Report for AF&PA

Trade and Environment Program in Europe

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Overview and commentary

After recent detours into issues related to illegal logging and global forest policy, much of this month's report focuses on forest certification. It highlights the great dominance of Western Europe and North America in the existing supply of certified product. At the same time it notes that the emergence of regional certification schemes in Africa and the ASEAN countries implies the more rapid extension of certification practice into other areas of the world in the years ahead. Meanwhile the PEFC has established a new working group to consider "globalisation" of their mutual recognition framework. And European industry is hoping to contribute to the mutual recognition/harmonisation debate through the establishment of a new comparative website of forest certification schemes.

Two significant reports relating to forest certification were released during recent weeks. The first from IBM Consulting is a study of attitudes to forest certification amongst large companies purchasing from the BC forest industry. This indicates that while most buyers are attempting to shift to certified products, few believe that FSC is the only certification scheme that will lead to ecologically sustainable harvesting. The study is a boost for those groups promoting alternative schemes to the FSC and advocating an international mutual recognition framework. The study prompted an immediate reaction from North American green groups. They released a study of their own with the aim of differentiating FSC from the SFI Program and the CSA scheme.

Contents

1 Forest certification developments

1.1 Global area of certified forest

	FSC	PEFC	SFI	CSA	Other(a)	**Total area**	**% forest area (b)**
N. America	5.0		30.0	15.3	10.0	**60.3**	**13%**
W. Europe	12.4	45.0				**57.4**	**45%**
E. Europe	11.1	1.9				**13.0**	**21%**
S. America	3.9					**3.9**	**<1%**
Africa	1.2				2.3	**3.5**	**<1%**
Australasia	0.7					**0.7**	**<1%**
Russia	0.2					**0.2**	**<1%**
Asia	0.2					**0.2**	**<1%**
All	**34.6**	**46.9**	**30.0**	**15.3**	**12.3**	**139.2**	**4%**

Table 1: Estimated global area of certified forest under different schemes, 31 March 2003

a) Other includes the American Tree Farm System and the Dutch Keurhout scheme.
b) Forest area is based on FAO data for total forest area, including both commercial and non-commercial forest land. The proportion of certified commercial forest land may be considerably higher.

Data on the current area of certified forests (table 1) highlights the huge dominance of certified forest area in Western Europe and North America. In fact, nearly half of all Western European forest land is certified under one or other scheme. This will amount to an even higher proportion of productive forest land.

However, in certification terms, Eastern Europe has been catching up. The strongest recent growth in certified forest area has been on state owned land in Eastern Europe. These areas, which are centrally planned and cover large contiguous areas have proved well adapted to FSC certification.

With one exception, all certified forest area outside Europe and North America is under the Forest Stewardship Council umbrella. In these regions, well under 1% of forest land is certified under any scheme. At present the only non-FSC certified forest area in these regions is 1.5 million hectares of forest certified by the Dutch Keurhout scheme in Central Africa. However this picture may change fairly rapidly given the growing interest in PEFC certification outside Europe, and on-going discussions regarding the development of similar regional schemes in Africa and South East Asia.

1.2 Pan European Forest Certification Scheme (PEFC)

1.2.1 PEFC progress

There were few changes in the area of PEFC certified forest during February and March 2003. There were limited increases in the area of certified forest in Germany (100,000 hectares), France (75,000 hectares) and the Czech Republic (60,000 hectares).

The number of PEFC chain of custody certificates and logo usage licenses continued to expand rapidly during February and March, rising respectively from 471 to 574 and from 6356 to 7297. As in preceding months, much of the increase has been in France, Germany and Austria. Due to the predominance on smaller wood producers in these countries, the figures are a little misleading. Despite the much lower numbers of chain of custody certificates issued, Finland remains by far the largest supplier of PEFC certified material in volume terms.

	Certified forest area (ha)	Number of C-O-C certificates	Number of PEFC logo users
Austria	3 924 000	177	105
Czech Republic	1 870 432	5	32
Finland	21 910 000	65	79
France	966 901	78	1601
Germany	6 384 133	204	5253
Italy	0	2	2
Latvia	17 081	8	113
Norway	9 352 000	3	12
PEFC Council	0	0	16
Spain	86 679	0	7
Sweden	2 272 444	31	76
Switzerland	64 572	0	0
UK	9 125	1	1
Total	**46 861 368**	**574**	**7297**

Table 2: PEFC Certified Forest Area, CoC certificates and logo Users, 31 March 2003

1.2.2 PEFC Globalisation

The PEFC Board of Directors has decided to establish a Globalisation Working Group. According to PEFC "*this Group will examine, commission research and make concrete proposals on structural and procedural changes necessary to fully integrate the 8 intergovernmental processes on sustainable forest management into the PEFC Council assessment procedures*". PEFC has issued invitations to member schemes for experts from around the globe to participate in the working group.

