



FOREST INDUSTRIES INTELLIGENCE LIMITED

**Report for AF&PA**

**Trade and Environment  
Program in Europe**

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"INFORMING THE SUSTAINABLE WOOD INDUSTRY"

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## Summary and consultants comment

European discussions over sourcing “legal and sustainable timber” are now better informed. However, as the level of information has improved – following a stream of meetings and studies on forest enforcement issues and illegal logging – opinions have diversified on the most appropriate response to the problem. There are signs that the consensus that emerged between government, industry, and environmental groups on the need to tackle the problem, may be breaking down over the specific actions that should be taken.

NGOs have been making increasingly unrealistic demands on the legal requirements that they believe are necessary to eradicate EU imports of illegal timber. Meanwhile, industry groups are beginning to question the appropriateness even of the more limited proposals for timber legality licenses now on the table at the European Council. These differences of opinion are reflected in the on-going political negotiation in Council, with some governments seeming to be openly questioning the validity of the legality licensing approach.

Some of the new research funded in support of the FLEGT initiative seems rather to be undermining the prescriptive approach envisaged in the original Action Plan. It has highlighted that legality licensing will be heavily bureaucratic, while failing to target the real source of the illegal logging problem. The recent decision of the EC to provide funding for a major private sector initiative – the Tropical Timber Trade Action Plan evolved by European trade federations – may hold out the promise of a broader more pragmatic approach emerging.

Meanwhile, forest certification made significant progress during the course of 2004. The global influence of PEFC seems to be expanding rapidly as it has recently endorsed two non-European schemes in Chile and Australia, extended its membership into Russia, seen a significant expansion in the number of countries involved in chain of custody certification, put in place a framework for development and eventual endorsement of African schemes, and broadened its marketing activities in the ASEAN region.

This competition seems to have been good for FSC, spurring it on to greater things in 2004. It has been making significant progress to expand certification practice in South America and Russia. FSC chain of custody certification has proceeded rapidly, rising from around 2800 at the end of 2003, to 4100 by the end of 2004. While much of this growth has occurred in countries already known for their interest in certified products (USA, UK, Germany), there has also been significant recent growth in Brazil, Japan, and China.

2004 also seems to have been a year for comparative studies of forest certification, as different interests have sought to separate the certification wheat from the chaff. Most controversial, and also influential, has been publication of the assessment of 5 leading forest certification schemes by the UK government's Central Point of Expertise on Timber (CPET) in November 2004. This assessment – which rated CSA, FSC, and SFI certified forests as “legal and sustainable”, and PEFC and MTCC certified forests as “legal” only – has been subject to intense scrutiny in Europe. Following the announcement, PEFC supporters came out with all guns blazing, threatening legal action on grounds that UK discrimination against PEFC would conflict with internal European trade and public procurement directives.

Right on cue, in October 2004 the European Commission released a new Handbook on Green Public Procurement which aims to spell out in simple terms what is, and what is not, allowable. Unfortunately, it seems the EC Directives on public procurement were not really designed to cope with an issue as complicated as the definition of “sustainable timber”. No doubt European lawyers will have a field day interpreting and counter-interpreting the regulations depending on who they represent.

One fact clear both from the EC directives and the Handbook, is that European contracting authorities are not permitted to set a requirement for companies to possess a certain eco-label, or to be fully compliant with a certain eco-label. Contracting authorities must always accept other suitable evidence as well, such as a technical dossier from the supplier. This offers an important line of enquiry for those US exporters not currently in a position to offer certified wood products. From January 2004, CPET will be engaged in a process to identify appropriate alternative forms of evidence for suppliers unable to provide certified products.

## Contents

<b>1. Forest certification developments</b>	<b>4</b>
<b>1.1. Program for Endorsement of Forest Certification</b>	<b>4</b>
1.1.1. Current status of PEFC certification	4
1.1.2. PEFC chain of custody standard	5
1.1.3. PEFC national news	6
1.1.3.1. Australian Forest Certification Scheme	6
1.1.3.2. PEFC Czech Republic	7
1.1.3.3. PEFC Denmark	7
1.1.3.4. PEFC Spain	7
<b>1.2. Forest Stewardship Council</b>	<b>8</b>
1.2.1. Current status of FSC certified forest area	8
1.2.2. Current status of FSC chain of custody certification	9
1.2.3. Plantation review	9
1.2.4. ISEAL “peer audit” of FSC accreditation system	10
1.2.5. South America focus of attention	10
1.2.6. FSC given international award	10
1.2.7. FSC certificate in British Columbia	11
1.2.8. B&Q adopts FSC chain of custody	11
1.2.9. HSBC’s preference for FSC reflects strong WWF links	12
<b>1.3. CEPI On-line comparative matrix of forest certification schemes</b>	<b>12</b>
<b>2. International agreements and institutions</b>	<b>13</b>
<b>2.1. Forest Law Enforcement and Governance (FLEG)</b>	<b>13</b>
2.1.1. EU FLEGT	13
2.1.1.1. EU Regulation on Timber Import Licensing Scheme	13
2.1.1.2. ENGO position	14
2.1.1.3. CEPI position	15
2.1.1.4. Tropical Timber Trade Action Plan receives funding	15
2.1.1.5. RIIA studies highlight legality licensing problems	16
2.1.1.6. Development co-operation	18
2.1.2. Africa FLEG	18
2.1.3. East Asia	20
2.1.3.1. East Asia FLEG progress	20
2.1.3.2. Asia Forest Partnership	20
2.1.3.3. Inter-governmental MoUs	21
2.1.3.4. Indonesia-Malaysia cross-border trade	22
2.1.3.5. Workshop on Controlling Trade in Illegally Produced Timber	23
2.1.4. Europe and North Asia FLEG	23
<b>2.2. EC Handbook on Green Public Procurement</b>	<b>24</b>
<b>2.3. International Tropical Timber Organisation (ITTO)</b>	<b>25</b>
<b>3. National timber procurement policy</b>	<b>27</b>
<b>3.3. United Kingdom</b>	<b>27</b>
3.1.1. Government procurement policy	27
3.1.2. Chartered Institute of Building sustainable timber guidance	28
<b>4. Meetings</b>	<b>29</b>
4.1. CEPI Seminar on Responsible Sourcing of Raw Materials	29
4.2. Future meetings	30

## 1. Forest certification developments

### 1.1. Program for Endorsement of Forest Certification

#### 1.1.1. Current status of PEFC certification

To date, PEFC endorsed certification systems worldwide total 55 million hectares of certified forests. Around 1800 Chain of Custody certificates have been awarded in 16 countries. That compares with 992 certificates in 7 countries at the end of 2003. The full membership of PEFC now extends to 29 national certification initiatives on 5 continents. Of these national initiatives, 17 have been endorsed by the PEFC Council.

PEFC estimate that 125 million m<sup>3</sup> of timber is harvested annually in PEFC certified forests. PEFC member schemes that have not yet been endorsed by the PEFC Council (including the SFI Program and CSA scheme) account for an additional 148 million m<sup>3</sup> of annual timber harvest. In total PEFC members account for around 18% of all industrial round wood harvested globally (1500 million m<sup>3</sup>).

**Table 1: Statistical information on PEFC Forest Certification**

	<i>Certified forest area (ha)</i>	<i>Number of COC certificates</i>	<i>Number of PEFC logo users</i>
Australia	1 092 678	0	0
Austria	3 924 000	272	151
Belgium	230 528	16	14
Czech Republic	1 936 583	114	94
Denmark	12 249	4	6
Finland	22 355 596	78	96
France	3 459 231	578	5595
Germany	6 924 543	455	6726
Chile	986 414	0	0
Italy	70 261	11	13
Japan	0	2	3
Latvia	31 364	14	252
Netherlands	0	2	0
Norway	9 231 700	5	16
PEFC Council	0	0	23
Portugal	0	0	0
Spain	315 779	21	37
Sweden	4 075 932	54	109
Switzerland	303 051	128	0
UK	9 125	56	24
<b>Total</b>	<b>54 959 038</b>	<b>1 810</b>	<b>13 159</b>

At the PEFC General Assembly on 29 October 2004, the PEFC Council officially endorsed the Australian Forest Certification Scheme, the CertforChile Scheme and the PEFC Italy scheme. The PEFC Portugal Scheme was endorsed shortly after the General Assembly. The Australian and Chilean schemes are the first none-European schemes endorsed.

The Australian scheme has already certified nearly 1.1 million hectares of forest. The Chilean scheme has certified nearly 1 million hectares of forest. PEFC Italy has certified 70,000 hectares. PEFC Portugal has yet to certify any forests.

Two further national initiatives – the CSA Scheme and PEFC Luxembourg - are currently being assessed for PEFC endorsement.

The PEFC Council unanimously approved the application by the National Council for Voluntary Forest Certification in Russia (RSFC) for PEFC Council membership at the PEFC General Assembly in October. PEFC Gabon was approved for membership shortly after the General Assembly.

The recent endorsement of the Australian and Chilean schemes, together with the acceptance of the PEFC Gabon and Russian RSFC scheme as PEFC members seem indicative of the organisation's emergence as a truly global forest certification framework. PEFC are now seeking to build on this status through certification development and promotional campaigns in other regions. For example, PEFC has established a PEFC Asia Promotions Initiative. It has given presentations in China and the ASEAN member countries to promote PEFC. In Africa it has recognised as an appropriate basis for PEFC forest certification the sustainable forest management criteria developed jointly by the African Timber Organisation (ATO), International Tropical Timber Organisation (ITTO) and Centre for International Forest Research (CIFOR). Follow-up initiatives are planned to assist the development of certification in both the Asian and African regions.

#### **1.1.2. PEFC chain of custody standard**

In a significant move towards global harmonisation of chain of custody standards, the PEFC Council endorsed a new international standard for chain of custody certification at the General Assembly in October 2004. Previously each national scheme had been free to develop nationally appropriate chain of custody standards. While PEFC certification schemes may still use their existing national standards, they must demonstrate to the PEFC Council that they are "compatible" with the new standard.

