

Report for AF&PA

**Trade and Environment
Program in Europe**

November 1998 Report

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“INFORMING THE SUSTAINABLE WOOD INDUSTRY”

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

Technical Report for November 1998

Highlights

- The Pan European Certification initiative is making fairly rapid progress. 15 European countries are now involved. The strength of the initiative is that it caters to the needs of non industrial forest owners in Europe. It also has strong support within the European Commission. On the other hand, wood products buyers and environmentalists are not yet involved, which may undermine market acceptance.
- The UK Woodland Assurance Scheme is nearing completion and looks set to provide opportunities for a large section of the UK forest industry to obtain FSC certification in the near future. Although co-operating with FSC, the UK's domestic forest industry admit they would prefer to work through alternative certification frameworks.
- Efforts are being made by the UK importing trade and industry to loosen FSC's tightening grip on the UK market. They seem to have succeeded in convincing the British Retailers Consortium that certification outside FSC is a credible option.
- Sweden's non industrial owners have set targets for ISO14001 certification of all the country's regional forestry associations.
- German publishers, in the past seen as major backers of FSC, now say they would prefer a Pan European solution.

1 Meetings

No major meetings were attended by the Technical Consultant during November.

A meeting of the Steering Group of the Pan European Certification Scheme is being held on 15 December which the Technical Consultant may attend. At present it is not clear whether non members of the Group are permitted to attend as observers.

2 Development of certification in Europe

2.1 Pan European Initiative

Discussions are on-going between forest owners and industry representatives of the 15 countries involved in the initiative. One Steering Group meeting was held during November, and another is due to be held in mid December. A public meeting to extend the technical input and promote the scheme is planned for February 1999.

The scheme has gained strong support from the European Commission's Agricultural Directorate (DGVI). It is the only scheme referred to in the EC's draft European Forestry Strategy (see below). DGVI have even suggested developing some form of legislative framework for the scheme. However, many industrialists are opposed to government interference. Environmental groups are also united in their opposition to the scheme.

2.2 European Commission

i) European Forestry Strategy

The European Commission has drafted “a legislative proposal on European forestry strategy” which includes a section setting out a policy on certification (copy attached). The paper suggests that the “main objective” of certification is “*to establish comparability, credibility through sufficient verification of conformity to standards or performance indicators*”. It also sets out various criteria for the development of these schemes:

“European forest-certification schemes and related labelling should be based on criteria and performance indicators comparable and compatible with internationally agreed principles. In addition, they should respect the following general principles: voluntary nature, credibility, transparency, cost effectiveness, participation of all related interested parties, open access and non discrimination with respect to forest types and owners. One essential element providing credibility is the independent audit of forest management and chain of custody”

ii) Joint Meeting of the Intergroup Conservation & Sustainable Development and Intergroup Forests.

European Intergroup’s are sounding boards for Members of the European Parliament. They are attended by MEP’s, relevant DG’s of the European Commission, and invited representatives from interest groups. They have no formal power, but are used as a lobbying forum by external interests. The note of a recent joint meeting of two intergroups to discuss forest products certification is attached. The note provides an interesting insight into the current state of the policy debate on certification in Europe.

The extent of DGVI’s apparent dislike for FSC is particularly notable. Mr Anz, Head of Unit from DGVI, suggests that FSC “*has created an artificial market and that WWF among others has invested millions to create this market. He also emphasised that perhaps this wasn’t done in an altruistic manner as the issuing of licenses has a potential of billions of ECU’s. He is surprised that nobody has ever thought about the cartel that the FSC is, and the terrorist methods that have been used to monopolise the wood market to impose the FSC system*”. He particularly criticised WWF for failing to support Finland’s National Certification. There was strong support from most attendees at the seminar for the Pan European Scheme. Assidoman emphasised the marketing advantages of FSC - but also acknowledge the difficulties of FSC certification for non industrial owners.

2.3 Sweden’s non industrial forest owners

Sweden’s non industrial owners continue to pursue the development of a certification framework based on the country’s regional Forestry Associations and ISO14001/EMAS. Non industrial owners account for 50% of all forest land and 60% of total Swedish production. Non industrial owners withdrew from the Swedish FSC process last year. A policy paper on certification, dated 8 September 1998, has been released by the Swedish Federation of Forest Owners. The Paper includes the following commitments:

- all seven forest owners associations will develop an environmental management system in accordance with ISO14001 or EMAS, to be in operation before 31 December 1999.
- an independent third party certification body will supervise, approve and audit the process and issue certificates

- Under their registration to ISO14001/EMAS, and in line with requirements for continuous improvement, each Forest Owners Association will develop environmental goals and standards over and above the general environmental considerations prescribed in national legislation.
- All forest associations should also offer members the possibility of group certification at property level.

