

Report for AF&PA

**Trade and Environment
Program in Europe**

March 1999 Report

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“INFORMING THE SUSTAINABLE WOOD INDUSTRY”

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Technical Consultant to the AF&PA Trade and Environment Programme in Europe

Technical Report for March 1999

Highlights

- The UK's Woodland Assurance Scheme is now expected to be launched by June. The UK's state forests should be FSC certified in the near future.
- Finland expects to certify 12 million hectares under its national certification scheme, which is closely linked to the Pan European Certification Initiative, during 1999.
- The Dutch Keurhout Foundation approve AssiDoman's FSC forest certification
- The African timber industry is pushing for the development of certification. The Dutch and EU Governments have issued a grant to support the further development of Ghana's national certification scheme.
- WWF claim that a market research study provides confirmation of strong market demand for FSC certification in Germany

1 Meetings

The Technical Consultant will be attending:

- the FSC Trade Fair and Symposium in Mainz, Germany, 14 to 16 April 1999
- an open meeting of the Pan European Certification Initiative in Wurzburg, Germany between 20 and 21 April.

He will also liaise with Eric Hansen of Oregon State University, a US certification analyst and member of the Softwood Export Council, and members of AHEC at the FSC Trade Fair.

2 Development of certification in Europe

2.1 United Kingdom

The United Kingdom's Woodland Assurance Scheme is now expected to be launched in June of this year. The scheme has been developed through a broad-based consultative process involving the UK forestry sector, government authorities, environmentalists and the Forest Stewardship Council. The final version of the "UK Audit Protocol", a national forest certification standard compatible with both the FSC Principles and the UK Government's national standard, was hammered out at a Technical Working Group meeting in early March.

While the scheme is now certain to go ahead, there continues to be resistance to forest certification within a section of the UK private forestry community. This is reflected in the luke-warm press release issued by the Timber Growers Association announcing finalisation of the audit protocol (attached). The press release notes that the "*Woodland Assurance Scheme is as user friendly as can be produced at this time*" but that "*none of the stakeholders including TGA are happy with every detail*". They also emphasise their continuing concerns over the cost implications and suggest that "*the [Forestry] Commission's concentration on increasing the environmental and social outputs of our forests has damaged its credibility with some in the growing sector*".

Further divisions between the Forestry Commission and the UK's private forest owners may follow-on from the Commission's decision to go ahead with certification of state-owned forests before the final version of the audit protocol had been agreed. The Forestry

Commission commissioned SGS to carry out certification of the UK's state forests early in 1999 and scoping visits are already being undertaken. Contacts within the UK's private forestry sector were surprised that a single FSC accredited company were awarded the contract to certify the whole of the public forestry estate.

Around 35% of the UK's forest area is Forestry Commission land owned by the state. In general, the State forests are older and therefore at present more productive. The likelihood is that all these forests will effectively be FSC certified in the near future.

While the Forestry Commission now seems content to go ahead with certification using FSC accredited certifiers, other interests in the industry continue to push for a broader approach. The Timber Growers Association, Paper Federation and Timber Trade Federation are seeking a separate meeting with the United Kingdom Accreditation Service (UKAS) to encourage the further development of a UK-based system to accredit certifiers outside the scope of the FSC. TGA are also participating in the Pan European Certification Initiative. Contacts within TGA suggest that the aim is to ensure their members are given the opportunity to obtain both the FSC and Pan European labels at minimum cost. To maximise the marketing opportunities, they may also seek registration with the Keurhout environmental trademarking initiative in Holland.

2.2 Finland

Finland's National Forest Certification Council, which promotes forest certification in Finland, was formally constituted on 5 March. All 29 members of the existing National Certification Working Group and several other involved parties were invited to become members of the Council. The Council includes representatives from forest owners and industry, the Finnish Forest and Parks Service, and social NGOs. Environmental NGOs were invited to join the Council but refused to participate. The Council remains committed to broadening its membership as soon as possible.