1.2.3 PEFC national news

Austria – efforts are heavily focused on developing market recognition for the PEFC logo. PEFC Austria is planning to widely distribute PR material to trading companies during 2003. PEFC Austria have succeeded in convincing one national specialist building company "Ideas-in-the-landscape" to favour regionally produced PEFC certified wood.

Czech Republic - The PEFC Council, following an assessment by consultants Indufor Oy, Recently endorsed the Czech Chain of Custody (CoC) standards and procedures. The Czech CoC was the first to be assessed against new requirements approved by the PEFC Council at its General Assembly in November. Five chain of custody certificates have been issued in the Czech Republic during the last 3 months.

Denmark - The Danish PEFC scheme has now been endorsed for 4 months. There are currently no woodlands certified to the scheme, but several are reported to be in preparation. For example, a forest administrative unit in Jutland consisting of 35 independent forest properties with a total of 5951 hectares is preparing for group certification. A private forest district in Seeland with a total of 1400 hectares is preparing for individual forest certification. Two trading companies are currently preparing for PEFC chain of custody certification and interest is said to be rising.

France – around 450 administrators are seeking to implement PEFC regional certification in France. Regional certification is defined by PEFC as "certification of forests within delimited geographic boundaries, being applied by the authorised organisation for the specified region and providing voluntary access for the participation of individual forest owners and other actors.” 11 of France’s 20 regions had achieved PEFC certification by the beginning of 2003. Efforts are continuing within these regions to encourage voluntary commitment to the PEFC standards by forest owners. So far, the owners of around 1 million hectares (out of 15 million hectares of total French forest land) have made this commitment. The number of chain custody certificates has been rising rapidly and several French retailers are already selling PEFC certified products. PEFC France is in the process of finalising its new website www.pefc-france.org, and has produced a PR brochure "*PEFC - the mark which gives you an advantage*".

Germany – the German PEFC has been fighting for equal recognition with the Forest Stewardship Council by the German federal government. The federal government has announced a policy which states that within four years all the timber purchased by the federal government shall come from FSC certified forests. On 20 January, PEFC Germany published an opinion paper by a German legal expert, Professor Kleinmann, which they claim is “*proof that the implementation of this policy would violate actual German legislation in the field of public procurement. Due to the equivalence of FSC and PEFC in principle, public orderers are not allowed to dictate one certification scheme exclusively.*” The professor suggested an alternative wording for the Federal government’s commitment that would be in accordance with German and EU law: “*timber has to be used originating from forests which have been certified according to a generally accepted forest certification scheme (FSC or PEFC)*”.

Italy – in December 2002, Margaritelli Spa became the first Italian company supplying solid wood products to achieve PEFC chain of custody certification. The company manufactures and supplies parquet and other flooring products and sources PEFC certified oak from France and birch from Finland. Meanwhile efforts to develop an Italian forest certification scheme are continuing. Pilot studies have been undertaken in five Italian regions. The first forest audits were due to be completed in February 2003, and final documentation was due to be agreed by stakeholders in March 2003.

Spain – two regions, Catalonia and the Basque Country, are working towards regional certification. The first regional certificates are expected to be issued before the end of 2003. The recent decision of the PEFC Council to include cork in the certified products list is likely to significantly boost expansion of PEFC certified forest area and the profile of PEFC in Spain. Spain is one of the world’s largest producers of cork, and use of the PEFC logo on corks will increase direct consumer awareness. As an illustration of the interest generated by PEFC in Spain, the Spanish newsletter is now distributed to 1700 people.

Sweden – Metsäliitto, a large Swedish forest industry company has just joined PEFC Sweden. To date, most of these companies have been committed exclusively to the FSC. Metsäliitto intends to source PEFC certified raw material for its mill in Husum in the north of the country. The Husum mill consumes 3 million m3 of logs annually, employs 1300 people and produces pulp and paper.

United Kingdom - following closely on the accreditation of BM TRADA to carry out certification under the UK PEFC scheme, the country’s first two PEFC certificates were issued in February 2003 to 25 forest owners owning a total of 9,000 hectares through group certification procedures. Such an area will not have a significant impact on the supply of PEFC certified wood but given the strength of UK forest sector support for the Forest Stewardship Council, this certification under an alternative scheme has some symbolic value.

1.3 Forest Stewardship Council (FSC)

1.3.1 FSC Certified Forest Area

Between end of February 2003 and 7 April 2003, FSC certified forest area increased from 34.6 million hectares to 37.1 million hectares. This increase was due to the issue of two certificates by FSC accredited certifier Smartwood covering large areas of forest in Canada and Russia. The increase was partly offset by a continuing decline in the area of FSC certified forest in Bolivia and Mexico.

