



FOREST INDUSTRIES INTELLIGENCE LIMITED

Report for AF&PA

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Program in Europe**

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"INFORMING THE SUSTAINABLE WOOD INDUSTRY"

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Technical Report for May/June 2000

Highlights and Commentary

"Mutual recognition" is now on everyone's lips as the way forward for forest certification. A number of critical events took place during May and June which are taking the process forward:

- The Pan European Forest Certification Scheme (PEFC) hosted an international seminar on mutual recognition in Brussels. The seminar highlighted the considerable support that now exists for mutual recognition. Nearly all interests agreed that there was a need to limit the numbers of forest certificates in the market place, that international harmonisation was not appropriate for the forest sector, and that mutual recognition was the best way forward.
- The International Forest Industry Roundtable (IFIR) Working Group on Mutual recognition published their final report (a copy of which is attached). They also met to agree a timetable for the next 6 months including: peer review of their report by independent consultants, establishment of an expert review panel, and pilot bilateral mutual recognition processes. One of these would be between the Sustainable Forestry Initiative and Canadian Standards Association schemes.
- IFIR and PEFC met and agreed to co-operate closely on the further development of international mutual recognition procedures. They also agreed another mutual recognition seminar would be held later this year, to be co-hosted by IFIR and the Confederation of European Paper Industries
- The World Wide Fund for Nature (WWF) issued a position statement on Mutual Recognition indicating they were in favour of the idea. However they suggested existing approaches focused too much on systems and institutions and did not take sufficient account of on the ground performance. They suggested mutual recognition should only occur following joint certifications of on-the-ground performance to assess equivalence.
- B&Q issued a new position paper suggesting FSC should co-operate more closely with other certification schemes

Meanwhile, PEFC dominates news on progress to develop forest certification on the ground in Europe. The 3 Nordic schemes were finally endorsed by the PEFC Board in May. Two further schemes – Germany and Austria - have been put for endorsement. Other countries are scrambling to keep up. FSC has been marginalised on the production side throughout much Europe – with support focused now on industrial lands in Sweden and on publicly owned lands elsewhere.

Nevertheless, the WWF and FSC continue to keep up pressure on the demand side. The WWF Forests For Life Conference and Trade Fair held in London during June was a high profile and professionally run media event. It attracted 1000 delegates, including Europe's largest retailers and the national and international media. It aimed to convey the simple message that the FSC is the answer to the world's forest problems and has broad support from the forest sector. However, WWF's message was marred by retailers' persistent complaints over FSC's inability to provide commercial volumes of forest products.

Outside Europe, interest in forest certification is filtering increasingly into new regions. A Working Group is being established in Africa to look at the development of a Pan African Forest Certification Scheme. FSC is making some progress in Russia, and the PEFC is also planning seminars there. The first signs of interest in Japan are becoming apparent.

Other environmental issues have also been the news. Interest in the role of forests as carbon sinks was stimulated by the UN Climate Change talks held in Bonn during June. Environmental groups have continued their firm focus on tropical issues. Greenpeace tackled illegal logging in Brazil. WWF led a campaign against transnational companies (primarily Asian) operating in tropical forests.

1 Meetings

1.1 PEFC Mutual Recognition Seminar, Brussels 26/27 June

With financial support from the European Union (DG Agriculture and DG Environment), PEFC hosted a seminar on Mutual Recognition in Brussels on 26/27 June. The seminar was facilitated by Markku Simula of the Finnish consultancy INDUFOR. Attendees included the representatives of forest land owners and

industry, forest certification schemes (including AF&PA's SFI and the Forest Stewardship Council), Gerhard Dieterle from the World Bank, Alan Knight from B & Q, and two representatives from the Australian government. John Heissenbuttel represented AF&PA at the Seminar.

The aim of the seminar was to address the technical aspects of Mutual Recognition Agreements. There were also brief presentations by FSC, PEFC and several other National schemes. Finally the seminar broke out into four smaller workshops for the purpose of developing recommendations. All of the slides and formal presentations are due to be placed on the PEFC home page (www.pefc.org.)