Seven regional level group certifications, covering around 12 million hectares, are planned under the scheme for 1999. The scheme includes provisions for verification of chain-of-custody which will be carried out independently of forest management certification. Assessment of both forestry operations and chain of custody will be carried out by commercial certification bodies. Three to five bodies have been identified which are capable and interested in offering forest certification services. All these companies are already accredited for certification to ISO 9000 and 14001. The scheme is to be linked to the Pan-European Forest Certification scheme.

2.3 Pan European Certification Initiative

A meeting of the Initiative's Steering Group was held in Spain at end March. The meeting was attended by Scott Berg of AF&PA. The draft of the PEFC technical documents and statutes of the PEFC will be considered at a series of open "stakeholder consultative workshops" to be held in Wurzburg in Germany 20 to 21 April.

2.4 Assi Doman gain Keurhout endorsement for their timber products

An independent panel of experts of the Dutch Keurhout Foundation has approved FSC's certification of the Swedish forest products company AssiDoman. All timber from AssiDoman's certified forests can now be marketed in Holland under both the Keurhout Hallmark and the FSC label. Two large Dutch importing companies, Houtgroep Eecen Nederland NV and Stiho BV, are reported to have encouraged Assi Doman to gain Keurhout endorsement alongside their existing FSC certification. As a result, large volumes of Keurhout-labelled timber products will become available on the Dutch market. According to the Keurhout press release, this wood will serve to "meet the growing demand [for certified wood] from the building sector".

3 Development of certification outside Europe

3.1 Ghanaian scheme receives funding from EU and Netherlands

The EU and Dutch Governments have issued a grant to Ghana towards the costs of developing the country's forest management certification scheme. A major part of the grant will go towards the establishment of a computer-based system to monitor the chain of custody of timber products from forest to the final end-user. A pilot test of the system will begin in March 1999 and is expected to be evaluated by October this year. Ghana's certification scheme is a national initiative, developed following analysis of the ISO14001 standard, ITTO Guidelines and FSC principles, but without formal links to any international organisation at this stage.

3.2 African certification

John -Pierre Kiekens, a leading critic of FSC certification, published an article in the UK's TTJ Timber and Wood Products on forestry developments in Africa. He notes that *"Regarding certification, there is a growing consensus about its limited effectiveness to bring about sustainable forestry in the region. This diagnosis, which has been made for years by the timber industry and a number of experts, now seems to be shared by the certification advocates"*. He quotes from a 1997 WWF report on an EU-funded WWF project promoting sustainable forestry and certification in the region that *"at this stage, it is too early to make an evaluation of certification as a tool to promote sustainable forest management a lot of key issues have not been resolved there are not sufficient practical field experiments in the world (and especially not in Africa) the impact of certification, driven by consumers and industries in the North, will probably remain limited for the moment, to some companies/examples in a limited number of countries"*. The report goes on to emphasise the need for sound forest policies, for regulations to make good long-term forest management legally compulsory, and for a stable and sound political, economic and financial environment.

Kiekens reports that, as a result of the difficulties associated with the implementation of certification in Africa, the member countries of the African Timber Organisation (ATO) decided to freeze their "green label" initiative, announced in 1993. Instead, ATO is now concentrating on the development of criteria and indicators (C&I) for sustainable forest management, in collaboration with the Centre for International Forestry Research (CIFOR). Through C&Is, ATO aims to promote sustainable forest management in its member countries, strengthen co-operation among member countries, and contribute to the harmonisation of national forest policies.

However, Africa's timber industry, through its Inter-African Forest Industries Association (IFIA), continues to press ATO to launch its green label. African industry is now keen to develop an effective labelling scheme owing to its renewed reliance on European markets following the Asian economic crisis; and fears of losing market share as other tropical timber producers, notably Malaysia and Indonesia, are already developing national certification systems.