Tembec was awarded an FSC certificate for its forest resource management practices in the two million hectare Gordon Cosens forest in Northeastern Ontario, Canada. This certification makes Gordon Cosens the largest FSC certified forest in Canada, one of the largest in the world and the first boreal forest to be FSC certified in North America. This forest is located in the clay belt of North-eastern Ontario, a region dominated by extensive public black spruce forests. Its management is regulated under a public forest licence, managed by Tembec on behalf of the government of Ontario.

With the certification of the 794 409 hectare Priluzje Leskhoz Model Forest, Russia tripled its FSC certified forest area from 246 185 hectares to 1 040 594 hectares. SmartWood awarded FSC certification to Priluzje Leskhoz in the Komi Republic of Russia during the first week of April 2003. Since 1996, Priluzje Leskhoz has been a "Model Forest" designed to provide a positive example of forestry and to promote sustainable development in local communities. It is structurally divided into seven forest districts: Zanulskoje, Loemskoje, Lopjinskoje, Matjashskoje, Noshulskoje, Objachevskoje and Spasporubskoje. The Priluzje Leskhoz forest started its certification process in 1999 with a pre-evaluation that resulted in 29 conditions. Certification was achieved with support from staff of the Komi Model Forest Project, the World Wildlife Fund for Nature (WWF), and the Government of the Komi Republic. Financial support was provided by the Swiss International Development Agency.

Between February and March 2003, the area of FSC certified forest fell in Bolivia from 970214 hectares to 803986 hectares, and in Mexico from 619824 hectares to 551185 hectares. This continues a decline in FSC certified area apparent in both countries since the beginning of 2002. The fall in Bolivian certified area is particularly surprising: in March 2003, the WWF presented a “Gift to the Earth” to the Bolivian Forestry Chamber in recognition of one million hectares certified under the scheme. At that time, the Bolivian Forestry Chamber forecast 3 million hectares certified by the end of 2005.

1.3.2 FSC Technical Developments

Group chain of custody procedures - FSC is reviewing its Group and Multi-site Chain of Custody (CoC) Policies, soliciting input on the success and effectiveness of these policies within the FSC system. The review will continue until May 2003 with input from Certification Bodies, certified operations and other stakeholders. The Group CoC policy was developed to improve access to FSC CoC certification for small operators, in particular, artisan woodworkers, craftspeople, portable sawmill managers, carpenters and joiners. The Multi-site CoC policy targets larger companies with operations in which fundamentally the same functions, methods or procedures are carried out at a set of participating sites. These include manufacturers, sawmills or assembly plants. Further information: sryder@fscoax.org.

Percentages Based Claims Policy - FSC is currently reviewing its Percentage Based Claims Policy. This review will result in changes to the specifications for chain of custody (COC) and labelling for chip and fibre materials and products, and solid wood/assembled products. The objectives of the Percentage Based Claims Policy are: to allow public recognition for products that contain less than 100 per cent FSC-endorsed raw materials; to reduce the barriers facing industries which rely on large numbers of suppliers not all of which are yet certified and; to reduce the perceived disadvantages faced by small forest properties supplying the same markets as larger integrated forest enterprises. The objective of the review is to eliminate bottlenecks which currently prevent FSC-labelled products reaching the market. As part of the review process, Spanish and English versions of a draft new FSC standard for Chain of Custody and Labelling for Chip and Fibre Material and Products have been made available for comment on the FSC website. In addition FSC has established a working group to draft a new Chain of Custody and Labelling standard for solid wood and assembled products. Between April and August 2003, FSC plans to carry out a trademark study, pilot test the newly drafted standards at five or more operations, to conduct a public consultation on the draft standards, and to hold a two-day stakeholder meeting to present and review the draft standards. The final standards should be presented to the FSC Board of Directors for endorsement in August 2003. Once the standards have been approved, they will be phased in over a two-year period. For more information on the percentage based claims review process contact Sofia Ryder sryder@fscoax.org or visit the FSC website http://www.fscoax.org.

Small and Low Intensity Managed Forests (SLIMFs) – over the last 10 months, FSC has undertaken a consultation process with the aim of developing new procedures for FSC certification of small and low intensity managed forests (SLIMFs). This has involved development of eligibility criteria for SLIMF's, streamlined certification requirements, and a generic forest management standard interpreted for SLIMFs. The underlying objective is to provide greater access to FSC certification for SLIMFs. FSC plans to undertake field trials to test the draft procedures in collaboration with FSC-accredited certification bodies between April and June of this year. FSC expects to carry out between 25 and 40 field trials balanced between developing and developed countries.

1.3.3 FSC National Standards

Canada - FSC Canada released a partial draft national boreal standard shortly before Christmas. Since then, work has been on-going to complete missing elements. Workshops have subsequently been held on high conservation value forests, and on ecological impacts of forestry operations. An FSC Indigenous Advisory Council for Canada has been formed. Recommendations from the Council's first meeting in March are now being fed into the drafting process. A revised first draft standard (Version 1.1) is expected to be released soon and to be made available on the FSC Canada web site.