Reports¹ from the meeting indicate the following issues were discussed:

- there was a consensus that consumers could be easily confused by multiple labels or certification processes. Alan Knight of B&Q made clear his view that if there is a failure to reach agreement on certification, his company is prepared to make decisions based on its own assessment.
- there was no agreement on the need for uniformity versus the need for flexibility between competing certification systems. FSC advocates expressed the view that their system is already a "lowest-common denominator". They noted that many environmentalists do not think FSC is strict enough and would denounce alternative systems unless these can demonstrate "equivalency". In practice, the various national or regional schemes are flexible to reflect local climatic, tree species, and cultural differences. However some environmentalists remain concerned that this flexibility is simply a cover for lower performance levels – they tend to argue for harmonization at a high level of performance standard.
- it was clear that many forest land owners are concerned with the complexities of various certification systems. They want to improve operations and move towards SFM but in a cost-effective way that does not impose unnecessary burdens on small land owners.
- it was evident that there is still no agreement over the need for high quality certification which delivers small quantities of wood products versus a high quantity certification regime which promises continuous improvement
- it was noted that FSC certified forest area is too small to have had much of an impact on forest management. This contrasts with non FSC schemes. For example PEFC has mobilized Europe's 12 million forest owners in support of certification. PEFC has already certified 18 million hectares and the certified area is forecast to increase to 27 million hectares by the end of the year - exceeding FSC's total within less than one year. Similarly, there are over 10 million forest landowners in the USA. The American Tree Farm System already has 70,000 certified areas totaling 25 million acres. Over 16 million hectares have been certified in Canada under various schemes.
- Kees Bosdijk, Director of the Dutch trademarking scheme Keur Hout, was one of the few to come out strongly against mutual recognition. His preferred approach seems to be that the Keur Hout scheme should be developed Europe-wide, perhaps through the European Commission. This would involve the EC developing a benchmark for certificates used within Europe with which producers would have to comply. (NB. such an obviously euro-centric approach is not widely supported - even within Europe - and has little chance of success).
- the Confederation of European Paper Industries (CEPI) outlined the background to the development of their comparative database and summary "matrix" of forest certification schemes. The work is based on a detailed set of Criteria and Indicators agreed by the CEPI Forestry Committee as appropriate for comparing the credibility of different schemes. Data on certification schemes was collected using a questionnaire. The first edition of CEPI's comparative matrix was published in March 2000. The aim of the matrix was to inform consumers, encourage greater transparency by certification bodies, and to advise the international policy debate on mutual recognition.
- James Griffiths, Chairman of the IFIR Working Group on Mutual Recognition summarized the Group's June 2000 report (attached).
- Gerhard Dieterle of the World Bank noted that the Bank's policy of no investment in tropical forestry had been a failure and that the policy was therefore under review. The scope of the Bank's interest is also extending outside the tropical region to accommodate Russia and Eastern European forests. The Bank is giving high priority to poverty alleviation and hence to those who earn their livelihoods partially or in total from forests. Dieterle mentioned the objectives of their Forest Alliance with the WWF: 200 million hectares of certified forests by 2005; 50 million hectares of new protected forests by 2005; and improving the management of 50 million hectares of existing protected forests. Dieterle

¹ Mainly taken from a report by Al Fry of WBCSD

then listed Alliance requirements for certified forests. These are very similar to the principles presented by CEPI and those developed by the IFIR

- Simula summarised discussions during the 4 workshops as follows:
 - There is great interest in Mutual Recognition but there are different perceptions of what it means
 - there is a need to increase compatibility and comparability between schemes
 - time for MR may not be quite ripe
 - there is a need for more cooperation – a key message was to “stop the tribal warfare”
 - Both FSC and PEFC are experimenting with "types" of MR
 - There is a need to recognize the diversity of nations and regions. Complete harmonization is not realistic
 - Confusion between schemes and labels could have a negative impact on the forest industry and wood in general
 - If we want MR, there are generic or common elements that we can learn from other sectors and experiences
 - Simula identified 4 options for MR:
 - continue to develop bilateral agreements between schemes
 - create a new international arrangement between certification schemes
 - attach forest certification to ISO standards and processes
 - create MR through a government led initiative (not welcomed by land owners or industry)
- Finally Simula raised the question of who is going to take the lead and where and when to hold the next meeting. There appeared to be a consensus that the meeting was worthwhile and that meeting again would be appropriate. Bill Mankin from Global Forest Policy Project suggested that the meetings rotate to different groups so that no one would claim ownership of the process. However no decision on future meetings was made during the Seminar.

