ISO14001 certification in the forest sector. A copy of extracts from the report is attached.

3 Development of certification outside Europe

3.1 FSC

On 24 May, FSC's Board of Directors agreed on a long term strategic plan. The plan was largely based on a consultation of FSC members and various interest groups carried out by Coopers and Lybrand. FSC's major strategic objective is to encourage growth in certified forest area and product volume "on condition that this growth must occur within the context and limits of FSC's mission and Principles and Criteria and the reality of social, environmental and economic conditions within each country". FSC would concentrate its efforts in "focus countries [where] it could make the biggest contribution to promoting social, environmental and economic benefits". The Board also recognised the need to "significantly change the organisation of FSC". In particular, FSC would become a "de-centralised co-ordinated organisation" and the role of the national initiatives would be enhanced - perhaps

a response to the common criticism of FSC that it seeks to impose a single solution to certification in diverse forest regions. However, the Board also stressed that the international secretariat would continue to play the key role in accreditation and would maintain “quality control” over standards. The report of the Board meeting made no reference to FSC’s relationship with those national programmes currently being developed outside the FSC framework.

4 Market Developments

4.1 UK 1995 Plus Group & Paper Federation Certification Working Group

Retailer members of the UK’s WWF 1995 Plus Group have for some time been involved in direct dialogue with UK paper and pulp manufacturers under the auspices of the Paper Federation’s Certification Working Group. A sub-committee of the Paper Federation’s Working Group meets with representatives of large paper using members of the 1995 Plus Group, including Sainsbury’s, Dickinson’s Stationery, and WH Smith, on a regular basis. The aim of the meetings is to raise levels of understanding between 1995 Plus Group members and their suppliers, and to co-operate towards the achievement of the 1995 Plus Group’s environmental goals. Until very recently, there was no FSC certified pulp on the market at all. However, limited quantities are now being sold by Swedish suppliers, notably Assi-Doman. Despite lack of practical progress in sourcing certified paper products, the Paper Industry/1995 Plus Group dialogue has served to encourage debate on the future direction of certification in the UK. The dialogue at present covers a number of issues:

Chain of custody

Tracing the chain of custody in the paper sector is particularly difficult due to the huge diversity of supply sources and the enormous costs and technical difficulties associated with processing uncertified and certified pulp separately in the mills. Quite apart from these technical difficulties, there also appear to be problems associated with interpreting FSC’s rules for chain of custody. UK retailers are under the impression that to supply FSC certified paper products, every supplier in the chain should be audited by an FSC accredited certifier. The UK paper industry however believes that under FSC rules they are required only to provide reliable evidence that pulp is sourced from FSC certified forests. This evidence may be provided through existing ISO9000 documentation procedures and further FSC auditing would only be duplication. Representations are currently being made by WWF 1995 Plus Group members to the FSC to sort out this problem.

As a result of the technical difficulties associated with chain of custody monitoring, paper suppliers are having great difficulty satisfying the 1995 Plus Group’s demands for certified paper products at competitive prices. One UK paper company even went so far as to buy FSC certified pulp from Assi in Sweden in an attempt to satisfy their customers, only to find that 1995 Plus Group members were not interested in buying due to prohibitive cost.

Per-centage based labelling

FSC have sought a partial solution to the problem of chain of custody in the paper sector by allowing per-centage based labelling of paper products. The issue has got muddled owing to differences in interpretation of the FSC rules governing allowable recycled fibre content in FSC certified products. For example, the Paper Federation has argued that Sainsbury’s marketing of a “certified” toilet tissue product which has 70% recycled fibre and 30% pulp contents, 70% of which is certified (i.e. only 17.5% of the product), is misleading.

Grading of Questionnaires

Most members of the WWF 1995 Plus Group grade their suppliers into categories according to their responses to environmental questionnaires. For example, WH Smith uses a 3 tier grading system, ABC, which is applied to both products and suppliers. Where a country is

known to be contentious and where there is no available information, it is automatically given a "C" rating. Sainsbury's have an A-H system and questionnaires are regularly sent back to suppliers for update. Information from questionnaires is often supplemented by visits to suppliers by Sainsbury's staff. All the systems are subjective, and designed to suit individual company goals. UK paper industry representatives feel that they have had insufficient feedback from 1995 Plus Group members on methods of categorising responses to questionnaires.

Paper Federation Suppliers Database

Following negotiations with 1995 Plus Group Members, the Paper Federation has spent considerable time developing a central database of pulp and paper suppliers, including information on their environmental practices, pulp types and major forest sources. The aim has been to reduce the need for individual paper companies to gather detailed information on all their suppliers in response to 1995 Plus Group Questionnaires.