Spain - The FSC Working Group in Spain has started a public consultation process of its third draft forest stewardship standard "Spanish Standards of Forest Management for FSC Certification". As part of this consultation, four workshops are to be held in different regions of Spain with social, environmental and economic experts. In addition, around 500 Spanish organizations and forest sector professionals have been invited to comment on the standard. The consultation runs from April 1 to June 6, 2003. The process is being coordinated by the World Wildlife Fund for Nature (WWF). The third draft standard is the result of three years work by the Working Group and builds on a field test of the second draft carried out in July 2002.

1.3.4 FSC Market Developments

Premium for FSC Certified Malaysian logs – a study by Dr. Walter Kollert of the GTZ, the German aid agency, reveals that FSC certified logs sold at auction from the Deramakot Forest Reserve in Sabah obtained a price advantage of 44% over uncertified logs. The study compared prices paid for uncertified logs at an auction on August 29 2002 with prices paid for certified logs at previous auctions just prior to the expiry on July 22 of the FSC certificate covering the forest reserve. Certified logs fetched an average price of 167 US$/$m_3$ while uncertified logs sold for 116 US$/$m_3$. Both batches (certified and non-certified) were of comparable species and log qualities. FSC certified logs were purchased by a foreign company from Vietnam and by a local furniture factory with chain of custody certification. The study indicates that under specific circumstances, a significant price premium can be achieved for certified products. In this case, very limited supply of appropriate certified logs happened to coincide with strong niche demand from Asian garden furniture manufacturing companies supplying large home improvement retailers in Western Europe.

Dutch Consumer Campaign - on March 26, the FSC Netherlands Working Group, WWF and 35 companies launched a second consumer campaign to promote FSC certified products to Dutch consumers and local authorities. The campaign started with a symbolic handing over of FSC certified gavels to all 489 mayors in the Netherlands by representatives of WWF Netherlands, FSC Netherlands, participating companies, and NGOs. Along with the gavels, the mayors were given a brochure encouraging local authorities to favour FSC in public procurement, to pursue FSC certification in local forests, and to encourage private sector interest in FSC. FSC products are also being promoted through posters, radio spots, newspaper and magazine articles, and featured in the most popular garden and DIY TV program in the Netherlands. The 35 companies sponsoring the campaign include the main DIY chains in the Netherlands, timber traders, garden furniture retailers, suppliers and others. The campaign runs until April 30 2003. Organisers of the campaign claim that a previous campaign raised recognition of the FSC logo from 1% to 12% of the consuming public. They also suggest that a survey last year showed that availability of FSC timber on the Dutch market grew from 4% in 1999 to 8% in 2002.

Belgian buyers promote FSC - the Belgian FSC "Chain of Custody" Group of companies held a series of seminars over recent weeks to promote the benefits of FSC certification and to explain FSC Group CoC procedures. Around 230 people from small companies attended the seminars. The CoC Group in Belgium was created after FSC endorsed the Group Chain of Custody Certification policy in February 2002. The Belgium Group is supported by WWF Belgium, the Belgian Timber Trade Federation, the Koning Boudewijnstichting and the National Lottery.

Mexican and Guatemalan Group - Guatemalan and Mexican representatives from communities, companies, government and academic sectors met on February 6th in Quintana Roo, Mexico, to discuss the possibility of strengthening their collaboration in the marketing of FSC certified tropical timber. The meeting was organized by the Mexican Forest Program of the WWF and Tropica Rural Latinoamericana (TRL). During the meeting, forest communities from Mexico and Guatemala analyzed the possibility of developing a tropical timber suppliers group to market their products and support community forest certification processes in that region of the Caribbean.

1.3.3 FSC reorganisation

FSC's International Center started operations at a new office in Bonn, Germany in February. The Center now houses the FSC Accreditation Unit; Policy and Standards Unit; Marketing and Communications Unit; Regional Coordination Unit; and Human Resources and Administration Unit. The address for the FSC International Center is Görresstr 15// IIa, 53113 Bonn, Germany. The telephone number is +49 (228) 36766-10, fax number +49 (228) 367 66 30, and email fscoax@fscoax.org. The Oaxaca office in Mexico will remain as a Regional Office for Latin America. Meanwhile FSC's program of decentralization is continuing with the establishment of regional offices in other areas of the world. Regional offices will seek *"to collaborate more closely with regional organizations to support multi-stakeholder working groups developing Forest Stewardship Standards, and to provide training and capacity building*".