Informal discussions in the corridors suggested that PEFC wanted to be recognized as a practical example of how the principle of Mutual Recognition could work at the European level. PEFC wanted to digest their gains before joining in any global MR scheme or system. IFIR would continue with their 2000 work program and try to sustain the momentum that had been built up towards MR

1.2 IFIR Working Group, Brussels 26/28 June

The International Forest Industry Roundtable (IFIR) Working Group on Mutual Recognition arranged two meetings in Brussels to coincide with the PEFC Seminar. John Heissenbuttel represented AF&PA at the meeting. The Working Group's final report had been released just prior to the meeting so that it was available to all participants at the PEFC seminar. A copy of the report is attached. Discussions at the IFIR Working Group focused on the timetable for further work towards an “International Mutual Recognition Framework System”. The Working Group agreed that:

- their report should be subject to peer review by independent experts.
- an expert panel to continuously assess their work should be established
- the principles for mutual recognition agreed by the working group should be subject to bilateral pilot testing. These would focus in the first instance on the Canadian Standards Association (CSA) scheme and SFI, and on CSA and the PEFC.
- efforts to promote their work would be intensified. Over the next few months, WG members will communicate with the World Bank /WWF Forest Alliance, the World Business Council for Sustainable Development, NGOs, the FSC, customers – notably B&Q, Home Depot and the European Publishers, consumer associations, the media, and WWF Buyers groups.

The next Working Group meeting will be held in association with the World Bank/WWF Forest Alliance meeting in Washington DC, 9-10 October 2000.

1.3 Meeting between PEFC Board and IFIR Working Group, Brussels 28 June

Another critical meeting took place in Brussels coinciding with the PEFC Seminar. PEFC Board members requested a meeting with the IFIR WG to discuss how best to co-ordinate efforts towards mutual recognition. It was agreed that:

- IFIR and PEFC should join forces to create “a coalition of international forest industry associations promoting Sustainable Forest Management”.
- there should be on-going co-operation and exchange between the two groups
- IFIR should be proposed as extraordinary members of PEFC
- PEFC and IFIR will work together on a communication strategy, bilateral test cases, the peer review of IFIR principles and the expert group with a view to joint implementation

- another joint meeting of IFIR and PEFC will take place alongside the WWF/World Bank forest Alliance meeting in Washington on 9-10 October
- another mutual recognition seminar will be co-hosted by CEPI and IFIR later in 2000.

1.4 WWF “Forest For Life Conference and Trade Fair”, London, 6/7 May

On behalf of AF&PA, the Technical Consultant attended the WWF “Forest For Life Conference and Trade Fair”. The event aimed to promote the merits of FSC certification. A full report is attached

1.5 International Tropical Timber Organisation, Lima, 24-30 May

Reports from the ITTO Meeting held in Lima at the end of May suggest that forest certification was a major topic for discussion – although ITTO again failed to make any decisions that might significantly impact on the direction of international debate.

Differences of opinion emerged at the Lima meeting over the role of ITTO in the future development of timber certification. There was strong body of opinion amongst producers, led by the Malaysians, that ITTO should take a leading role as a certification and mutual recognition body. However, consumer countries (notably the USA) were strongly opposed, arguing that it was for the market to decide the form that forest certification should take. Consumer countries argued that ITTO should focus on the provision of information on forest certification and assistance to producer countries developing certification schemes. No agreement could be reached and further discussion was postponed until November.

Timber certification was also on the agenda of the Market Discussion where ITTO trade delegates are given the opportunity to brief government officials. Delegates discussed the economic implications of certification - noting that while certification adds costs, there is little evidence that consumers are willing to pay. Certification however may be important to ensure continuing market access for tropical timber. It was noted that a major cost of certification is linked with chain of custody auditing from forest to final consumer. This usually requires impractical procedures to physically segregate certified and uncertified logs. Delegates suggested a novel alternative to reduce costs. It may be possible to develop Certified Log Credits (CLC) to work in a similar way to carbon credits.

One draft report particularly relevant to forest certification was issued at the meeting. The “Comparative Study on the Auditing Systems of Sustainable Forest Management.” aims to assist tropical countries and forest organisations to develop effective procedures to monitor progress towards sustainable forest management. It examines both existing public sector auditing systems in the tropics and voluntary certification/verification schemes and recommends options for further actions by ITTO Member Countries.

ITTO also officially approved a Decision to prepare guidelines for auditing and standard setting to help ITTO Producer Members develop national Criteria & Indicators for SFM and build capacity in this area.

2 Development of certification in Europe

2.1 Pan European Forest Certification Scheme

2.1.1 Nordic Forest Certification Schemes endorsed

The Finnish Forest Certification Scheme; the Living Forests Standards and Norwegian Forest Certification Scheme, and the Swedish PEFC Forest Certification Scheme, were unanimously endorsed by the PEFC Council as meeting the requirements of the PEFC scheme on the 24th May 2000. Members representing stakeholders in 14 European countries voted on the candidate schemes. Wood from these independently certified forests will now have access to the PEFC logo. The postal vote followed an assessment by independent consultants whose report to the Board of Directors concluded that the schemes met the requirements of the PEFC Council. The three schemes already account for 18 million hectares of independently certified forests and this area is forecast to increase to 27 million hectares by the end of this year from these schemes alone.