The new standard recognises only one product group, namely "wood based products" to which all chain of custody verification rules apply. It allows chain of custody procedures based either on physical separation of certified and uncertified products, or on percentage-based methods which allow companies to mix certified and non-certified raw material in their production process.

Organisations using percentage-based methods are obliged to calculate the percentage of the certified raw material included in the production batch and to distribute the percentage to the output products. Two specific percentage-based methods are allowed:

- **the average percentage method** in which the certification percentage is distributed to all output products of the production batch. For example, if the certification percentage for the production batch is 75 % then all products covered by this production batch can be sold as "*certified products including 75% percent of certified raw material*".
- **the volume credit method** in which the certification percentage is distributed to the part of the output products of the production batch in a way that the certified products will be considered as including 100% of certified raw material. For example, if the certification percentage for the production batch consisting of 100 tonnes of output products is 54 % then 54 tonnes of the output products can be sold as "*certified products including 100 % of certified raw material*".

Under both methods, % calculations must be maintained individually for different output products or groups of similar products. Calculations will be based either on dry weight or volume, with the unit decided by the manufacturer or standardised at national/regional level.

Percentage-based methods are applied over a specified time period - the batch. The length of the batch may be up to 12 months. Recycled wood, recycled fibres, reclaimed pre-consumer by-products, wood harvested from housing areas, and non-wood material are considered as neutral when determining the certification % and no limit is placed on the proportion of these materials contained in labelled products.

Requirements are also established for the uncertified component of percentage labelled products. PEFC requires that no wood from controversial sources (eg. illegal logging or strictly protected areas) enters the certified product chain. CoC certified companies must require from all suppliers of wood raw material or purchased products at least a signed self-declaration that no wood is derived from these sources. In addition, the CoC certified organisations must evaluate the potential risk of procuring raw material from controversial sources and establish a sampling based programme of second or third party verification of the suppliers self-declarations if a high risk exists that raw material originates from controversial sources.

### **1.1.3. PEFC national news**

#### **1.1.3.1. Australian Forest Certification Scheme**

The components of the Australian Forest Certification Scheme (AFCS) are owned by Australian Forestry Standard Limited, a not-for-profit public company. The company is directed by a Board comprised of up to nine Directors from the four membership classes - Government; Forestry and Wood Products Sector; Employee Representative Organisations; and General. Company membership is open to individuals or entities in those classes who support the objects of the company.

Australian Forestry Standard Limited have developed and will maintain the Australian Forestry Standard (AFS) and Chain of Custody Standard (CoCS) as the main standards of the AFCS with labelling (logo use) rules, to apply to an on/off product label, to be available in late 2004. The AFS was drafted between 2000 and 2002 by the AFS Technical Reference Committee and the CoCS was drafted in 2003 by the AFS Technical Committee. The company is a Standards Development Organisation under accreditation from Standards Australia to develop standards to the point of recognition as an Australian Standard. The AFS and CoCS were both formally endorsed as Australian Standards by Standards Australia during 2004.

The AFS is a nationally developed forest management standard which maybe used by itself or in conjunction with an environmental management system such as ISO14001. It is derived from elements of ISO14001, the Montreal Process criteria and the requirements of like standardisation initiatives. To ensure continual improvement towards sustainable forest management, it provides for comprehensive system requirements, effective public participation requirements and strong management performance requirements. The CoCS is also a nationally developed standard to track wood or forest products from a certified forest and is derived from the essential elements of a CoC system and like standardisation criteria but adapted for Australian conditions.

The national accreditation body - JAS-ANZ - recognises Australian Standards as a basis for certification programs and when requested by relevant organisations will provide an accreditation program for certification bodies to be accredited to certify to such standards. JAS-ANZ have developed an AFS Certification program based on ISO/IEC 62 and has in place a Product Certification program based on ISO/IEC 65 for the AFS and CoCS respectively.

The AFCS has so far issued 5 certificates covering a total of 1.1 million hectares. These encompass a variety of forest and tenure types including:

- A private vertically integrated forest management and processing company with native forests, hardwood (Eucalypt) and softwood (Pine) plantations;
- A State (public) forest management agency with native forests;
- A private company with hardwood plantations;
- A small forest owner with re-growth native forest; and
- A State (public) forest management agency with predominantly softwood plantations and minor hardwood plantations and protected native forests.

#### **1.1.3.2. PEFC Czech Republic**

Of Eastern European countries, PEFC has made most progress in the Czech Republic. Close to 2 million hectares of Czech forest land have now been certified, all under a single regional certificate covering around 720 forest owners.

Recent news from the Czech Forest Certification Scheme (CFCS) scheme is that it has started the periodic revision of the normative documents. The goal of the revision is to incorporate recent field experience. All members of the public with an interest in forest certification have been invited to participate in the process. A first preparatory meeting of the newly established working group took place in November. The revision process should be completed during 2005. The new documents will then have to be submitted for reassessment by the PEFC Council.

In addition to the revision process, PEFC Czech Republic aims to focus on promotion of the PEFC logo during 2005. Currently PEFC Czech Republic has issued 114 PEFC logo licenses, 50% going to forest owners and 50% to wood processing industries.

#### **1.1.3.3. PEFC Denmark**

The Danish Minister of Environment has decided that the Danish State forests should be certified. There will be no discrimination between PEFC and FSC. In a first step, two state forest districts will be certified according to both the PEFC and the FSC forest standards.

12,500 hectares of forest - primarily private forests - are already certified through the Danish PEFC standard, while only one forest owner has so far chosen FSC.

Following the Minister's announcement, Denmark's two largest forest management companies, Hedeselskabet and Skovdyrkerforeningen, decided to establish umbrella organisations for group certification under the PEFC Denmark system. Hedeselskabet and Skovdyrkerforeningen manage forests on behalf of small forest owners.

A pilot PEFC Chain of Custody information seminar was held in southern Denmark in November. Under the heading "*How PEFC can help your business*", it aimed to promote PEFC to timber trading companies in Denmark. It was attended by more than 70 representatives from all parts of the Danish timber sector. The seminar was organised by national PEFC offices in Denmark, Finland, Norway and Sweden with the support of the PEFC Council.

#### **1.1.3.4. PEFC Spain**

PEFC Spain is issuing a new publication "*Wood: a guarantee of future*" in January 2005. It is designed to explain in simple terms the new PEFC international Chain-of-Custody standard and to promote PEFC to the Spanish trade. So far Spanish 23 companies – mainly dealing in

domestic wood products - have chosen the PEFC Chain of Custody standard. The large importing companies are generally opting for the FSC CoC standard, under pressure from the public sector particularly in relation to tropical hardwoods.

## 1.2. Forest Stewardship Council

### 1.2.1. Current status of FSC certified forest area

Changes in FSC certified forest area during 2004 are shown in Table 2. Overall FSC certified forest area increased by 6.9 million hectares in 2004, compared to an increase of 6 million hectares in 2003. While 2002 and 2003 were dominated by rapid increases in Eastern European and Canadian certified forest area respectively, 2004 was dominated by expansion in South America.

**Table 2: Change in FSC certified area by region**

	December 2003	December 2004	% change
N. America	8.5	9.7	14
W. Europe	12.2	12.7	4
E. Europe	11.6	12.4	7
Asia	0.4	0.4	0
S. America	3.5	6.4	83
Africa	1.6	1.9	19
Russia	1.4	2.1	50
Australasia	0.8	1.2	50
<b>All</b>	<b>40.0</b>	<b>46.9</b>	<b>17</b>

Of the 6.9 million hectares of new forests certified in 2004, close to 3 million hectares were located in South America. FSC certified forest area in Brazil doubled to 2.6 million hectares during the year. Certified forest area in Bolivia, after experiencing some ups and downs in 2003, returned to growth in 2004. By the end of the year, Bolivian certified forest area had reached 1.5 million hectares, up from 0.9 million hectares at the start of the year. Other significant increases in South America during 2004 were the first certified forests in Venezuela (140,000 hectares), and new areas of certified forest in Chile (+110,000 hectares), Argentina (+120,000 hectares), and Mexico (+100,000 hectares).

Within North America during 2004, the most significant increases in certified forest area were in the United States. FSC certified forest area in the country increased from around 4 million hectares at the start of the year to 5.34 million in December 2004.

Elsewhere in the world, there was a further significant expansion of certified forest in Russia during 2004 - around 700,000 hectares – building on progress made in the country during 2003. Africa remains under-represented in terms of FSC certified forest area, but there was some progress to expand certification on the continent during 2004. An additional 300,000 hectares were certified, all plantation forest in South Africa. Another significant development during 2004 was the issue of the first FSC certificates in Australia. Australian certified forest area increased from 0 to 533,000 hectares during the year.

Extensive statistical information on FSC certified forest area is now made available at the website [www.certified-forests.org](http://www.certified-forests.org). Summary tables and charts from this website is provided in an Annex to this report. Highlights from this data include:

- The pace of growth in FSC certified forest area has been remarkably consistent since June 1997, increasing at an average rate of around 2.8 million hectares every 6 months.



- Despite recent gains in certified forest area in other parts of the world, European forests continue to dominate. Of the total area of FSC certified forest, 58% are in Europe.
- Africa and Asia are particularly under-represented in the FSC system, accounting for only 4.1% and 3.3% respectively of total certified forest area.
- Despite FSC's efforts to involve a wider range of accredited certification bodies in the system, only two companies play a dominant role. SGS and Smartwood together account for 66% of certified forest area and 68% of certified forest sites.
- As expected, given the dominance of private sector interests in competing forest certification schemes, the FSC system is skewed towards larger public sector forest estates. While more individual forest certificates have been issued to private sites, the relatively large size of public forests has meant that these account for 56% of total certified forest area.
- While FSC has been promoted primarily as a tool to counter-act tropical deforestation, tropical forests account for only 15% of total FSC certified forest area.