Mutual Recognition Concept

The Paper Federation has also invested considerable time and effort to move the emphasis of the debate away from FSC and promote a broader approach to certification. They have argued that many national schemes and ISO-based certification schemes are at least as "credible" as the FSC. To demonstrate objectively the credibility of non-FSC schemes they have developed a set of "Criteria and Indicators for the Comparison of Third Party Certification Schemes for Forest Products" (copies of which were issued earlier to AF&PA). The Paper Federation intend to develop an extensive database of certification schemes which will be structured on the basis of the C&I. The database will provide comparable data on various schemes to demonstrate the relative merits of each, including the extent of participation by different interest groups, the quality of the standards setting and accreditation processes, and the extent to which schemes conform with international standards and guidelines (e.g. ISO Guides 61 and 62). The Paper Federation has explained the "mutual recognition" concept to the British Retailers Consortium, whose membership includes many 1995 Plus Group members, with a fairly favourable response. They have also presented the idea to CEPI, the European private forest owners' association, who have since adopted the concept as a central theme of their own policy towards forest certification.

4.2 UK Local Authorities

Following discussions with the WWF and Soil Association, the Timber Trade Federation's Forests Forever Campaign has now been given the opportunity to speak at environmental seminars for Local Authorities arranged by the two conservation groups. However, Forests Forever has been unable to convince WWF of the need for an adjustment to their suggested specification clause which encourages Authorities to give preference to FSC certified timber products. Forests Forever has argued that the clause encourages Local Authorities to break EU procurement rules and will lead to unfair trade discrimination. It seems likely that, despite Forests Forever's participation, the seminars will raise levels of demand for FSC product labelling within the UK's Local Authority sector and hinder market access for non FSC certified products.

4.3 Holland and Canada clash at ITTO

The Canadian Government clashed with Holland over the issue of mandatory environmental labelling of timber at a meeting of the International Tropical Timber Organisation in Gabon at the end of May. The disagreement centred on the draft legislation passed through the Netherlands House of Parliament earlier this year proposing mandatory labelling of timber and timber products from January 2000. Canadian delegates said that, due to the compulsory nature of the proposal, it was unlikely to be compatible with the obligations of the World Trade Organisation and was contrary to the spirit of ITTO's Objective 2000. They also noted a statement by the Inter-governmental panel on forests which stresses that "*certification and labelling schemes...should not be used as a form of disguised*

protectionism". The Dutch Government took steps to diffuse the situation with a statement that strongly implied that it was very unlikely the draft legislation would actually be implemented. Copies of relevant documentation are attached.

5 Environmentalist campaigns

5.1 WWF International Press Briefing

WWF continued their high profile promotion of FSC with a press conference held on 30 June in London under the title "Business improves forest management worldwide: certification milestone reached". WWF announced that 10 million hectares of forests worldwide have now been independently certified to FSC standards. FSC is described as the "only credible, independent global guarantee that timber comes from well managed forests". Certification is described as "one of the most effective tools for reducing the impact of the timber industry on forests". The press meeting was attended by Elizabeth Leigh on behalf of AHEC and her report is attached. Note that a direct reference to US forest practices was made at the press conference by Tim Synnott in response to a question posed by a reporter from the Washington Post. Follow-up action with the Washington Post is recommended.

5.2 WWF Critical of Progress made at Lisbon Meeting

WWF have criticised the progress made by European Governments at the Inter-Ministerial Forestry Conference in Lisbon in early June. European Governments signed 2 declarations, one looking at the relationship between European society and forestry, the other relating to operational guidelines for sustainable forest management in Europe (see May report). Before the meeting, WWF had been campaigning for European Governments to formally commit to the establishment of a network of protected areas covering 10% of European forest area and to the reduction of the area of plantations to less than 5% of all forest. Not surprisingly, European governments have been unwilling to commit to arbitrary statistical targets.

5.3 Greenpeace praise MacMillan Bloedel's stance on clearcutting

Greenpeace released a press release publicly endorsing MacMillan Bloedel's decision to phase out clear cut logging in British Columbia. The environmental group also praised MacMillan Bloedel's efforts to create a new "Ancient Forest Zone" which is seen as "an innovative and progressive concept that Greenpeace will encourage other forest companies to follow." However, MacBlo's announcement hasn't been received favourably by industry representatives in Europe. It only serves to reinforce Greenpeace campaigns and undermines industry efforts to explain the silvicultural basis for clearcutting.

5.4 Brazil

The UK environmental group, Reforest the Earth, is threatening to renew demonstrations against major hardwood importers stocking Brazilian mahogany. Reforest the Earth had suspended demonstrations on the understanding that the Timber Trade Federation would employ the Soil Association to undertake a mahogany "log tracking" project in Brazil during the 1998 logging season. However, despite the support of the TTF and timber exporters in Brazil, the Brazilian government has failed to endorse the project and it now seems unlikely to go ahead. Reforest the Earth have announced that unless UK trading companies suspend mahogany imports from Brazil by the end of July they will be subject to demonstration.