1.4 Keurhout

The Keurhout scheme allows marketing of wood derived from forests managed in accordance with the Keurhout principles under a single "good forestry" trademark in the Netherlands. Keurhout assesses forest certificates on their own merits, irrespective of which scheme has issued the certificate. In their latest listing of recognised forest certificates, Keurhout states that the total area of forest currently recognised amounts to 36.13 million hectares. A further 3.34 million hectares have been suspended or have withdrawn from the scheme over the last 12 months. The current status of Keurhout recognised forests is as follows:

Brazil – Keurhout recognises 80,571 hectares of forest owned by Precious Wood certified by Smartwood under the FSC program

Canada – Keurhout recognises certificates covering a total of 3,727,050 hectares. These include:

- certificates issued by QMI to Weyerhaeuser's West Island Timberlands Division under the CSA programme (524,050 hectares)

- KPMG certificates issued to Interfor, Vancouver, for their Coastal woodlands region under the Sustainable Forestry Initiative (SFI) Program and the EMS Standard ISO 14001 (2.9 million hectares).
- certificates issued by QMI to Weyerhaeuser's Namaimo Woodlands, BC Coastal Group, under CSA schemes and the EMS Standard ISO 14001 (303,000 has).

Congo Republic – Keurhout had recognised a certificate covering 1,150,816 hectares of tropical forest owned by the Congolaise Industrielle des Bois (CIB), Pokola. This certificate was issued following an SGS audit against internal standards dated January 2001. However Keurhout withdrew this recognition on August 8, 2002, following a complaint by Greenpeace to Keurhout's Board of Appeal.

Finland – Keurhout recognises all the forest certificates issued under the Finnish Forest Certification System, an area according to Keurhout amounting to 25,200,000 hectares.

Gabon – Keurhout recognises certificates covering 1,191,642 hectares of forest land in Gabon. These include a certificate covering 615,000 hectares issued by Det Norske Veritas (DNV) Certification France to the Thanry-CEB group based in Libreville; and a certificate covering 575,000 hectares issued to CFAD (Concession Forestière sous Aménagement Durable), part of LeRoy Gabon, also based in Libreville, by DNV Certification France. Recognition of the latter certificate was announced in March 2003.

Malaysia - Under a joint Dutch/Malaysia pilot project, in 1997 Keurhout issued a special "Declaration" for wood derived from 3 states in Peninsular Malaysia. Following an audit by SGS, these states demonstrated that they were implementing the Keurhout principles but had yet to fully achieve these principles. The Declaration, which covered 2,187,450 hectares of forest, lapsed on 1 April 2002.

Solomon Islands – Keurhout formerly recognised 1,500 hectares of forest certified under FSC by SGS. However this recognition is currently suspended by Keurhout.

Sweden – Keurhout recognises 5,938,400 hectares of forest certified in Sweden. This includes: FSC certificates issued by SGS to AssiDoman (3,844,623 ha); FSC certificates issued by SCS to Stora (1,936,000 has); and SGS certificates issued to Sodra (a co-operative of small owners) under the Skogsägarna (PEFC) program (157,777 ha).

1.5 Pan-Asian Timber Certification Initiative

ASEAN member countries have decided to develop a regional approach to forest certification. In December 2002, an inaugural meeting of the Ad-Hoc Working Group on a Pan Asean Timber Certification Initiative was held in Kuala Lumpur Malaysia. The meeting was attended by 28 delegates from Brunei, Darussalam, Indonesia, Lao PDR, Myanmar, Philippines and Malaysia as well as a representative from the ASEAN secretariat. The meeting was a follow up of a decision of the 5th meeting of the ASEAN Senior Officials on Forestry (ASOF) held in July 2002 in Thailand. The Ad Hoc Working Group has been given a mandate by ASOF to identify a core set of criteria and indicators for regional certification, to establish certification principles and procedures, and to formulate a work plan. The emphasis will be on a phased approach to certification to encourage continuous improvement. A second meeting of the Ad Hoc working group is scheduled to be held in Indonesia, tentatively in June or July 2003, while a third meeting is planned for December in Myanmar.

1.6 Market attitudes to certification

A new high profile study on market demand for certified products shows that there is growing market recognition and acceptance of non-FSC certification schemes. In May 2002, Price Waterhouse Coopers (PwC) was commissioned by the Institute of Media, Policy and Civil Society to study the procurement practices of major customers of British Columbian forest products. The primary objective of the study was to determine the extend to which there has been a shift in the market place towards “greener” procurement. The study, which was subsequently released by IBM (which has taken over PwC Consulting), involved interviews with 30 customers that had spent over Canadian $2.1 billion on B.C. forest products in 2001. These included 4 in Japan, 15 in the United States, 6 in Canada, 5 in Europe. Those interviewed included wood traders, construction companies, paper manufacturers, and publishing companies.

The study focused heavily on demand for certified products. It showed that while the majority of customers interviewed are attempting to shift their purchasing towards certified products, few believe that FSC is the only certification scheme that will lead to ecological sustainable harvesting. It also showed that “*over half of the customers interviewed (including many with stringent environmental procurement policies) believe that on the ground there is little difference between the North American certification schemes.*” The study showed that only a handful of customers are willing to pay a green premium.