### 1.2.2. Current status of FSC chain of custody certification

Table 3 shows changes in the numbers of FSC chain of custody certificates issued in the last 12 months. By the end of 2004, FSC had issued 4100 chain of custody certificates, up from 2799 at the end of 2003. 55% of certificates have been issued in Europe and 27% in North America.

Growth in chain of custody certification continues to be concentrated in a limited range of countries that have long been identified as heavily involved in the market for certified wood products including the United States, UK, Germany, Poland, Netherlands, and Switzerland. However, there have been some significant additions to the list of countries becoming actively involved in FSC chain of custody certification in recent times. Particularly significant recent growth in FSC chain of custody certification has been seen in Brazil, Japan, and China.

**Table 3: Change in FSC chain of custody certificates**

	<i>Dec 03</i>	<i>Dec 04</i>		<i>Dec 03</i>	<i>Dec 04</i>
<b>World total</b>	<b>2799</b>	<b>4100</b>	<b>America</b>	<b>739</b>	<b>1104</b>
			USA	419	522
<b>Europe</b>	<b>1553</b>	<b>2263</b>	Brazil	145	218
UK	299	419	Canada	85	132
Germany	212	341	Chile	20	37
Poland	195	306	<b>Asia</b>	<b>318</b>	<b>481</b>
Netherlands	181	230	Japan	121	221
Switzerland	118	210	Vietnam	50	67
Sweden	110	125	China	52	80
Italy	66	90	Malaysia	34	46
Belgium	66	77	Indonesia	27	28
Latvia	62	89	<b>Africa</b>	<b>131</b>	<b>167</b>
Denmark	52	51	South Africa	115	145
France	46	66	<b>Oceania</b>	<b>58</b>	<b>85</b>
Ireland	22	22	New Zealand	55	72

### 1.2.3. Plantation review

FSC is currently taking stock of their experience with plantation certification and has initiated a "Plantations Review". This is a sensitive issue within FSC. Some ENGO members of the

organisation have been highly critical of FSC certificates covering large scale industrial monocultures.

At their meeting in November, the FSC Board of Directors agreed that one member of each chamber of the FSC Board should oversee the selection of members to an Expert Committee that would be responsible for the first phase of the Plantation Review. The Expert Committee would be composed of 12 members - 2 experts from the South and 2 experts from the north representing each chamber.

#### **1.2.4. ISEAL “peer audit” of FSC accreditation system**

A “peer audit” of the FSC Accreditation Program has just been completed, carried out by the International Social and Environmental Accreditation and Labelling Alliance (ISEAL). FSC was a founder member of ISEAL which is a formal association of international voluntary standards, certification and accreditation programs focused on social and environmental issues. ISEAL assists its members by supporting their standards and verification programs to attain a high level of quality and to gain public credibility, political recognition and market success.

The audit involved a two day assessment visit at the FSC Headquarters by an independent consultant to ISEAL (acting as lead auditor) and a representative of the Marine Stewardship Council (acting as co-auditor). The audit scope covered FSC accreditation of certification bodies and did not consider the other programs operated by FSC such as approval of national working groups, contact persons and national standards. It was preceded by a review of the Quality Management System (QMS) documentation of the FSC Accreditation Business Unit. The aim was to assess FSC's compliance with the ISO Standard 17011:2004 in conjunction with IAF Guidance to ISO Guide 61 (which covers accreditation of certification bodies).

According to FSC reports, the audit concluded that current FSC accreditation processes can be relied upon to demonstrate that certificates issued by accredited certifiers are generally appropriate and can be relied upon to demonstrate the holder's compliance with FSC requirements.

#### **1.2.5. South America focus of attention**

FSC is now focusing heavily on South America, building on its recent progress to expand forest certification in the region. At the end of 2004 it accredited the Chilean Independent Forest Certification Initiative Germinal Association (ICEFI AG), and the National Working Group on Voluntary Forest Certification in Ecuador as FSC national working groups. They are therefore recognised as appropriate bodies for the development of FSC endorsed national standards. The Chilean working group has already finalised a standard that will soon be submitted for FSC accreditation.

FSC is also actively engaged in a “South-South Process for Latin America, Africa and Asia” which aims to increase southern participation in the FSC process. As part of this process for Latin America it is holding a seminar from 24<sup>th</sup>-26<sup>th</sup> February in Quito Ecuador. The aim of the seminar is to develop relevant motions for the FSC General Assembly due to be held in November 2005. Participation in the workshop is open to anybody interested in improving forest management in Latin America.

Brazil has been mooted as a possible venue for the next FSC General Assembly.

#### **1.2.6. FSC given international award**

Alcan Inc. and the International Business Leaders Forum (IBLF) have announced that the FSC is the recipient of the first ever US\$1 million Alcan Prize for Sustainability. Alcan, a global leader in the aluminium industry, created the Alcan Prize for Sustainability in January 2004 to recognize outstanding contributions to the goal of economic, environmental, and social sustainability by not-for-profit, non-governmental, and civil society organizations.

Alcan partnered with the IBLF, which manages the application and selection process, to ensure the credibility and objectivity of the Prize. Alcan does not have a voice on the assessment or adjudication panels. In reviewing the 488 submissions received from 79 countries in 2004, the IBLF co-ordinated assessment panels in the U.K., Poland, the Philippines, and Canada. A short list of 12 candidates was then reviewed in depth by a panel of internationally renowned experts in sustainability issues.

In awarding the prize, Robert Davies, Chief Executive Officer of the IBLF, noted *"in our view, the FSC exemplifies an environmental and social NGO at the centre of an exceptional and innovative partnership among business, the public sector, and civil society to raise business standards and have a practical impact on the pressing challenge of economic, environmental and social sustainability in forestry."*

The award will be a major boost to FSC's financial position. In 2003, FSC total revenue reached just over US\$3 million (US\$2.1 million derived from donations, US\$700,000 from the accreditation program, US\$70,000 from membership fees and US\$137,000 from other sources). Expenditure exceeded US\$3.1 million during the year.

#### **1.2.7. FSC certificate in British Columbia**

At the end of 2004, Tembec's Parson Tree Farm License (TFL) 14 was awarded an FSC certificate under the Rainforest Alliance's SmartWood Program. The 141,640 hectare tract in British Columbia is the first large forest area to obtain FSC certification under the recently approved FSC standards for British Columbia. Amongst other conditions, these demand the establishment of a series of protected reserves, riparian management strategies that exceed local requirements and a multi-stakeholder management plan requiring that wildlife, water, social and economic concerns be factored in order to justify logging.

#### **1.2.8. B&Q adopts FSC chain of custody**

On 3 January 2005, the UK's largest DIY retailer B&Q signed a deal with the certification body SmartWood to certify its key stores to the FSC chain of custody standards. In making the announcement, Mike Cartwright, B&Q's Business to Business Manager said, *"The key benefit to our business customers is to have the evidence to promote FSC certified products they buy from B&Q as traceable from the store right back to the forest."*

This announcement may surprise B&Q's customers who, presumably, have always assumed that B&Q's FSC certified products were backed by a reliable chain of custody system. Indeed, over the last decade, B&Q have gone to great lengths to ensure that all their own suppliers are third party certified to the FSC chain of custody standard. Over the years, B&Q has probably been the single most influential company promoting the FSC. But a little publicised fact about the FSC system is that retailers like B&Q, selling FSC labelled products directly to end consumers, are not themselves obliged to undergo FSC chain of custody certification.

But now B&Q is having a taste of its own medicine. The company is coming under growing pressure from large business customers such as Government and local authority purchasing

departments, as well as general trade customers, who are demanding that all their suppliers provide independent third party assurances that wood is fully traceable.

B&Q expects to achieve chain of custody certification in the first half of 2005.

### **1.2.9. HSBC's preference for FSC reflects strong WWF links**

In the last T&E report it was reported that HSBC, one of the world's largest banking groups, has launched new international guidelines for the forest land and forest products sector, identifying the FSC as its preferred choice. It was noted that HSBC's preference is to deal with customers in this sector that are either certified by FSC or an equivalent FSC-recognized standard. This includes clients who are not FSC certified but are following a credible path towards achieving compliance.

However, the report should also have noted that HSBCs' development of the guidelines followed the appointment of Francis Sullivan, Director of Conservation at WWF-UK, as HSBC's Adviser on the Environment. Francis Sullivan joined HSBC on secondment for an initial period of two years, with effect from February 2004. Sullivan's appointment forms part of a 5 year US\$50 million "Investing in Nature" partnership between HSBC, WWF, Earthwatch and Botanic Gardens Conservation International. Launched in February 2002, Investing in Nature aims to *"protect 20,000 plant species from extinction, breathe life into some of the world's major rivers, and send scientists and HSBC fieldworkers around the world"*.

### **1.3. CEPI On-line comparative matrix of forest certification schemes**

On 1 December 2004, the Confederation of European Paper Industries (CEPI) launched a new comparative website and on-line matrix of forest certification schemes, available at [www.forestrycertification.info](http://www.forestrycertification.info). CEPI is providing this as a free service with the following stated aims:

- to provide a consistent framework to describe and compare forest certification schemes;
- to provide accurate, up-to-date and comparative information on the status of forest certification schemes to retailers, distributors and customers of the European paper industry;
- to inform the debate on international harmonisation and mutual recognition of forest certification schemes.

According to CEPI, the website responds to rising demand for well researched, objectively derived and independently analysed comparative information on forest certification schemes. Demand for this information comes from a variety of sources including corporate customers to the international paper industry; public procurement officials; forest owners, producers and providers of wood products; organisations developing forest certification schemes; and forest policy makers.