2.1.2 East European development

The PEFC Council has received financial support from the European Commission’s General Directorate for the Environment to organise a series of seminars for countries in economic transition wishing to develop forestry standards and certification schemes. The first of the seminars was held in Riga, Latvia, at the end of May. It was attended by Latvians, Lithuanians and Estonians who exchanged ideas and views with participants from other European countries that have already developed certification schemes. Further seminars are planned for Poland, Romania/Hungary and Russia for later in the year.

2.1.3 German Forest Certification scheme

The German Forest Certification Scheme is the fourth forest certification scheme to seek assessment against the PEFC requirements. It is currently on the PEFC web site undergoing a public consultation

exercise as part of the assessment process by independent consultants. The Board has appointed Indufor Oy to undertake the assessment of the scheme against the requirements and rules of the PEFC Council.

2.1.4 Austrian Forest Certification Scheme submitted

The PEFC Council has received an official application for the Austrian Forest Certification Scheme to be assessed against the PEFC Council rules and requirements. Tenders to undertake the assessment have been requested from several independent consultancies.

The Austrian Forest Certification Scheme was developed over a period of 12 months. It is designed to accommodate Austria's 213,000 non industrial forest owners. It operates at regional level. There are nine forest regions in Austria that may be certified, each demarcated on the basis of natural boundaries (forest growth zones) and administrative borders. Austria has also developed chain of custody procedures, which include systems for groups of small wood processing companies.

2.1.5 Belgium

Forest certification standards for the Belgian PEFC scheme have been finalised. A final draft of these standards was issued for peer review to Belgian stakeholders and presented at a general meeting at the start of May. The standards are also being translated into English. The standards will soon be submitted for preliminary assessment by the PEFCC. Following this, the document will be presented to Belcert, the Belgian accreditation body, to request development of a certification body. A pilot study will also be undertaken involving an internal audit of one Belgian region.

2.1.6 Czech Republic

Certification Criteria and Indicators have been discussed in several meetings with broad participation. Discussion are still continuing, but a final draft is expected soon. The scheme will also operate at regional level. The intention is that certification bodies for the scheme will be accredited by the Czech Institute for Accreditation.

2.1.7 Denmark

PEFC Denmark was founded in September 1999. Two Working Groups are currently developing the certification system and formulating certification standards respectively.

2.1.8 Finland

The seven forest certificates issued under the Finnish Forest Certification Scheme during 1999 covered around 13.5 million hectares of forest, 60 % of the country's total forested area. Certified area will rise to 22 million hectares by the end of 2000. First certificates under the Finnish chain of custody verification system were issued in April 2000.

2.1.9 France

The French Forest Certification Association was established in April 1999. On 8 March 2000, its three colleges - growers, processors and consumers - unanimously adopted the French Forest Certification Scheme. A regional approach based on the ISO 9000 and/or ISO 14000 standards is being developed. The system will soon be submitted to the PEFC Council for assessment. By May 2000, 12 out of the 22 French regions were formally committed to the process. The first certified wood is expected in 2001.

2.1.10 Sweden

PEFC Sweden was formally constituted on May 15, 2000 to manage the national PEFC scheme. Members of PEFC Sweden are the Forest Owners Associations, Private Independent Sawmills, Forest Contractor Association, and Orienteering Association. Representatives of the Church (who are forest owners in Sweden) and the Forest and Woodworkers Union participate as observers. The Swedish PEFC Scheme, which has already been endorsed by the PEFCC is expected to become fully operational on 1 August, 2000.

2.1.11 United Kingdom

After a slow start, the UK forest owners have finally climbed aboard the PEFC bandwagon. PEFC UK was formally constituted on 10 May 2000 with participation from the private forestry sector and industry.

2.1.12 Norway

At the end of 1999, 52% of Norwegian forests were certified under the Living Forests program. However, in April 2000 the largest certificate was suspended due to non-compliance. Thereupon certified area dropped to 27%. The certificate is expected to be reconfirmed by the end of June.

A document is currently being prepared looking at the compatibility of the Living Forests certification system with the FSC.