The study also considered market attitudes to so called “old growth” forest. It showed that the majority of customers interviewed were willing to announce a complete ban on purchases of wood from such forests in order to avoid controversy. However this willingness was tempered by lack of a common understanding of “old growth”, and lack of reliable information on these areas. There was also growing evidence of preference for responsible harvesting of such forests rather than complete avoidance.

On long term trends, the study concluded that most customers believe the trend towards increased environmental concern in wood procurement will continue. However, about half of those interviewed said that this trend is contingent on the perseverance of all parties in the debate and on encouraging higher demand amongst the final consumer.

1.7 New comparative database and website of forest certifications schemes

The Confederation of European Paper Industries is sponsoring the development of a website to provide a unique source of comparative information on the world's forest certification schemes. It's primary aim will be to provide reliable advice to customers and companies involved in the paper and wood products trade on the status of individual forest certification schemes and the labels issued under these schemes. A secondary aim will be to inform the developing international debate on harmonisation and mutual recognition of the wide variety of forest management certification schemes currently under development around the world.

The website will comprise a set of tools for anyone that wishes to compare the content of forest certification standards, and the procedures used to certify against these standards. The intention is to allow users to obtain a complete and structured summary of each major forest certification scheme. Alternatively they may compare certification schemes against their own set of criteria for a credible scheme. The website will allow users to comment on each certification scheme.

For representatives of forest certification schemes, the website will allow details of the certification scheme to be entered on-line. It is anticipated that registered schemes will benefit from the wide-ranging publicity associated with the website. Registered schemes may also wish to use the website to assess the strengths and weaknesses of their scheme against other schemes.

The website is being developed following a wide ranging review of existing studies to compare forest certification schemes and an extensive exercise to consult with interested parties including customers, forest owners, forest industry, environmental groups, and the representatives of forest certification schemes. The website evolved out of a project initiated by the Confederation of European Paper Industries (CEPI) in 1999 to develop a comparative matrix of forest certification schemes. The first phase of development is being undertaken by an independent consultant commissioned by CEPI. The website is due to be launched in November 2003.

2. International Agreements and Institutions

2.1 Kyoto Protocol

2.1.1 Russian ratification of Kyoto Protocol looks shaky

It is now five years since the Kyoto Protocol, the international agreement designed to reduce greenhouse gas emissions was opened for signature at the United Nations headquarters in New York during March 1998. However, the treaty has not yet entered into force. So far around 100 countries have formalized their decision to join the treaty. However the USA and Australia have both said they will not ratify. In the absence of these two large industrial nations, one ratification is now key. The 100 countries account for 44% of carbon dioxide emissions, and Russia's 17% would push the total over the 55% required to bring the protocol into force. The Russian Federation has officially declared on several occasions that it intends to ratify the Kyoto treaty and had been widely expected to do so this year. But there are now signs that the government is wavering. Advocates of the treaty suggest that Russia may benefit from carbon emissions trading by up to US$20 billion annually, and that the nation would gain kudos by allowing the much-troubled treaty to come into effect. However, the Russian Ministry of Economic Development and Trade, the government agency in charge of evaluating the Kyoto Protocol, recently concluded that the treaty would yield no economic benefits for Russia and hinted that Moscow has no economic grounds for ratifying the treaty. Press reports suggest the Russian officials made the argument in a policy paper drafted in late March 2003 that they circulated to members of an inter-ministerial panel set up to discuss climate change issues.

2.1.2 EU deliberates carbon sequestering role of forests

The working group investigating forest related activities that the EU could use to achieve its Kyoto emission target released its final report last month. The European Climate Change Programme report presents recommendations on forest-related carbon sinks and climate change mitigation. Preserving old-growth forests, by establishing forest reserve areas, and restoring forest wetlands are among the management activities proposed. The report includes measures that focus on the development of fast-growing tree plantations in Southern Europe and on "forest extension" – meaning the creation of plantations on former agricultural or derelict land. The report also highlights the continuing uncertainties surrounding the scientific foundation and economic costs and benefits of carbon sinks. The report is available at:

http://www.europa.eu.int/comm/environment/climat/forestrelatedsinks.htm

2.2 New EC Unit to implement European forest policy

A reorganised DG Environment has centralised all forest expertise in a new Forests and Agriculture unit (B3). The move will bring together the five people working on forest issues who were previously working in different units within DG Environment. The new unit will implement the Forest Focus Framework Regulation. This is a new scheme to monitor and safeguard Europe's forests which aims to offer better protection for forests and to develop awareness of the importance of forests to the environment. The program is scheduled to run initially for 6 years, from 1 January 2003 to 31 December 2008, with a budget of euro 13 million per year. The Program is designed to extend the existing EU monitoring action on forests which has so far been limited to the impact of air pollution and forest fires. In addition to these monitoring activities, the regulation develops new activities to assess the impact of climate change on forest ecosystems and to complement EU policies on bio-diversity, carbon sequestration and soil protection.