The website expands on work to develop the CEPI Comparative Matrix of Forest Certification Schemes last published in November 2001. The process to develop the on-line matrix built on a wide range of other studies to compare forest certification schemes (for example World Bank/WWF QACC, Proforest, IFIR Mutual Recognition proposals, WBCSD Legitimacy Threshold Model). It also incorporates input from other stakeholders, including the wider forest industry, corporate customers, forest owners, forest certification scheme representatives, government officials, and ENGOs.

Through this process, CEPI evolved a comparative framework comprising "Key requirements" and "variable components". CEPI identified 3 key requirements "which seem

widely recognized as the minimum necessary for credible forest certification, and against which assessments can be made". Forest certification schemes should be:

- compatible with relevant ISO Guidelines;
- capable of demonstrating legal compliance;
- compatible with at least one set of international forestry principles (e.g. Pan-European, Montreal, FSC).

In addition to the key requirements, CEPI suggest that *"to satisfy the demands of specific stakeholders many forest certification schemes go further in establishing additional requirements for forest management. However at this time, there is no international consensus on these additional requirements. These extra elements of forest certification we term variable components"*. Examples of variable components include certain specific forest management measures – such as bans on use of genetically modified organisms; specific requirements for public participation during the development of forest management plans; and detailed requirements for assessment of chain of custody and wood product labelling.

The website and on-line matrix include an assessment of around 40 forest certification schemes against the 3 key requirements, including all the North American schemes, the FSC scheme and schemes operating within the PEFC framework. The website also describes in narrative form how each scheme addresses the variable components. Data was gathered directly from forest certification schemes using an on-line questionnaire, supplemented where necessary by secondary sources. Users of the website are free to comment on any entries that have been made.

A number of reports on forest certification schemes can be downloaded from the documents section of the website including a "Key Requirements Matrix", a report comparing the main features of 5 of the world's leading forest certification schemes (PEFC, FSC, SFI, CSA and MTCC); and single scheme reports providing all the information contained in the database on individual forest certification schemes.

During 2005, CEPI is focusing on promotion of the website and on regular 4 monthly updates.

## **2. International agreements and institutions**

### **2.1. Forest Law Enforcement and Governance (FLEG)**

#### **2.1.1. EU FLEGT**

##### **2.1.1.1. EU Regulation on Timber Import Licensing Scheme**

The draft EU regulation to provide the legal framework for full implementation of the EU Action Plan is currently being considered by the European Council of Ministers. The regulation will facilitate establishment of bilateral agreements with timber supplying countries and a timber import legality licensing scheme.

A report by Reuters indicates that dissent may be emerging in the political discussion over the draft EU regulation. The report refers to negotiations at a meeting of EU Agriculture Ministers on 21 December 2004. Based on comments from EU officials, the report notes that *"some EU governments disagree with the idea, and this may delay the project for about one year - especially as exporting countries would have to agree to certifying their products, and these bilateral arrangement have yet to be negotiated."*

The report quotes a European diplomat: "*The council (of ministers) seemed to be fairly split. We may see some progress on this by the start of the UK presidency (of the EU), in July 2005.*"

The report suggests that opponents of the scheme include France, Finland, Austria, Britain, Denmark, Sweden and Slovakia. "*The countries that are opposed fear that a certificate of origin would increase their administrative burden, and also say that it wouldn't be efficient,*" an EU official told reporters.

While the Council has been debating the regulation, European Commission and national government officials have been actively involved in high-level discussions with tropical timber supplying countries with the aim of paving the way for eventual introduction of bilateral agreements. Meetings have been held with Indonesia, Malaysia, Gabon, the Democratic Republic of Congo and Ghana. Recent reports from European officials indicate that most supplying countries have recognised that there may be mutual advantages from entering into bilateral agreements in terms of improved law enforcement, tax receipts, aid transfers and recognition for positive progress to improve forestry practices.

#### **2.1.1.2. ENGO position**

Informal contacts with FERN suggest that ENGOs may withdraw their support for the EU FLEGT Action Plan unless it goes further to introduce new legislation outlawing imports of illegally felled timber into the EU. FERN believe the existing proposals are too weak, being wholly dependent on co-operation with a limited number of countries that may be willing to enter into legality licensing agreements. They also suggest that the focus on legality is insufficient, commenting that this may simply encourage exporting countries to lower legal requirements for good forestry practice in supplying countries. The situation in Brazil, where significant volumes of timber is currently derived from legalised forest clearance, is used to illustrate the limitations of an approach based only on legal verification.

In an effort to push a more radical FLEGT agenda in Europe, green groups launched their own "*draft EU legislation*" in December 2004. 150 social and environmental organisations from around the world, led by WWF, Greenpeace and FERN, signed a statement in support of the draft.

The NGO-drafted Regulation goes way beyond the existing Action Plan proposals and includes requirements that would be seen as a clear infringement of national sovereignty, very unlikely ever to be accepted by any exporting nation. Highlights include:

- illegal logging and its related trade should be recognised as an environmental crime;
- specific sanctions should be introduced in the event of abuse of documents certifying the wood's legality (eg, no import notification, false declaration, forged documents);
- forestry laws should meet a set of "*criteria for a basic level of responsible forest management*" which actually include some far-reaching requirements for public participation, forest management planning, tenure rights and social and environmental impact assessment;
- beyond this, countries entering into bilateral agreements should commit to a time-bound action plan to introduce sustainable forestry practices;
- the EC should be able to suspend licenses in the event of the exporting country "*not making sufficient progress*";
- licensing should apply to all exports, not just those destined for the EC;
- civil society should be fully involved in the development of bilateral partnership agreement;
- there should be mandatory chain of custody in accordance with "*international best practice, for example the FSC*".

- verification of legality should be by independent bodies accredited in accordance with ISO guidelines.

#### **2.1.1.3. CEPI position**

European industry is also unhappy with the EC proposals as they stand. The Confederation of European Paper Industries (CEPI) has issued a statement criticising the proposals for a legality licensing scheme. The statement suggests that:

*“the more that is known about the underlying causes of illegal logging (unclear settlement of ownership, poverty, ignorance, unemployment, conflicts, organised crime, loose law enforcement, etc.), the more CEPI believes that effective action against it should take the form of measures to address the root causes of the problem (poverty alleviation, law enforcement, capacity building, technology transfer, governance, etc.).....However the proposal for a Council Regulation setting up a voluntary Timber Licensing Scheme, foresees only a regulation for a legally binding licensing scheme with partner countries to ensure that only legal timber imported from these countries is allowed in the EU.*

*“While ignoring the real causes of illegal logging this type of measure is unlikely to improve the situation substantively. Instead it will impose further constraints on European industry and lead to further distortion of competition. FLEGT as an instrument to combat illegal logging on a global level makes sense only if non-European countries commit to the same requirements as Europe.*

*While CEPI welcomes elements such as a potential exception regime that would be granted to companies that have put a tracking and verification system in place, CEPI considers that introducing the proposed scheme would place the financial and administrative burden of legal compliance on importers, without distinguishing between those complying with legislation and those not, breaching the “presumption of innocence” principle. As a result, CEPI and its members believe that the proposed scheme will not substantively or efficiently reduce illegal logging and related trade, while impacting negatively on European forest-based industries’ competitiveness by adding costs and red tape to their wood supply.*

*“CEPI strongly urges a thorough revision of the planned EU actions to combat illegal logging, to refocus them on the real underlying causes in the producing and exporting countries.”*

#### **2.1.1.4. Tropical Timber Trade Action Plan receives funding**

As part of the European Commission’s FLEGT commitment to support private sector efforts to eradicate illegal timber from European supply chains, the European Commission has agreed to provide pilot funding for a five-year Tropical Timber Trade Action Plan (TTTAP) developed by the Belgian, Danish, Dutch, French and UK Timber Trade Federations.

The geographical focus of the TTTAP will be Cameroon, Gabon, Indonesia, and Malaysia. The focus is limited to tropical forests because funding has been provided under the European Commission’s developing countries and tropical forestry budget lines.

The TTTAP is designed to directly address illegal logging and its underlying causes, with main activities focusing on practical methods for timber tracking and establishing and monitoring chain of custody (CoC) and timber certification schemes. More specifically, the action plan will:

- provide technical assistance to implement supply chain management systems (defined by a Chain of Custody standard);
- use independent audits of all supply chains with chain of custody, to verify legality;

- establish voluntary codes of practice for the partner EU Timber Trade Federations, covering legal harvesting, processing and procurement, Chain of custody and auditing;
- establish a European Timber Trade Federation coordinating body to support and promote good governance in the tropical forestry sector, during and after the action timeframe.

Introduction of the Plan may lead to the development of a shared EU code of practice on environmental timber procurement. In the first instance, the TTTAP proposes that:

- All members of participating EU timber federations should be invited to sign revised membership criteria that documents their commitment to handle only verifiable legal timber.
- Having done so, all members of participating EU timber federations should require their suppliers to provide assurance of the legality of the timber they supply. A reference tool, detailing the national legislation and documentation defining legality, for each of the four producer countries (a so-called “Guide to Legality”) will disseminate good practice on forest law, to be ‘enforced’ at a business-to-business level.
- There should be pilot testing of timber tracking and supply chain management systems in the four producer countries under a commonly agreed Chain of Custody (CoC) standard.

In practice, TTF members will be asked to request a formal written declaration from suppliers in the four producer countries that the timber is legally produced. This timber must be able to withstand independent audit and demonstrate conformance with legal documentation as itemized in the ‘Guide to legality’. TTF members may choose to stipulate production of this documentation as a contractual requirement.

The TTTAP envisages development of a ‘Risk Assessment Tool’ for timber purchasing managers. The tool would enable purchasing managers of timber importing companies to conduct initial supplier reputation screening allowing them to select present and future suppliers with greatest potential to supply legal timber. Such suppliers may then be engaged in field level verification processes.

The TTTAP envisages a progressive increase in scope to encompass a wider range of trade associations and countries. It proposes establishment of a coordinating body with necessary capacity to continue and extend activities.