4 Market Developments

4.1 Study of German certification markets

The German timber trade journal, EUWID, reports that a WWF-sponsored study provides evidence of firm demand for certified wood in Germany. The study, funded by the WWF and carried out by the research institute EMNID, suggests that a majority of German DIY stores, furniture merchants, magazine publishers, and retail timber merchants would give preference to wood from an environmentally friendly source bearing a reliable product label. The EUWID report states that *"most of the companies investigated set great store on a quality label with*

world-wide recognition, which is controlled by independent bodies, and which is approved by the major environmental organisations". WWF interpret the results of the survey as indicating market support for the Forest Stewardship Council. EUWID note that the study does not extend to an analysis of current or future levels of German demand for certified products.

With the introduction of Neckermann Versand AG to Gruppe 98 in March, the German WWF Buyers Group now has 44 members.

4.2 Malaysia to promote certification at Interzum

Malaysia is to have a presence at Interzum, the German Furniture Production and Interiors Fair to be held in Cologne during May, for the first time in several years. Malaysia's presence will consist of four timber companies, the Malaysian Timber Council and the newly established National Timber Certification Council (NTTC). In its publicity for the event, MTC notes that *"In line with Malaysia's commitment to sustainable forest management, the National Timber Certification Council was established in October 1998 to plan and operate timber certification in Malaysia"*.

4.3 European DIY Expansion

UK-based trade group Kingfisher, owners of B&Q, are continuing their expansion policy into 1999. Kingfisher's aim is to become Europe's largest DIY supplier, a process which began in December last year with the merger of B&Q with Castorama, respectively the UK's and France's largest DIY suppliers. In October 1998, Kingfisher also took over Nomi Group, Poland's largest DIY chain. By the beginning of this year, Kingfisher operated 494 DIY outlets in nine countries including 290 B&Q sites, 182 Castorama sites, and 22 Nomi sites.

This year, B&Q plans to open another 11 warehouses and 2 Supercentres. In 1999, three new B&Q centres will be opened in Taiwan, bringing the total there to 7. The first Chinese B&Q will open in Shanghai. 10 new Castorama DIY outlets are planned in France, Italy, Germany, Poland and Brazil. 5 new Nomi sales outlets will be opened in Poland.

B&Q have been the UK's leading commercial advocates of FSC certification. At this stage it is not clear how extensively their publicised policy of purchasing only FSC certified timber products after 2000 will be implemented throughout the group.

4.4 Tarkett

Press reports suggest that Tarkett, the Swedish flooring manufacturers is coming under increasing pressure from its largest customers, mainly German and UK DIY chains, to supply FSC certified timber. However, Tarkett is having considerable difficulty obtaining sufficient quantities of certified raw material. Tarkett derives most of its supplies from the south of Sweden where the dominant small-scale private owners are very reluctant to obtain FSC certification.

4.6 Furniture companies support certification

TTJ Timber and Wood Products reports that companies in the hardwood garden furniture industry have launched an international trust to improve woodland management and fund FSC certification. The Tropical Forest Trust has been created by the leading Danish garden furniture maker ScanCom International, which sources products from Vietnam and Indonesia, and forestry and timber consultancy Fortech.

The aim is to raise a central fund, through a 2% levy on furniture sales paid by suppliers and retailers which will be distributed to approved environmental forestry projects. From ScanCom's sales alone, this adds up to US\$1m a year. The membership also pledges to buy hardwood garden furniture only from suppliers with 'third party verified chain of supply systems' by April 2001. The TFT ideally wants members to make and buy furniture in timber

from FSC-certified forests. However, it will also direct them to buy from sources confirmed as well-managed and “progressing towards FSC certification”. The organisation has already selected two forestry projects to fund in Vietnam and Laos.