The other tasks of the new unit will remain unknown until a new head of unit is appointed. The restructuring could potentially lead to improved coherence between EU internal and international forest-related policies, and could also increase recognition for forest issues in the reform of the Common Agricultural Policy (e.g. in afforestation under the Rural Development Regulation). However it will remain a challenge for DG Environment to ensure that forests are fully integrated in cross-cutting policies, particularly those dealt with by the International Directorate, which is due to lose its forest expertise.

3 Environmental campaigns

3.1 North American greens compare FSC to SFI Program and CSA

North American green groups have released a report which aims to differentiate the FSC from the SFI Program and CSA forest certification scheme. Release of the report was timed to coincide with publication of the IBM report (see section 1.6) suggesting that major consuming companies view the various North American schemes as equivalent. The report was commissioned by Forest Ethics, Greenpeace and the Sierra Club of Canada, BC Chapter. It follows in the footsteps of a similar report "Behind the Logo" published by the European environmental organisation FERN in 2001. It presents a one sided and selective view of the pros and cons of the different schemes. The report contains a number of case studies of CSA-certified and SFI-certified logging. It claims that these "*show how unsustainable and ecologically destructive logging practices continue with these certifications.*" The report then goes to present "*a number of FSC-certified forestry operations in contrast.*" It suggests that "*buyers should exercise extreme caution when confronted with company claims that their logging operations are certified and therefore carry an environmental seal of approval. Quite the contrary, if the logging is CSA-approved or SFI-approved, chances are high that it's business as usual, which is a far cry from what progressive forest product buyers expect certification systems to deliver*." Copies of the report are available from http://www.forestethics.org

3.2 European green groups focus on Africa

Much campaigning by European environmental groups is now squarely focused on African countries. Greenpeace is directing a lot of fire at Dutch companies involved in the management of concessions and the trade in hardwoods from Cameroon. This criticism has focused on allegations of illegal log extraction by these companies and of associated damage to the tropical forest. The companies are accused of using their legally allocated cutting permits to illegally access and log in areas well outside the official limits of their permit. Greenpeace claim to have identified specific cases of illegal logging through their own undercover operations. Greenpeace are now lobbying the Cameroon government to carry out an official assessment of the ecological, social and fiscal damages caused by the alleged illegal operations, and to impose financial penalties on the companies concerned. The campaign is also linked to calls for increased EU scrutiny of the legal origins of wood products imports.

Meanwhile, Liberia has become a major area of concern for both Global Witness and Greenpeace. Liberia is an important supplier of tropical hardwood logs to the French and Chinese markets. In a renewed effort to encourage the United Nations to impose sanctions on the Liberian timber industry, Global Witness have released a report claiming that the industry is supporting Liberia's illegal arms trade. Global Witness argue that these weapons are being used by the Liberian government in a conscious attempt to destabilise West Africa, through its support of mercenaries in Cote d'Ivoire and Sierra Leone. In the report '*The Usual Suspects: Liberia's Weapons and Mercenaries in Cote d'Ivoire and Sierra Leone*' Global Witness claim that: "Arms continue to flow into Liberia on a regular basis, with shipment arriving every two to three weeks from Eastern Europe, usually transiting through Nigeria and Libya. The majority of shipments arrive by sea into Buchanan and Harper ports, which are controlled by the Oriental Timber Company (OTC) and Maryland Wood Processing Industries (MWPI), respectively." Global Witness allege that the Liberian government's import of weapons is dependent upon the logging industry, from the brokering and financing of arms deals to the off-loading and trans-shipment of weapons upon their entry into Liberia.

The Global Witness report prompted an immediate response from the French timber trade association, ATIBT, which maintains that the link between the Liberian arms trade and logging industry remains unproven. In a letter to the United Nations secretariat during March, ATIBT calls for a United Nations mission to Liberia involving UN, NGO and trade representatives. ATIBT propose that the objectives of the mission would be: first to establish whether there is any link between individual firms and the arms trade; and second, if it is proven that there is no such link, to assess training needs for sustainable forest management and local wood industrialisation.

3.3 Old growth in Finland

Greenpeace have again targeted Finnish paper product exports to Germany, claiming that these derive from "ancient forests". On 21 April activists in inflatable boats welcomed the paper carrier "Finn Hawk" as it entered the Baltic port of Luebeck in Germany. The activists painted onto the ship the slogan "forest crime in Europe" and called for "*European Ministers to make the right decisions to further ancient forest protection in Europe during the Ministerial Conference on the Protection of Forests in Europe [scheduled to be held in Vienna at the end of April].*" The main focus of the criticism is the forest enterprise Metsahallitus operating in North Eastern Finland, and the Finnish pulp and paper manufacturing companies supplied by Metsahallitus.