#### **2.1.1.5. RIIA studies highlight legality licensing problems**

During November 2004, the Royal Institute of International Affairs (RIIA), an independent UK think-tank, released two studies on the proposed legality licensing system. To date, studies undertaken by RIIA have tended to emphasise the need for a legality licensing system. While probably not intended, these new studies seem to weaken the case for such a system.

The first study, by Emily Fripp, a consultant at ERM, considers the likely trade impacts of the proposed legality licensing system. It implies that the overall impact is likely to be restricted, and that some effects will be counter-productive. The second study, by Duncan Brack an Associate Fellow at RIIA, considers “options for a legality licensing system under the EU FLEGT Action Plan”. This implies that the practical issues of developing such a system are still poorly understood by leading advocates.

Emily Fripp’s study takes the approach of a standard impact assessment, comparing the business-as-usual scenario with the situation that would result under the Action Plan, in particular the



implementation of the legality licence scheme, through Voluntary Partnership Agreements. The study focuses on the potential impact with regard to three case-study countries: Indonesia, Brazil and Cameroon.

Fripp notes that in Brazil more than 80% of tropical products are consumed domestically and only a small share of production is exported, and only a minority of this is destined for the EU. Therefore the legality licence will only have a limited impact on both production and trade patterns.

In Indonesia, Fripp notes that the legality licence is likely to have a limited impact in its initial form (logs and sawnwood only) on trade between the EU and Indonesia and may even cause a distortion in trade patterns away from the EU towards other less stringent markets, where strong trade partnerships already exists, for example to China and Japan. With a log export ban in place and excess demand in the domestic market a switch from export to domestic markets is also a possibility.

In Cameroon, the impact is likely to be more significant. Between 70% and 80% of Cameroon wood products exports go to the EU. The EU accounts for almost all sawn lumber exports and 50% of log exports. China is the other main buyer of Cameroon's logs. Strong vertical linkages and traditional buying relationships exist between producers in Cameroon and buyers in the EU, especially in southern Europe. With a WWF GFTN Producer Group, a working group for certification, an independent observer, significant donor presence and private sector initiatives such as the UK TTF and SGS programmes, the legality licensing scheme will potentially have a significant impact. It will support and be supported by the existing trade and timber production initiatives currently in place.

Fripp also considers likely generic trade impacts of the licensing scheme. The study notes one effect may be to divert trade to less environmentally conscious markets, notably China. A switch from export to domestic markets is also possible. As with log export bans, the legality licence may encourage domestic processing of logs for export. Whilst increasing domestic value-adding of timber products, this will encourage the avoidance of the legality licence scheme if the scheme only covers logs and sawn lumber. Fripp suggests that product substitution is already occurring and may increase. It is already evident that product substitution away from tropical hardwood to either treated softwood or engineered products is occurring. Thus the trend away from tropical hardwoods will limit the overall potential impact of the Action Plan. However this may be partly mitigated by the legality system improving EU market confidence in tropical hardwoods.

What is striking about Duncan Brack's "*options for a legality licensing system*" is the exclusive focus on a top-down "big brother" approach. Brack envisages the introduction of a hierarchy of monitoring organisations with "civil society" being the final arbiters in a chain of mutual distrust. The assumption seems to be that failures in existing enforcement agencies can be overcome by building new enforcement agencies on top.

Brack proposes that existing government agencies that are responsible for enforcement of forest laws should effectively be scrutinised by a management authority established to issue and record legality licenses. Traders requesting licenses would provide documented evidence to the management authority that the products they wish to export to the EU have been obtained in accordance with relevant laws, as defined in the partnership agreement with the EU. The decisions of the management authority would in turn be subject to scrutiny by an independent third-party verification body. On top of this there should be "*another level of external monitoring, or 'whistle-blowing', giving civil society (including NGOs, local communities and the private sector) the ability to report evidence of illegal production, collusion between verifiers and timber companies, corruption within the issuing authority, and so on.*"

In terms of documentation, Brack proposes that one license should be issued for each consignment of products leaving the country of production bound for the EU. Brack suggests the simplest system would be to issue a single license to accompany each bill of lading, the normal document used for payment purposes for exports.

While Brack suggests that existing customs agencies should have the main enforcement role in the EU, new bureaucracies would also be required on the import side. It is proposed that countries of import should identify a separate management authority to receive copies of the licenses submitted to customs, assist customs with investigations, communicate with management authorities in the countries of export and with the European Commission and in general oversee the process.

Brack also identifies and discusses some of the weakness and difficulties of applying a legality licensing scheme. It is noted that the FLEGT Action Plan only covers logs, sawn lumber, plywood and veneers. However *“the possibility of later extension to pulp and paper and processed products remains open, and schedules for this extension could be included in the partnership agreements. Chains of custody for such categories can potentially be quite complicated, and award of the license will require either that all inputs are verifiably legal or that verified legal and unverified inputs are segregated in the processing plant.”* Therefore, all the challenges associated with development of effective chain of custody for certified wood products apply with equal force to the legality licensing procedures.

Brack also notes that once these licensing systems are up and running, there will be a strong incentive for evasion. Brack notes that this may be achieved relatively easily by transshipment through countries not participating in the licensing scheme, thus disguising their country of origin. If the products are processed in the second country, normal rules of origin procedures would mean that the second country becomes the country of origin in any case. Brack suggests that *“solutions to this problem are not easy, and the best one is to ensure that the partnership agreements spread as rapidly as possible.”*

#### **2.1.1.6. Development co-operation**

Introduction of the FLEGT Action Plan is having significant influence on the provision of EC funding for overseas development. New funding for projects is being targeted at forest law enforcement issues. Recent developments include:

- €15 million approved for an Indonesian pilot program designed to help improve forest law enforcement and enhance accountability
- €1 million approved for a Vietnam pilot programme which may eventually pave the way for a EU FLEGT partnership agreement.
- €3 million has been provided to facilitate political dialogue in the Africa and East Asian FLEG processes.
- The Overseas Development Institute based in the UK has received funding for research into the role of independent monitors in the control of forest crime, drawing on experiences of independent monitoring in Cambodia, Cameroon, Philippines, Indonesia and Ecuador.
- EC funding is being made available to strengthen local civil society in support of improved forest governance. For example, the International Institute for Environment and Development (IIED) has received funding to facilitate a Forest Governance Learning Group for African countries. This is an alliance of independent agencies which aims to exchange learning and develop ideas on forest governance. Sub groups have been established in South Africa, Ghana, Mali, Niger, Uganda, Mozambique and Malawi.

#### **2.1.2. Africa FLEG**

The African FLEG process was launched at a Ministerial Conference in Yaoundé, Cameroon in October 2003, which drew together ministers from Africa, Europe and North America. The Conference resulted in the endorsement of a Ministerial Declaration and Action Plan. These

included a commitment to a wide range of measures designed to tackle illegal logging and other forestry enforcement measures in the region such as development of national action plans, legislative reform, capacity building, information exchange, improved monitoring, implementation of forest management plans, and co-operation between public and private sector agencies.

Since then, direct AFLEG-led activity has been fairly limited. There was an AFLEG Steering Group meeting held in May 2004 which considered options for taking the process forward. There was discussion of a possible follow-up Ministerial meeting, although no decision on this has yet been taken. The World Bank was identified as the body best placed to act as co-ordinator. It was also recognised that given the volume of EU-African wood trade, the EU FLEGT process, and development of associated bilateral agreements between the EU and African countries, would be very important to AFLEG.

Major impetus for the AFLEG process is likely to come through existing regional initiatives as follows:

- the Congo Basin Forest Partnership (CBFP), launched initially with strong backing from the US government, but with France subsequently taking on the leadership role. It is an association of 29 governmental and nongovernmental organizations that works to improve communication and coordination among its member organizations vis-à-vis their projects, programs, and policies to promote sustainable management in the region. CBFP does not itself implement or fund programs and it has no secretariat or staff. Instead, it provides a service to donors and implementing agencies working in the region by operating as an information clearinghouse, a mechanism for promoting coordination of programs across multiple donors and implementing agencies, and a forum for dialogue.
- COMIFAC: the Conference of Ministers for the Forests of Central Africa which since 2002 has been performing a coordination and decision-making role for the Congo Basin forests. It has adopted a "Plan de Convergence" designed to harmonise forestry and timber regulations in the region with the aim of sustainable forest management. The French and German governments have been lending technical support.
- Sustainable forest management planning process, led by European-African industry groups, notably the Inter-African Forest Industry Association (IFIA) and the technical tropical forestry organisation ATIBT. Currently around 15 million hectares of the 50 million hectares of forest concessions in the Congo basin are engaged in a process to develop forest management plans. The development of these plans may provide the foundation for systems of legality verification and certification. A wide range of interests is now working together to develop a voluntary system for independent monitoring of concessions. In March 2004, a workshop was held in Douala to establish a series of criteria against which concessions would be monitored. Monitoring is likely to be undertaken by Global Forest Watch, an independent organisation which will periodically report findings to the tropical timber market through a website and hard copy reports.
- Proposed Pan African Forest Certification Scheme linked to the African Timber Organisation/International Tropical Timber Organisation/Center for International Forest Research (ATO/ITTO/CIFOR) process to develop national level sustainable forestry indicators and criteria in African countries.

The success or failure of these initiatives is likely to have a significant impact on the international hardwood trade. In recent years harvesting levels throughout the Congo Basin are estimated at less than 7 million m<sup>3</sup>. However the political and economic climate in the region has improved in the last 4 years, with the end of civil wars in the Democratic Republic of Congo, Republic of Congo and Angola, and with increased returns from the oil industry.

This is paving the way for a new expansion of wood extraction and industrialisation. While lack of infra-structure and political instability will continue to constrain timber harvests in the region for many years to come, the long-term potential must be huge.