The papers from Sodra (attached) illustrate the methods by which a Swedish forestry association offers certification services to its members.

Meanwhile, Assidoman's FSC certification is coming under intense scrutiny at home, particularly from non industrial owners remaining antagonistic to FSC. For example, Dagens Industri (The Industrial Daily, issued in Stockholm, November 28, 1998) reports that Assidomän has been accused of "overexploitation" of forests in the north of Sweden. Mr Per Lavander, mayor of the municipality of Arjeplog, in a letter to the Minister of Industry, accused Assidomän of neglecting their responsibility for the privately owned saw mills in the sparsely populated areas in the inland by transporting the timber to Assidomäns own sawmills by the coast. The implication is that their failure to supply local mills is due to the demand for FSC certified wood in Assidoman's export markets.

2.4 UK Woodland Assurance Scheme

The first Newsletter of the UK Audit Protocol has been released and is attached. The UK's "Audit Protocol" has now been completed and in its current form is seen as compatible with both the UK Forestry Authority's standard and the FSC National Standard. Forest owners wishing to use the FSC Trademark will need to demonstrate compliance with the audit protocol using an FSC accredited certifier. Discussions are continuing with the United Kingdom Accreditation Service over the development of parallel accreditation procedures at national level outside the FSC framework. At a Timber Trade Federation meeting during November, UK industry representatives described their relationship with FSC as "an arranged marriage" that may only be temporary. They were unhappy with FSC's current *modus operandi* and would prefer to operate within an international certification framework based on the concept of mutual recognition of different national approaches.

3 Development of certification outside Europe

3.1 FSC in Brazil

Recent Brazilian newspaper articles are highlighting the efforts being made by FSC and WWF to promote certification in the country. The first prefabricated house entirely built with Amazonian wood certified by the Forest Stewardship Council (FSC) was launched in Brazil during November. WWF is supporting the initiative which it claims is "the first step towards a buyers' movement for certification in Brazil involving a number of companies and institutions." There are a total of 383,000 hectares certified by FSC in Brazil (one Amazon forest and five plantations). Around 14 Brazilian companies are licensed to use the FSC label. According to the FSC working group co-ordinator, there are "dozens of other companies owning forests and plantations throughout the country going through the process to obtain certification." Around 62 other Brazilian companies have applied to use the FSC logo. Plantar, Brazil's largest charcoal producer, received its label last September. Duratex has become the only supplier of FSC certified chipboard to the UK.

4 Market Developments

4.1 Germany

The Publishing Manager of Der Spiegel, Friedrich Von Bismarck, is quoted in a Swedish newspaper as supporting a European solution to forest certification rather than FSC. He denies the idea that German publishers have committed themselves to FSC. Der Spiegel has a wide circulation and is the pride of the major German Publishing House Axel Springer Verlag. Springer is an influential member of the German magazine publishers union which has 300 members. In the past, the German publishers have been regarded as one of the leading supporters of the WWF Buyers Groups and FSC. Von Bismarck stresses that German publishers are willing to await the development of a Pan European certification framework. An unofficial translation of the article is attached.

The changing attitudes of the German publishers is an interesting twist to Europe's certification debate. Many German publishing houses are owned by the country's large land-owning aristocracy. When the publishers first made their commitment to FSC, they never dreamt this move would ultimately lead to calls for their own estates to be certified. Their original commitment to FSC was only meant to apply to foreign imports.

4.2 Netherlands Heart for Wood Campaign

A recent ITTO report (dated November 1998) on "Impediments to Market Access to Tropical Timber" provides some useful detail on environmental buyers groups in Europe, including the "Heart for Wood" Campaign in the Netherlands. The campaign was initiated by Friends of the Earth Netherlands and WWF. It aims to promote certification and is actively supporting FSC. Its membership includes 252 municipalities (out of a total of 633 in Holland), and 10 state departments. About 75% of DIY chain stores in the Netherlands along with 139 housing corporations and 72 project developers are members. While the numbers appear high, the group is split into 3 different sub-groups with varying levels of commitment. The "Forerunners" Group is made up of companies committed to promoting the FSC and working on specific projects to deliver FSC labelled products. There is a separate "Municipalities" Group, for committed local authorities, but this group seems to be small. The largest group comprises around 250 Municipalities and 250 companies committed only to buying FSC labelled products as soon as they are available.