2.2 Forest Stewardship Council

2.2.1 Switzerland

The FSC in Switzerland claims that by the end of this year 11% of the total Swiss timber production and 6% of Swiss productive forest area will be FSC certified. FSC Switzerland are planning to develop an internet exchange to link FSC producers and buyers in the German-speaking countries of Europe.

2.2.2 Romania

According to WWF reports, following a World Bank/WWF pilot project in Romania, the environmental minister signed an official statement to support WB/WWF targets for protected forest areas and recognising FSC "as the only trustworthy certification scheme." An FSC draft standard for Romania is currently under discussion. In late March of this year, the first FSC workshop "Trade Opportunities in FSC certified products in Romania" took place with participation of 70 stakeholders. By the end of this year, around 300,000 hectares are expected to be FSC certified in Romania.

2.2.3 Austria

According to WWF reports, WWF Austria hosted a seminar earlier this year on the theme "The FSC label for economy, environment and humans". WWF claim that the seminar demonstrated that:

- the DIY sector throughout German speaking Europe is fully behind the FSC concept.
- FSC group certification is applicable and working in this region
- the Austrian environment Ministry favours FSC for its "equal participation of stakeholders"
- Some labour unions in German speaking Europe are also willing to participate in the FSC process.

2.2.4 Germany

At present 124,000 hectares of German forests are FSC certified. These areas are primarily owned by the State of Hamburg. However, the Association of communities and towns in Rheinland-Pfalz, which owns 400,000 hectares of forest, is currently implementing a FSC group certification scheme.

3 Development of certification outside Europe

3.1 Pan African Forest Certification Scheme (PAFC)

Formation of the Pan African Forest Certification Scheme is being driven by 14 of the largest forest sector investors in Africa who are members of the European Foundation for the Preservation of African Forest Resources (EFPAFR). Development of the scheme, which began in September 1999, is to be based on forestry principles developed by the African Timber Organisation (ATO), ITTO, and the Centre for International Forestry Research (CIFOR).

Drawing on the ITTO Guidelines, over the last 6 years CIFOR has developed a set of Principles, Criteria and Indicators (PCI) for a regional certification scheme for the 13 ATO member countries. CIFOR has also undertaken successful pilot tests of the PCI in the Ivory Coast, Ghana, CAR, Cameroon and Gabon. Ghana's national certification system also draws heavily on these PCI.

A Working Group is now being established with support from the Interafrican Forest Industries Association, members of the EFPAFR, the EC, and French Government. The Group will be working on the technical issues surrounding implementation of PAFC including validation of the PCI, the further elaboration of regional guidelines, and the possible establishment of a framework to accredit certifiers. The aim is to certify the first forest concessions and products under PAFC in Spring 2001

A recent press release issued by the EFPAFR members notes that "in international markets, mutual recognition of regional certification schemes is a must." The European Foundation for the Preservation of African Forest Resources represents 14 industrial groups responsible for the management of 14 million ha of African forest concessions log production of almost 4 million m³. Of this volume, 2.5 million m³ are being processed locally in Africa.

3.2 Malaysia

Recent Malaysian press reports suggest that while the Malaysian National Forest Certification Council (NFCC) has forged co-operative links with the FSC, the Malaysian government continues to seek alternative ways of obtaining international recognition. At the ITTO Meeting in Lima at the end of May, Malaysia was clearly at the forefront of efforts to encourage ITTO to take a leading role in the certification debate.

In another development, Malaysian officials discussed forest certification with European Parliamentarians visiting Kuala Lumpur during May. At this meeting the Malaysian Primary Industries Minister Dr Lim apparently canvassed for an extension of the Dutch Keurhout system throughout Europe. NFCC is already recognised by Keurhout and may have been influenced by their thinking (see under PEFC Seminar above).

Dr Lim pressed for the development of a single European certification scheme acceptable to all European consumers. He suggested that access to European markets is currently hampered by the presence of different certification requirements in each country. Demand for FSC certified wood only complicates the picture further. He claimed Malaysia would follow the requirements established by the Europeans, but asked

that these should be developed with “input from us or the International Tropical Timber Organisation.” He also asked the Europeans not to be “unduly influenced by vested interests like the fund-raising NGOs”. He noted also that if Malaysia’s National Forest Certification Council was unable to gain recognition from a Europe-wide body, “the country may end up having to submit to NGOs like the Forestry Stewardship Council”.