The seven countries of the Congo Basin are host to roughly 140 million hectares of tropical forest. Around 80% of this is considered suitable for timber production. Of this area around 50 million hectares are under some form of concession. The environmental group Global Forest Watch suggests that much rainforest in central Africa remains in large tracts of low-access forest—defined as contiguous forest blocks, unbroken by public roads, of at least 1,000 km<sup>2</sup>. Over two-thirds (68%) of central Africa's rainforests is in such tracts. Aside from the Amazon Basin, these tracts constitute the largest expanse of intact tropical rainforest on earth. Of central Africa's remaining large tracts of low-access forest, 41% are within commercial logging concessions, 8% are in protected areas, and 51% are outside concessions or protected areas.

The potential long term sustainable commercial timber production of the Congo Basin is extremely difficult to estimate, but is likely to be well in excess of 20 million m<sup>3</sup> per year, and considerably more if a greater range of secondary species are utilised. To put this in global perspective, this compares with an estimated long term sustainable harvest of perhaps 60 million m<sup>3</sup> in all the tropical forests of South East Asia. Current production in the Congo region is heavily focused on okoume (mainly exported to China and Europe for plywood) in the southern Congo and sapele (mainly exported to Europe for joinery products) in the northern Congo.

### **2.1.3. East Asia**

#### **2.1.3.1. East Asia FLEG progress**

The East Asia Forest Law Enforcement and Governance process was kick-started at a regional Ministerial Conference held in Bali in September 2001. A wide range of ambitious commitments were made at the Bali meeting. However, specific action through the process has yet to fully match initial expectations. An inter-governmental Task Group together with an Advisory Group to the process met in January 2003 and agreed a series of actions which were not then followed through.

In October 2004, the Advisory Group met independently of the Task Group with the aim of discussing ways of moving the whole process forward. The key decision was to urge the East Asian FLEG Task Group to convene a well prepared meeting in the first half of 2005. It was suggested that the Philippines may wish to take its turn as the host country.

Meanwhile, the main impetus for action on illegal logging in the East Asia region has been generated through the Asia Forest Partnership and the agreement of various Memorandum of Understanding (MoU) between the countries involved (see below).

#### **2.1.3.2. Asia Forest Partnership**

The Asia Forest Partnership (AFP) arose out of the 2002 Johannesburg Summit. Japan and Indonesia have been playing an important role in taking the partnership forward, working with the Centre for International Forest Research (CIFOR). The Government of Japan has made a commitment to fund an AFP Secretariat.

The AFP is intended to serve as a way to exchange information and improve the efficiency of programs addressing forestry issues in the region. Illegal logging has so far been a key focus of attention. Four meetings of AFP have now been held, the most recent in September 2004 with participation by 16 countries.

So far the program of work under AFP has been somewhat *ad hoc* with the underlying objective to identify practical steps that participating countries and organisations may take. Preliminary discussions have highlighted:

- a) the need for reliable definitions of legal and illegal forest operations;
- b) that legal frameworks need to be strengthened;
- c) that border controls on the timber trade in the region are inadequate;
- d) the need for new systems of information exchange on timber shipments between countries; and
- e) that there is low awareness of forest enforcement issues amongst responsible officials.

### 2.1.3.3. Inter-governmental MoUs

So far inter-governmental MoU's on forest law enforcement have been signed between Indonesia and China, Indonesia and UK, and Indonesia and Japan. The MoUs promote co-operation in a number of policy areas including:

- Developing policy reform to reduce illegal logging and associated trade in illegally logged timber;
- Developing system and verification of legal compliance;
- Exchange data and information in timber trade and wood products;
- Collaboration on enforcement agencies and networking;
- Capacity building and human resource development;
- Involvement of civil society in combating illegal logging;
- Promoting adaptive forest practice toward SFM.

Recent reports suggest that while the China-Indonesia MoU creates a good framework for action, substantive progress has been slow so far. Action has been limited to the exchange of trade data and enforcement information. However, there have been some limited efforts by Chinese officials to inform Indonesia of arrivals of illegally sourced timber. No special taskforce has yet been established.

A task force has been established to guide actions under the Indonesia-Japan MoU and there has been intensive discussion to develop an Action Plan. Implementation of the Plan is scheduled to start in earnest in 2005.

The most substantive action has so-far been undertaken through the UK-Indonesia MoU. A task force has been established in the Indonesian Ministry of Forests and actions have been carried out under projects funded by the UK Department For International Development (DFID) in Indonesia. These activities have focused on two areas:

- **Legality definition:** Indonesia has a huge range of laws impacting on forest operations developed at both Federal and District level. Laws are often conflicting and it is common for the Federal and District governments to be in dispute over the legality of specific forest operations and practices. A first step has been to establish a legality definition identifying what "legal timber" actually means on the ground in Indonesia. This is being achieved through a broad-based consultation with Indonesian stakeholders. In addition to government and industry interests a major effort has been made to consult civil society groups. An underlying aim of the process has been to identify the various interest groups aspirations with regard to forest management in Indonesia and to map these ideals against existing legislation. A draft definition, comprising a series of legality indicators, has been prepared and is now being tested in the field through a pilot "*legality audit*" of operations at a concession in

East Kalimantan. Despite these efforts, DFID officials suggest the draft legality standard has yet to achieve widespread acceptance by any sector in Indonesia.

- **Timber tracking:** pilot testing of tracking procedures for Indonesian plywood products destined for the UK market are currently underway. At least one Indonesian plywood manufacturer has found the pilot tests so useful that it now intends to extend the tracking procedures throughout their operations.

#### **2.1.3.4. Indonesia-Malaysia cross-border trade**

The Malaysian state of Sarawak is the largest exporter of tropical hardwood in the world, exporting around 5 million m<sup>3</sup> of logs, 2.5 million m<sup>3</sup> of plywood and 1 million m<sup>3</sup> of sawn lumber each year. Major markets are China and India.

In recent times the authorities of the Malaysian state of Sarawak have come under intense fire from NGOs for their failure to take adequate measures to stem the illegal wood trade with Indonesia. Particularly far reaching allegations were made by the Environmental Investigation Agency and Telepak in their report *"Profiting from Plunder"* published in February 2004. The NGOs claimed that Malaysian traders and government officials were actively colluding in cross border trade involving *"hundreds of millions of dollars of illegal Indonesian timber"*. The EIA/Telepak report focused particularly on ramin which has subsequently been listed on CITES Appendix II, claiming that the NGOs undercover investigations have exposed *"wholesale laundering of ramin through Malaysia on an unprecedented scale"*.

Encouraged by the EIA/Telepak report, the Indonesian government decided to attach much of the blame for the illegal timber trade in Indonesia to the Malaysians. In March 2004, Indonesian Forestry Minister Prokosa made a direct appeal to the international community for a *"worldwide boycott of Malaysian wood products"*, precipitating a serious diplomatic row with their neighbours. A cynical view is that the Indonesian government was simply seeking to divert damaging criticism for their own law enforcement failures – a useful device in an election year.

However, with the election of a new government in Indonesia in October, relations between Indonesia and Malaysia seem to have improved. Recent news reports indicate that Indonesia and Malaysia have agreed to conduct government-to-government timber trading via officially designated ports in order to reduce log smuggling activity between the two countries, especially across the Kalimantan-Sarawak border. The arrangement will mean that any Indonesian timber entering Malaysia by other routes can be immediately identified as illegal. The agreement was reached at a meeting between Malaysian Defence Minister Abdul Razak and Indonesian Vice President Jusuf Kalla in December.

The Sarawak state authorities are also now adopting a more proactive stance to promote their forest law enforcement efforts. They are appearing regularly at international meetings and conference to spell out the measures they are taking. The basis of the Sarawak authorities' response is that, while problems undoubtedly exist, they are doing all they can to combat the illegal trade with Indonesia.

The Sarawak authorities note that co-ordinating bodies have been established in the state to guide enforcement activities of the Forestry department, Customs Department, Police, Armed Forces, Road and Immigration Departments. Even before the new arrangement with Indonesia, it was compulsory for Indonesian wood to be imported into Sarawak through a limited number of controlled checkpoints. Wood transported through any other entry point would be considered illegal and subject to detention. Anybody trading wood must be registered with the state authorities. There are extensive documentation requirements that all

traders must adhere to. All wood imported is subject to separate inspections by several government departments. Regular spot checks are undertaken of logging trucks on the roads. Illegal inland transport routes are identified using satellite imagery and other methods and made impassable.

The Sarawak authorities acknowledge that significant volumes of wood continue to be imported from Indonesia into the state via the official checkpoints. Since the trade in roundwood and squared logs is now banned, they claim this wood all comprises rough sawn and hewn timber and various other value-added wood products. They claim that all the wood coming through the checkpoints is supported by what appears to be the appropriate legal documentation from Indonesia – including CITES certificates in the case of ramin. Furthermore, all this trade is essentially to the benefit of Indonesia. It accounts for only 2% of Sarawak's wood requirement. Meanwhile the trade in sawn lumber rather than logs provides a vital source of income for communities on the Indonesian side of the border.

The Sarawak state authorities also claim to have imposed effective controls to prevent illegal logging in Sarawak itself. A key part of this effort has involved imposing responsibilities for prevention of log theft on forest concessionaires. Under the terms of concession agreements, forest operators must implement a security plan approved by the state authorities. Concessions will be reallocated if the concessionaire fails to prevent log theft.

In addition, the state authorities have now implemented a tracking system for all logs harvested in the state using electronic "smart tags" linked to a central database. By linking accurate information on log harvests and exports together with mill production data, and using appropriate conversion factors for processed wood products, the state authorities claim to be able to quickly identify any operator that may be sourcing illegally harvested logs.

#### **2.1.3.5. Workshop on Controlling Trade in Illegally Produced Timber**

A workshop on "*controlling the cross-boundary trade in illegally produced timber in the East Asian region*" was held in Bangkok in October 2004. The Workshop was convened by the International Network for Environmental Compliance and Enforcement (INECE) and the Environmental Investigation Agency. Participants were mainly government officials and ENGO representatives.