While much is made of FSC, the Heart of Wood agreement doesn't seem to exclude the possibility of accepting timber under other certification schemes deemed to be compatible with FSC. Indeed municipalities are also the main market for certificates provided by the Dutch industry's alternative, Keur Hout.

The ITTO paper also points out that a number of Dutch municipalities are following guidelines on sustainable building practice of the Foundation Experiments and Public Housing (SEV). For windows and frames, the SEV guidelines set out the following recommendations:

- 1st choice - timber from sustainably managed forests
- 2nd choice - softwood treated with boric acid
- 3rd choice - softwood made durable; or recyclable PVC; or aluminium
- 4th choice - timber from non sustainable forests

4.3 British Retailers Consortium

BRC have issued a position paper on the sourcing of forest products from well managed forests. BRC represents 90% of all retailing in the UK, including many WWF 1995+ Group members. Although muddled and continuing to call for a single product label, BRC's paper

provides scope for forest certification under schemes other than FSC. Unlike 1995 Plus Group requirements, it does not require certification to be “international” or backed by environmentalists. It calls for *“producers of wood and wood products to gain a universal mark [of good forest management] by demonstrating compliance to an independent or authoritative body approved by international standards organisations and/or recognised environmental organisations. The FSC are one such body”*. BRC are trying to balance the needs of retailers dedicated to FSC (like B&Q), with the needs of others less interested in the FSC (like WH Smith and M&S). A copy of the BRC statement is attached.

4.4 UK Government Procurement Policy

The UK Government is finalising guidance documents on environmental timber procurement under the Department of the Environment, Transport and Regions (DETR) “Greening Government” initiative. Forests Forever and the Timber Trade Federation have made representations and had meetings with DETR over the issue. At present it seems likely that UK government departments will be advised to prefer wood and wood products derived from independently certified sources. Certificates under a variety of schemes will be accepted as long as they can be shown to be credible. Direct suppliers of wood products to UK government departments will also be encouraged to adopt ISO14001 or EMAS.

4.5 European Softwood Conference

Certification formed a core topic of discussion at the European Softwood Conference held in October and attended by forest industry representatives from throughout Europe. While there is clearly growing recognition of the significance of certification within the European softwood sector, there is little enthusiasm for the FSC (except in Sweden). An extract from the conclusion of the main presentation on certification at the Conference, by Finnish consultant Markku Simula, highlights the direction of the debate:

“It is not foreseen that one single instrument or scheme could enjoy a monopolistic position in the future, not least because there will be a continuous need for differentiated communication from progressive suppliers. In addition, a monopoly in certification and labelling of forest products would lead to inefficiency and market distortions. The issue of WTO rules is likely to emerge in one form or another in such a situation. Furthermore, past experience from monopolies in trade is far from positive. Finally FSC does not appear to enjoy broad participation from private landowners whose participation is essential”

While FSC as currently constituted is unlikely to provide a satisfactory framework for international certification, Dr Simula suggests this could change: *“FSC will have to choose whether it gives priority to its own promotion or to the promotion of its original goals..if FSC is successful in working with national certificates, it would offer an opportunity to continue with its dominating role in the market, pre-empting competition from alternative schemes.”*

5 Environmentalist campaigns

5.1 Greenpeace “old growth” campaign

The Canadian High Commission in London, who have shouldered much of the burden of countering UK environmentalist criticism of Canadian old growth forestry and clearcutting, report that Greenpeace activity has been quiet over the last few months. They suggest this is due to Greenpeace lobbying now being focused on US consumers.

Elsewhere in Europe, Greenpeace boarded a ship entering Holland carrying timber from British Columbia - the first ship-boarding stunt in Europe for some time. Intense Greenpeace

campaigning against BC forestry practices is also reported in Germany. Greenpeace has also been active on this issue in Italy.

5.2 Brazil

UK environmental groups, Friends of the Earth and Reforest the Earth, have renewed direct action campaigns against UK importers of Brazilian mahogany. The environmentalists suspended these campaigns earlier in the year after reaching an agreement with UK importers in support of a "log tracking" project in Brazil. Due to be undertaken during the current logging season, the project aimed to establish whether illegally felled timber was being supplied to the UK. However, the project was shelved after it failed to gain the backing of the Brazilian authorities.

5.3 European Green Parties

An extract of a paper by a US Green politician is attached which provides an insight into the views and growing political influence of European Green parties

R. Oliver 3/11/98