5. Environmentalist campaigns

5.1 Green Groups Oppose Millennium Round of Trade Negotiations

A broad range of environmental groups have issued a statement (text attached) opposing trade liberalisation measures and any extension of the powers of the World Trade Organisation

5.2 WWF Support for African protected areas

WWF major publicity campaign during March focused on the “Yaounde Declaration”, sponsored by the WWF and signed by the Heads of State of five central African countries, committing them to the extension of protected areas in the forests of the Congo basin. Alongside the various protected areas initiatives, WWF proposes that countries of the Congo basin “*work towards the establishment of regional certification standards under the auspices of the Forest Stewardship Council (or an equivalent independent certification) to encourage sustainable forest management*”.

R. Oliver 6/4/99

STATEMENT FROM MEMBERS OF INTERNATIONAL CIVIL SOCIETY OPPOSING A MILLENNIUM ROUND OF TRADE NEGOTIATIONS

In November 1999, the governments of the world will meet in Seattle for the World Trade Organization's Third Ministerial Conference. We, the undersigned members of international civil society, oppose any effort to expand the powers of the World Trade Organization (WTO) through a new comprehensive round of trade liberalisation. Instead, governments should review and rectify the deficiencies of the system and the WTO regime itself.

The Uruguay Round Agreements and the establishment of the WTO were proclaimed as a means of enhancing the creation of global wealth and prosperity and promoting the well-being of all people in all member states. In reality however, in the past five years the WTO has contributed to the concentration of wealth in the hands of the rich few; increasing poverty for the majority of the world's population; and unsustainable patterns of production and consumption.

The Uruguay Round Agreements have functioned principally to prise open markets for the benefit of transnational corporations at the expense of national economies; workers, farmers and other people; and the environment. In addition, the WTO system, rules and procedures are undemocratic, untransparent and non-accountable and have operated to marginalise the majority of the world's people.

All this has taken place in the context of increasing global economic instability, the collapse of national economies, increasing inequity both between and within nations and increasing environmental and social degradation, as a result of the acceleration of the process of globalisation.

The governments which dominate the WTO and the transnational corporations which have benefited from the WTO system have refused to recognise and address these problems. Instead, they are pushing for further liberalisation through the introduction of new issues for adoption in the WTO. This will lead to the exacerbation of the crisis associated with the process of globalisation and the WTO.

We oppose any further liberalisation negotiations, especially those which will bring new areas under the WTO regime, such as investment, competition policy and government procurement. We commit ourselves to campaign to reject any such proposals. In particular we oppose the Trade Related Intellectual Property Rights Agreement (TRIPs). We call for a moratorium on any new issues or further negotiations that expand the scope and power of the WTO. During this moratorium there should be a comprehensive and in-depth review and assessment of the existing agreements. Effective steps should then be taken to change the agreements. Such a review should address the WTO's impact on marginalised communities, development, democracy, environment, health, human rights, labour rights and the rights of women and children. The review must be conducted with civil society's full participation.

The failure of the Organization for Economic Cooperation and Development's Multilateral Agreement on Investment (MAI) demonstrates broad public opposition to the deregulation of the global economy, the increasing dominance of transnational corporations and escalating resource use and environmental degradation.

A review of the system will provide an opportunity for society to change course and develop an alternative, humane and sustainable international system of trade and investment relations.

This statement is signed by:

American Lands Alliance, United States
A SEED, Europe
BUKO Agro Coordination, Germany
BUND, Friends of the Earth Germany
Church of Sweden Aid / Lutherhjælpen, Sweden
Corporate Europe Observatory
Friends of the Earth England, Wales and Northern Ireland
Friends of the Earth Finland
Friends of the Earth United States
Komitee Widerstand gegen das MAI, Germany
MAI niet gezien! anti-MAI campaign, the Netherlands
Oxfam-Solidarity, Belgium
Oxfam-Wereldwinkels (Belgium)
People's Forum 2001, Japan
Play Fair Europe!, European Union
PRESS, Save the Children youth, Norway
Public Citizen
Rainforest Action Network
Red Green Alliance, Denmark
Third World Network
Towards a Different Europe
Weltladen-Dachverband, Germany
Working Group Against the MAI and Globalisation - Turkey