3.3 Russia

In several regions of Russia, regional FSC groups have been formed with the support of WWF Russia. In April 2000, ten companies formed the Association of Russian FSC Suppliers – a WWF “Producers Group”. Another 23 companies are planning to join this association, pending approval by their supervisory bodies. So far, only one Russian based company – Pricebatch Russia, a subsidiary of the UK’s Pricebatch Group – has qualified for FSC certification. The certificate covers 32,800 hectares of woodland in the southern Siberian region of Altai Sayan. Pricebatch supplies the Body Shop Group.

On 21 April, around 50 representatives of the Russian forest industry founded a regional FSC group in Archangel’sk. Formation of the group reflects growing demands for FSC certified products from Western European retailers. The first company likely to be certified in the region is the Dammers Group, a German owned company engaged both in forestry and wood processing including sawmilling and glulam production. FSC is also active in the Komi Republic of Russia. The forestry company Priluzskiy is taking part in a pilot forest certification project in association with the WWF. Regional FSC standards for forest certification are currently under development. Similar standards are also being developed in the Chabaraovsk region of eastern Siberia.

3.4 New Zealand

The New Zealand is now proposing the development of a national forest certification standard. There is also increasing demand from industry for a separate FSC national standard for New Zealand. Fletcher Challenge’s plantations are expected to be FSC certified in the coming weeks. The NZ industry is looking for a reliable mechanism to achieve FSC certification due to increasing pressure from US markets (notably from Home Depot).

3.5 Japan

FSC has finally penetrated into Japan. The 1,070 hectare Hayami forest on the Japanese island of Honsyu is the first area of FSC certified forest in Japan. Nearby forest holdings are expected to undergo FSC certification soon.

Only a limited number of Japanese companies are selling FSC labelled products. Amongst the few is Catalogue House, one of Japan’s largest mail order companies. The company intends to become a founding member of Japan’s WWF Forest and Trade Network which has yet to be established.

4. Market Developments

4.1 WWF Position Statement on Mutual recognition

The WWF Core Forest Advisory Group on 14 April agreed the following position statement on mutual recognition:

“It is not within WWF’s mandate to produce a framework for “mutual recognition”. This is the responsibility of certification initiatives which may wish to enter into such types of agreement. However, WWF recognises the potential value of a framework which would allow for the evaluation and comparison of different certification initiatives. Such a framework must consider both the system and performance (i.e. input and output) aspects of certification initiatives.

To date, the frameworks for evaluating certification initiatives that have been published rely on system aspects and neglect performance evaluation. In addition, they rely on questionnaires filled in by the initiatives in question, which casts doubt on the independence and reliability of the data. They cannot therefore be considered to be adequate at this time.

It is very difficult to compare the performance on the ground of different certification initiatives without making a direct comparison in the field. Therefore, WWF considers that any credible evaluation or comparison of certification initiatives should include a number of joint certification exercises. It is possible that following such exercises, careful analysis and discussions may lead to mutual recognition between the certification initiatives concerned, which WWF would, in principle, welcome.

WWF reiterates that for the time being, only certification under the FSC system can be considered to reach satisfactory performance levels and thus provide an adequate incentive for improving forest management world-wide.”

4.2 CEPI certification database and WWF Response

The comparative matrix of forest certification schemes published by CEPI in March (see April report) has generated a lot of interest. Several hundred paper copies of the matrix have been distributed and it has been downloaded around 3500 times from CEPI's homepage (www.cepi.org). The environmental movement's reaction to the matrix has been mixed. The UK-based environmental network FERN complained that CEPI's work is biased due to their PEFC membership. The WWF reacted by sending a copy of their position statement on mutual recognition (see above) which criticises questionnaire based approaches for comparing forest certification schemes, but which leaves scope for eventual mutual recognition. By contrast, Stephen Bass of the International Institute of Environment and Development (IIED) is supportive of the CEPI matrix, promoting it widely amongst the technical forestry community. A second edition of the matrix is planned for October/November 2000.

4.3 Draft B&Q policy

B&Q have built up a considerable amount of credibility with the environmental movement by pursuing an ambitious target to achieve FSC certification for all wood supplied by the year 2000. B&Q claim that by the end of 1999, over 80% of their wood based product lines displayed the FSC label. Virtually all the rest was certified under the Finnish Forest Certification Scheme. However, in a new policy released at the WWF Conference and Trade Fair in London during June, B&Q are openly critical of FSC's failure to supply adequate volumes of certified wood. B&Q propose that, from now on they "*will develop a method of evaluating different certification schemes*". Furthermore, B&Q encourage FSC to explore ways of recognising other certification schemes. At present B&Q's paper is a "proposal for consultation" which is due for finalisation by October 2000.