3.4 WWF claim widespread illegal logging in North Western Russia

In a new report, WWF claims that about 75% of the Russian wood exported to Europe comes from northwestern Russia. The report, *Illegal logging in North-western Russia*, claims that up to 35% of the timber harvested in north-western Russia is illegally logged. Major European destination countries for wood from this part of Russia are Sweden, Finland, Germany, the UK, the Netherlands, Belgium, and France.

According to the report, illegal logging in north-western Russia is caused by both the low level of control of logging operations from the government and the lack of responsible practices from logging companies and wood traders, who do no not control the origin of wood. For their part, importers of Russian wood products have limited knowledge of their supply chain and cannot guarantee that products they buy come from legal and non-controversial sources.

In the report, WWF call on European importers of wood from Russia to ensure that their suppliers can prove the legality of the traded wood "*which will necessarily imply more transparency and the need for tracing systems.*" WWF claims to be pioneering this work in Russia through the formation of a Producer Group, the Association of Environmentally Responsible Timber Producers of Russia. According to WWF, "*members of the group need to document their commitment to responsible forest management, through setting a defined timeframe for eliminating illegal logging, sourcing from non-controversial forests and achieving certification to a credible scheme, such as the Forest Stewards Council (FSC)*."

4 Meetings

4.1 Future Meetings in Europe

4.1.1 4th Ministerial Conference on the Protection of Forests in Europe (MCPFE), Vienna, April 2003. Issues highlighted for discussion: biodiversity aspects of sustainable forest management; national forest programmes; the experiences and challenges of forestry in Eastern European countries; economic aspects of sustainable forest management; climate change; cultural and spiritual aspects of SFM; and research.

4.1.2 **Royal Institute for International Affairs, Consultation on Illegal Logging, London, 16 May 2003**. UK national consultation to consider follow-up to the publication of the EC

Communication on an Illegal Logging Action Plan. More information at www.illegal-logging.info

4.1.3 International Conference on Rural Livelihoods, Forests and Biodiversity, 19-23 May 2003, Bonn, Germany. Conference to consider the role of forests in supporting rural livelihoods in developing countries and in maintaining biodiversity. Key objectives are to survey current knowledge, and identify policy lessons and a future research strategy. For more information contact: William Sunderlin, CIFOR; tel: +251-622-622; fax: +251-622-100; e-mail: w.sunderlin@cgiar.org;
Internet: http://www.cifor.cgiar.org/shared/template/livelihoodconference.asp

4.1.4 Third session of the United Nations Forum on Forests (UNFF-3), 26 May 2003 to 6 June 2003, Geneva, Switzerland. For more information, contact Mia Soderlund, UNFF Secretariat; tel: +1-212-963-3262; fax: +1-212-963-4260; e-mail: unff@un.org; Internet: http://www.un.org/esa/sustdev/forests.htm

4.1.5 **Forest Law, Enforcement, Governance and Trade (FLEGT) seminars and debate, July 14th and August 1st**. The Tropical Forestry Resource Group is running two seminars and a linking debate in Oxford on issues surrounding FLEGT between July 14th and August 1st 2003.

4.2 Future meetings outside Europe

4.2.1 AFLEG Ministerial Conference, Yaounde, Cameroon. Due in April 2003, but now postponed, perhaps to June/July. A ministerial-level conference and technical meeting for networking and knowledge sharing. A declaration on forest law enforcement and governance in Africa is to be finalized and endorsed by African and other governments. An Action Plan will be developed to tackle the illegal exploitation of forest products and their associated trade. Other goals of the meeting are to explore best current thinking on forest governance, deliberate on illegal forest exploitation in the African continent and associated trade, and identify potential stakeholder partnerships.

4.2.2 34th Session of the International Tropical Timber Council, Panama City, Panama, 12-17 May 2003. For more information, contact: International Tropical Timber Organization; tel: +81-45-223-1110; fax: +81-45-223-1111; e-mail: itto@itto.org.jp; Internet: http://www.itto.org.jp/

4.2.3 Asia Forest Partnership Meeting, Bali, May 2003, exact dates not yet fixed. The Prtnership is a voluntary agreement, originally agreed at the World Summit on Sustainable Development in September 2002, to promote sustainable forest management in Asia. This is the second meeting of the partnership.

4.2.4 12th World Forestry Congress, 21-28 September 2003, Quebec City, Canada. Held under the auspices of FAO. For more information, contact: World Forestry Congress 2003 Secretariat; tel: +1-418-694-2424; fax: +1-418-694-9922; e-mail: sec-gen@wfc2003.org; Internet: http://www.wfc2003.org/

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