The workshop examined regional illegal timber trade flows and considered existing and potential enforcement mechanisms. Proposals included:

- Participants should look at the option of an MOU or a regional agreement to share enforcement-related information and recommend further action.
- Participants should look at the possibility of forming a group of country representatives within the region who will work together and with NGOs and trade associations to improve information sharing and enforcement cooperation, potentially as part of the FLEG process.
- Participants should promote the development of a document for the use by Customs officers that details the requirements to certify that a shipment of wood is legal.
- Participants should encourage their organization to look at forest laws and other related legislation and perform a gap analysis that identifies loopholes and other areas where legislation can be improved.

Proceedings and presentations from the meeting are available at <http://www.inece.org/illegaltimber/index.html>

#### **2.1.4. Europe and North Asia FLEG**

The Russian Federal Government is leading efforts to develop a Europe and North Asia FLEG process. The proposed scope is the boreal and northern temperate forests of the CIS, Europe, China, Japan, and Korea. Underlying the Russian Federal Government's enthusiasm seems to be their realisation that a FLEG process for northern boreal forests could greatly improve Federal tax receipts and their level of control over national forest resources. In August/September 2004, the Russian government issued a letter to prospective participating national governments announcing their intention to support the process.

Russia now intends to host the first Ministerial Conference on Europe and North Asia Forest Law Enforcement and Governance (ENA-FLEG) during 2005. It is expected that the outcome of the meeting will be the engagement of European and North Asian governments in defining priority issues of forest governance and committing to a list of actions to address both illegal logging and its associated trade throughout the region. Other countries that have so far confirmed their interest in, and support of, the initiative include the United States, United Kingdom, Finland, and Japan. Other key importers in the region, notably China, have also been invited to engage in the process, with China's participation highly anticipated.

## **2.2. EC Handbook on Green Public Procurement**

The European Commission has produced a Handbook on Green Public Procurement. It is likely to be a key document influencing timber procurement practice in the timber sector. It is designed to explain in clear, non-technical terms how public purchasers can take into account the environment when buying goods, services and works. It includes specific guidance on specification of timber from "legal and sustainable" sources, outlining what is acceptable according to European trade and procurement rules.

The Handbook is designed to ensure that procurement practices are in accordance with the EU's new Public Procurement Directives, formally adopted on 31 March 2004. These Directives make clear that European contracting authorities have a responsibility to get the best value for taxpayers' money for everything they procure. The Handbook notes that best value for money does not necessarily mean going only for the cheapest offer. It means contracting authorities have to get the best deal within the parameters they set. The protection of the environment can be one of these parameters and can therefore act as an equal factor amongst the others for the award of the contract. So value for money does not exclude environmental considerations.

However the Handbook also identifies certain safeguards to ensure that specification clauses do not conflict with the principles of the internal market. The most important of these principles is the principle of equal treatment, which means that all competitors should have an equal opportunity to compete for the contract.

The Handbook gives detailed guidance on the use of labels in specification clauses. It refers to both public eco-labels (notably the EC's own Eco-labels) and to private labels. Both the FSC and PEFC are specifically referenced as examples of private labels.

The Handbook notes that EC Public Procurement Directives 2004/17/EC and 2004/18/EC23 explicitly allow contracting agencies to use the underlying specifications of eco-labels when defining performance-based or functional environmental requirements, provided that:

- the specifications are appropriate for defining the characteristics of the supplies or services covered by the contract;
- the requirements for the label are based on scientific information;



- the eco-labels are adopted with the participation of all stakeholders, such as government bodies, consumers, manufacturers, distributors and environmental organisations;
- they are accessible to all interested parties.

However it is **not** permitted to set a requirement for companies to possess a certain eco-label or to be (fully) compliant with a certain eco-label. Contracting agencies must always accept other suitable evidence as well, such as a test report from a recognised body or a technical dossier from the manufacturer.

In practice, this means that when contracting authorities draw up the technical specifications for “*sustainable timber*”, they can list the environmental criteria used by a forest certification scheme (provided these meet the other conditions of Directives 2004/17/EC and 2004/18/EC<sup>23</sup> identified above). These criteria can be used in technical specifications to define exactly what “*sustainable timber*” means from an environmental point of view. However the criteria cannot require that a supplier comply with any particular forest certification scheme.

The Handbook also notes that contracting authorities can only include those specifications which are related to the subject matter of the contract. They can only include those requirements which are directly related to the production of the goods in question and contribute to their characteristics. An obvious example of an unacceptable requirement might be, when purchasing furniture, to insist that the furniture manufacturers use recycled paper in their offices.

With regard to timber procurement the guidance states that while contracting authorities can establish criteria for “*sustainable timber*”, the criteria may only refer to the direct environmental and sustained yield aspects of sustainable production, and may not refer to broader social aspects.

As an example, the Handbook suggests that the following criteria can be used in the technical specifications of a contract that is sustainable in environmental terms:

- The assurance that the rate of harvesting of timber does not exceed levels that can be permanently sustained.
- Use of environmentally friendly non-chemical methods of pest control, and the avoidance of use of chemical pesticides.

On the other hand, it is not permissible for a contracting authority to require, for example, the protection of forest-dependent people.

The Handbook also insists on the importance of taking into account the life-cycle cost of the purchased products, services and works. The Guidance notes that in a timber context, lifecycle includes raw materials acquisition, product manufacturing, use and waste management.

The Handbook can be accessed at:

[http://europa.eu.int/comm/internal\\_market/publicprocurement/docs/keydocs/gpphandbook\\_en.pdf](http://europa.eu.int/comm/internal_market/publicprocurement/docs/keydocs/gpphandbook_en.pdf)

### **2.3. International Tropical Timber Organisation (ITTO)**

*The following report is based on a meeting summary by the Earth Negotiations Bulletin published by the International Institute for Sustainable Development.*

The thirty-seventh session of the International Tropical Timber Council (ITTC) met from 13-18 December 2004, in Yokohama, Japan. In keeping with the amicable tone that has come to characterize the ITTO in recent years, ITTC-37 unfolded without any real contention. During the session, delegates examined a range of issues, including:

- phased approaches to certification;
- measures to improve the effectiveness and efficiency of ITTO project work;
- enhancement of cooperation between ITTO and the Convention on the International Trade of Endangered Species of Flora and Fauna (CITES) for ramin and mahogany;
- strengthening the Asia Forest Partnership;
- forest law enforcement in the context of sustainable timber production and trade;
- and criteria and indicators for sustainable forest management.

On CITES, the ITTO Executive Director, in cooperation with the CITES Secretariat, agreed to provide support to organize a meeting bringing together ramin range states, exporters, importers, CITES experts and other interested parties to assist in the effective implementation of the CITES decision to list ramin in Appendix II. ITTO would also provide a range of support services to member countries in order to help ensure effective implementation of this decision, and the earlier decision to list South American mahogany on Appendix II.

On ITTO Objective 2000, specific reports were released of challenges and measures taken towards sustainable forest management in Panama and Cambodia.

On illegal logging, there were presentations of case-studies of the problem and possible solutions in Malaysia and Honduras. It was also noted that ITTO is preparing a "*handbook on best practices for the improvement of law compliance in the forest sector*". The handbook is currently being reviewed by the ITTO and Food and Agriculture Organization (FAO) Secretariats and will be launched at the next meeting of the FAO Committee on Forestry in March 2005. The report contains case studies to provide practical policy guidance on forest law compliance

The main point of discussion on certification was a report by Markku Simula, ITTO consultant, on procedures for the implementation of phased approaches to certification (PAs) in tropical timber-producing countries. Recommendations from the study include:

- selection of one from among the three possible phased approaches – "baseline", "cumulative" and "predefined" – to be left to the individual certification systems themselves;
- flexibility in the phasing in of specific elements of a standard;
- further clarification of legality as a baseline requirement;
- and further consultations with buyers and other stakeholders.

Simula also presented a report on the financial cost-benefit analysis of forest certification and implementation of PAs indicating that without the development of certification standards and systems, progress in implementing certification in the tropics will remain slow. Simula recommended that ITTO could:

- convene a meeting on international and national forest certification schemes to discuss modalities for and share experiences on PAs;
- promote the inclusion of PAs in international criteria for credible and acceptable systems; and
- implement pilot projects among small-scale forest management units and community forests for forest certification.

During discussion, the Republic of Congo said it hoped to implement a pilot project in coordination with the ITTO to design PAs, which would be appropriate to Africa in general. Malaysia noted that it would host an upcoming consultation in Kuala Lumpur on certification. The main aim will be to develop an effective and pragmatic verification scheme for minimum requirements on timber certification, for which the first basis would be legality. Switzerland also announced an international workshop on PAs to be held in Bern, Switzerland, in April 2005.

Also during the meeting, ITTO adopted a modified set of criteria and indicators for sustainable forest management in tropical timber-producing forests. It was noted that work is on-going to review the ITTO Guidelines for the Conservation of Biodiversity in Tropical Timber Producing Forests.

### **3. National timber procurement policy**

#### **3.3. United Kingdom**

##### **3.1.1. Government procurement policy**

On 9 November 2004 the UK government's Central Point of Expertise on Timber (CPET) published its long-awaited assessment of five forest certification schemes – SFI, PEFC, FSC, CSA, and MTCC - which will form the basis of UK public procurement policy. The assessment fuelled debate in the UK over the legitimacy of different schemes and created controversy in the European timber trade.

CPET assessed certification schemes against a series of 26 criteria developed in consultation with the UK government and members of the CPET steering group comprising the WWF and TTF. The 5 certification schemes were also asked to comment on the criteria. Schemes were scored against each criterion on a 3 point scale: 0 - inadequately addressed; 1 - partially addressed; and 2 – acceptable. To be judged “legal” a scheme had to score a minimum of 1 for each criterion relating to legality. To be judged “sustainable” a scheme had to achieve a minimum score of 1 for each criterion relating to sustainability and an overall score of 75% of the total possible score.