5. Environmental issues

5.1 Climate change

The European press provided limited coverage of the 2 weeks of climate negotiations in Bonn during June. The meeting involved the 38 governments that have signed the 1997 Kyoto Protocol on climate change. The meeting was convened to discuss mechanisms to achieve the Protocol target of reducing overall output of CO₂ and other greenhouse gases by 5.2% by 2010, compared with a baseline of 1990. The issue of carbon credits for forestry was a central point of discussion. A French press report noted that "*Countries were at odds over how far to include forests in their effort to reduce carbon dioxide (CO₂).....The United States, the biggest producer of CO₂, was pushing hard for countries to be given maximum flexibility in how they define forests and use them as a credit to be offset against gas emission quotas....Canada and New Zealand, which have enormous forestry industries, also back the US position.....Most European Union (EU) countries are opposed - with the notable exception of Finland and Sweden, likewise big timber and paper exporters.*"

The environmentalists took the opportunity presented by the meeting to express their own views on the role of forests in mitigating CO₂ emissions. In a press release the WWF take the view that "*The scientific uncertainties should warn governments to rely as little as possible on forests to soak up carbon. Instead governments should concentrate on tackling the root of the problem - carbon dioxide emissions from smoke stacks and tailpipes*".

The complexities of the debate were highlighted in a report issued in May 2000 by the Intergovernmental Panel on Climate Change (IPCC). The report suggests that accurately assessing the volume of carbon stored in vegetation and soils, or released when forests are felled, is critically dependent on how 'deforestation', 'reforestation', and 'afforestation' are defined. Many areas of scientific uncertainty remain, including how increasing levels of carbon dioxide in the atmosphere will impact the growth of trees. The IPCC is also unsure how carbon uptake will change as the world's forests are themselves impacted by climate change.

Commenting on the report and on the Bonn negotiations, Robert Watson, chairman of the IPCC said the forestry issue is "*very, very complicated.....The details are very important. Governments need to negotiate very carefully how they define a forest, afforestation, reforestation and deforestation....Governments also have to get the accounting rules right. They have to design a system by which different governments or industries can do these projects and get fair accounting. There are potential loopholes, where too much or too little credit is given....They also have to put in place monitoring systems to verify carbon changes in a transparent manner.*"

5.2 Illegal logging in the Amazon

Over recent months, European Greenpeace activists have focused heavily on alleged illegal logging in the Amazon. Their campaign focused specifically on a single shipment of tropical plywood aboard the vessel M.V. Enif sourced from the Brazilian company Amaplac, a subsidiary of the Malaysian company WTK. Greenpeace occupied the vessel in Tilbury, UK, and later in Hamburg, Germany and then in Denmark, in an

effort to prevent unloading. They also wrote to 22 UK timber companies and several building firms explaining the reasons for their action. Greenpeace allege that the plywood is manufactured from logs extracted illegally. No specific details are provided in the Greenpeace press release of the information on which these allegations are based. Greenpeace note only that "a *Greenpeace investigation in May and June in the area of the Amazon where WTK get their logs uncovered several illegal log rafts*".

A number of UK importing companies - identified by Greenpeace as International Plywood, Premier Forest products, and Taylor Maxwell Ltd - responded to the Greenpeace campaign by announcing they would cease purchases from Amaplac until further information was made available.

The Greenpeace Campaign received national media coverage in the UK. The Timber Trade Federation responded with a statement that "the Brazilian Environment Agency, IBAMA, has considerably strengthened its enforcement procedures over recent years and is currently carrying out additional checks on a plywood company operating in the Amazon region".

Meanwhile, Greenpeace in Brazil were themselves targeted for direct action by the Brazilian logging industry. Reuters report that more than 1,000 angry loggers and timber industry workers confronted Greenpeace activists in late June, preventing them from launching an environmental protest in Belem. The workers marched into the port of Belem where a Greenpeace boat was docked and confronted the activists as they disembarked. The workers claim that Greenpeace campaigns were damaging jobs in the Amazonian region. They blame stricter environmental laws for 3,000 job losses this year alone. Greenpeace has been touring towns in the Brazilian Amazon to denounce "environmental crimes" and have specifically targeted the logging industry.

5.3 Pressure groups warned on public scrutiny

The London Financial Times carried an article in June announcing publication of a report by a leading UK government think-tank proposing much greater public scrutiny of environmental pressure groups. The report from the Foreign Policy Centre, whose president is Robin Cook, the UK's foreign minister, suggests that the siege of Seattle and the row over Shell's Brent Spar oil rig have robbed many non-governmental organisations of their legitimacy. Greenpeace and other pressure groups must open up to public scrutiny or risk losing all credibility.

The report was published to mark the five year anniversary of the Brent Spar "fiasco" in which Greenpeace dramatically over-estimated the amount of hydrocarbons that could be expelled into the sea if the oil rig was scuppered. Michael Edwards, author of the report and former head of research at Save the Children, said NGOs that agree to minimum standards of accountability should be rewarded with a place at the negotiating table at IMF and other international conferences.

He proposes a code of conduct for NGOs and a programme of self-regulation with independent verification. A similar system already exists in the Philippines where an umbrella body, the Philippine Council for NGO certification, can recommend withdrawal of recognition and tax privileges for those who fall short of minimum standards of conduct. Under the new regime, NGOs would be obliged to be certified by the regulatory body and sign up to standards of transparency, accountability, internal democracy and "helpful knowledge", a measure of its expertise. Once a certified system was up and running, the accredited organisations should have rights to sit at conferences.

"NGOs must put their house in order and prove they properly represent the people they claim to champion," said Mr Edwards.

5.4 WWF criticise transnational operations in the tropics

The WWF published a report during June suggesting that the dramatic expansion of transnational investments in timber extraction from tropical forests is an increasing cause of deforestation worldwide. The report was compiled by WWF and the World Resource Institute (WRI), with funding from the European Commission. It claims to document the role played by multinational logging companies in the Africa-Caribbean-Pacific (ACP) countries. It suggests that investment, formerly led by companies from Japan, Europe and North America, has shifted to Asian firms, mainly from Malaysia, Indonesia, Korea and Hong Kong (China). According to the study, this new trend has resulted in an expansion of destructive logging operations, violation of indigenous rights, and sometimes large-scale corruption.

The WWF suggest that much of the new investment focuses on short term activities, and that the economic benefits to the exporting country are usually very low. The forests are often mined rather than managed, resulting in high levels of damage and increased access to previously untouched areas.

The report sets out a number of recommendations to tackle these issues. For example, it calls for the ACP governments to freeze all new foreign investment for the expansion of logging operations until land use planning has been completed and the traditional rights of local people have been defined. It also urges the World Bank and the European Commission to support only activities related to the achievement of sustainable forest management. The WWF used the launch of the report to promote the potential role of FSC in promoting better practice in the tropics. They suggest that investment and aid for tropical forestry

should be linked to a commitment to FSC certification. Officials of the European Commission are now considering the report's findings.

An article in the UK's Guardian newspaper highlights the curious history of the WWF/WRI report. Although actually completed in 1997, the report was held back and revised twice before publication this year. The European Commission were apparently concerned that the original report named allegedly destructive companies. The WWF also had second thoughts about naming companies, suggesting that most were Asian and that WWF "did not want to appear to be Asian-bashing". These names have therefore been removed in the published version.

Hard copies of the WWF report "Increased investment and trade by transnational logging companies in Africa, the Caribbean and the Pacific: Implications for the Sustainable Management and Conservation of Tropical Forests" are available from Geert Lejeune, WWF-Belgium, tel.: +32 2 340 09 58 ; fax: +32 2 340 09 38 ; e-mail: tropicalforest@wwf.be. An electronic version (pdf file) can be downloaded from the following address: http://panda.org/news/download/tnc_report.pdf

5.5 Response from the South

The WWF/WRI report and transnationals campaign (see 5.4) have been the subject of a critical article in the North-South Monitor, a journal which represents the views of developing countries. The article specifically criticises the WWF's advocacy of FSC certification in the South. It suggests that the FSC is increasingly dominated by "large-scale commercial interests rather than the smaller-scale interests" It notes that indigenous people and other social interest groups from the South have been poorly represented. It goes on to suggest that "*Data compiled by the International Institute for Environment and Development (IIED) reveal that most of the area certified by FSC is accounted for by large industrial and state-owned forests in a small number of northern countries. More than three-quarters of the area under FSC accredited certification is accounted for by three countries - Sweden, Poland and the USA. Ninety-six percent of the certified area is accounted for by industrial or governmental forest owners, with 85% in holdings of more than 100,000 hectares. Only 34% of the total number of certificates, covering 3% of the certified land area, is accounted for by community groups and non-industrial users. This indicated that the FSC's principal clients (and thus influencing it), are large industrial enterprises and governmental authorities.*" The article claims further that a limited number of large commercial certifying organisations based in developing countries also have an unhealthy degree of influence over the FSC certification process.

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