CPET concluded that products labelled by two schemes - the Canadian Standards Association (CSA) Scheme and the Forest Stewardship Council (FSC) – met the requirements for sustainability. Forest lands certified by the Sustainable Forestry Initiative (SFI) Program met the requirement for sustainability. However, SFI labelled products are regarded only as “legal” as they failed the 70% threshold criterion for certified content. Products labelled by the Program for Endorsement of Forest Certification (PEFC) and Malaysian Timber Certification Council (MTCC) were judged to be “legal” but not “sustainable

The T&E consultant prepared a full analysis and commentary on the results (attached) which was published in the UK Timber Trade Journal in early December.

The PEFC Council reacted vigorously to the CPET conclusion that the scheme fails to provide evidence of sustainability, immediately issuing a press release suggesting that UK Environment Minister, Elliot Morley, “*is being ill advised*” by CPET. They go on to suggest that assessment “*is fundamentally flawed, since the criteria developed by the consultant contradict international agreements on sustainable forest management signed by HMG; penalises adherence to ISO rules and does not recognise PEFC's unique role as an assessment framework for forest certification schemes*”. They also allege that CPET is biased: “*one cannot help but note that the main consultant has been an FSC certifier, is an FSC member and some of its staff have been FSC national board members.*” PEFC also

prepared a paper itemising in detail where they believe the CPET assessment misrepresents the PEFC scheme.

PEFC's critical stance is mirrored in the stance of European forest industry. European and Nordic forest owners associations, together with European sawmillers, have reacted with legalistic arguments. For example Sven Lundell, forestry Director of the Swedish Forest Owners Associations and president of PEFC Sweden, is quoted in the Timber Trade Journal: *"This policy is a clear violation of both the EU's competition regulations and British law...If the proposal goes through, it will give our main competitor Canada an unreasonable advantage. This could to disruptions in trade."*

UK government has been dismissive of such arguments. It has issued a detailed counter-statement claiming that the assessment was fair and transparent and that the policy is entirely compatible with EC public procurement guidance. They deny PEFC allegations that FSC was effectively used as a benchmark in the assessment and that the criteria conflict with ISO requirements. However UK government reserve the right to include specific forestry-related criteria that go beyond existing ISO norms and sustainability principles established through the Pan-European and other inter-governmental processes.

The response of other certification schemes to the CPET assessment has been more measured and conciliatory. MTCC expressed disappointment that they did not match the criteria for sustainability. While mildly questioning the results, they took solace from CPET's conclusion that MTCC is the only national scheme in a tropical country capable of providing an assurance of legality. They expressed a desire to work constructively with UK government and CPET to seek further clarification and provide additional information. *"MTCC is optimistic that through such means, its scheme will be accepted as providing an assurance of both legal and sustainable timber by the UK government."*

UK government have made it clear that it will not use the results of the assessment for public procurement purposes until May 2005. There is therefore a 6 month grace period in which the 5 schemes will be able to make further representations to CPET to improve their rating.

CPET also intends to move onto Phase 2 of their project during the first half of 2005. This should involve:

- assessment of more forest certification schemes;
- development of criteria to evaluate the suitability of suppliers' assurance that is not based on certification schemes;
- provision of guidance, training and education for heads of procurement, buyers and specifiers, e.g. through the website, workshops, voluntary audits and a helpline;
- and consultations with certification scheme bodies and other key stakeholders on the application of the CPET service and its effect on their operations.

### **3.1.2. Chartered Institute of Building sustainable timber guidance**

The Chartered Institute of Building (CIOB) launched a *'Procuring Legal and Sustainable Timber'* guide in October 2004. It is designed to *"explain in straightforward terms the procedures that need to be adopted by construction organisations to achieve these environmental objectives"*.

The Chartered Institute of Building is the representative body for over 40,000 construction professionals in the UK and 94 countries worldwide. The guidance was drawn up by an environmental advisor to SKANSKA UK, a construction-related services and project development company. SKANSKA, which is heavily engaged in the UK's Public Finance

Initiatives and Public Private Partnerships, is among the top ten companies involved in UK construction.

Like so many of these initiatives, the guidance was drawn up by a non-forestry “*environmental specialist*” (actually a field archaeologist), and this is reflected in simplistic and erroneous treatment of sustainable forestry issues.

The report resorts to misleading notions that “softwoods” are necessarily more environmentally sound than “hardwoods”, solely on the grounds that the latter take longer to grow. Tropical hardwoods are considered the least environmentally sound, irrespective of provenance and any efforts that may have been made to develop sustainable management practices at source. Much reliance is placed on IUCN ecological categorisation of different species according to their “*threatened status*”, without any reference to the fact that sustainable use and management of any tree species for timber can make a major contribution to its long term conservation.

FSC is favoured as the “*only certification scheme wholly independent of the timber industry and government organisations*” and is therefore accorded a superior ranking to all other schemes. PEFC is regarded as second best, whereas all other schemes (SFI, MTCC, CSA and LEI are identified) are described as using “*less stringent criteria*”.

The publicity issued with the guide contains some positive news for timber: “*due to the increase in the design of 'green' buildings, and the promotion of timber as a renewable resource, the use of timber within the construction industry is likely to grow.*” On the other hand, CIOB believe that “*as a result of this increase in demand there is also an increased likelihood of illegal logging, poor forest management and deforestation*”. CIOB also quote very dubious Friends of the Earth data suggesting that “[the] UK is currently the largest importer of illegal tropical timber in Europe, with approximately 60% of all UK tropical timber imports coming from illicit logging operations in some of the world's most important rainforests.”

The guide is made available at the CIOB's Construction Books Direct website ([www.constructionbooksdirect.com](http://www.constructionbooksdirect.com)).

## **4. Meetings**

### **4.1. CEPI Seminar on Responsible Sourcing of Raw Materials**

The Confederation of European Paper Industries (CEPI) held an open seminar on *Responsible Sourcing of Raw Materials* in Brussels on 1 December 2004. The seminar was attended by around 100 people, mainly from the European paper and forestry industry, but also including government officials, representatives of forest certification bodies, and large paper buyers.

The seminar covered both the sourcing of wood raw material and recovered fibre. Presentations relevant to timber sourcing were delivered by Ben Gunneberg of PEFC, Saskia Ozinga of FERN, and Per-Ove Engelbrecht of the European Commission (DG Enterprise).

In addition to providing an update on recent developments in PEFC, Gunneberg's presentation emphasised the key strategic role of forest certification – which is to address the only remaining weakness in marketing the environmental credentials of timber. He showed that wood compares very favourably with other materials on all aspects of the life cycle, suggesting that forest management is the only area of potential weakness. Now that certification is filling this gap, the industry is in position to blow away the opposition. He

estimated that together PEFC and FSC certified forest resources are now capable of supplying around 15% of global industrial wood production, and this figure should rise quickly.

Ozinga questioned the widely held assumption that European forests are “*sustainably managed*”. She claimed that while forest resource data indicates that European forests are expanding, the biodiversity values of these forests are now declining. She also claimed that many certified forests – including those certified by FSC – are not “*well managed*”. For example, FERN objected to the certification of plantation monocultures. She said that in FERN’s view, FSC is more credible than any other forest certification scheme, being the only scheme “*independent of vested interests*”. But, she claimed, neither FSC nor PEFC has led to any improvement in European forest management. She suggested that both these schemes were more credible than either CSA or SFI. She concluded that “*ENGOS will soon get disenchanted with forest certification unless the schemes can demonstrate sufficient improvements in forest management.*”

Engelbrecht, speaking for the European Commission, noted that a key priority for European countries following agreement of the “Lisbon Strategy” by European leaders is to enhance the global competitiveness of all European industry. He emphasised the importance of ensuring the European paper industry can compete on price with producers in other parts of the world. This not only impacts on economic development, but also on sustainable forest management: “*without a competitive industry there will be lower investment in sustainable forests.*” He noted that the competitiveness of the EU forest industry is likely to be undermined in future as availability of forest resources for harvesting will decrease, even though forest area is expanding. Existing policy is to set aside more areas for protection. To help overcome this, EC policy will focus on continuing afforestation, increased recycling and reuse of paper and wood products, and more efficient use of raw material.

The most notable intervention during the subsequent floor debate came from a representative of Axel Springer, the leading German magazine publisher that buys 500,000 tonnes of paper each year from 60 mills in 16 countries. He expressed his dismay at the focus of the seminar debate on European forests and on forest certification, suggesting that “*the key concern from the customer side is to do with imports of illegal timber into the EU*”. A specific concern is that “*every fourth stick of timber used in a Finnish mill comes from Russia.*”

A Finnish representative responded by describing steps that have been taken by the Finnish forest industry to develop third party audited tracking systems for imports of Russian logs over the last decade. It was noted that most Finnish companies involved in this trade have now implemented such systems.

There was also some discussion of the current progress of European FLEGT initiative. Ozinga expressed FERN’s concern that the FLEGT regulations are too weak and suggested European ENGOS are likely to withdraw their support for the initiative unless they see the introduction of tougher legislation designed to prevent any illegal timber entering the EU.

## **4.2. Future meetings**

### **THIRD FAO EXPERT MEETING ON HARMONIZING FOREST-RELATED DEFINITIONS:**

This meeting, which is scheduled to take place from 17-19 January 2005, at FAO headquarters in Rome, Italy, will take stock of developments in forest-related reporting processes. For more information, contact: Douglas Kneeland, Chief FAO Forestry Liaison and Information Service; tel: +39-06-5705-3925; fax: +39-06-5705-5137; e-mail: [douglas.kneeland@fao.org](mailto:douglas.kneeland@fao.org); internet: <http://www.fao.org/forestry/site/25899/en>

**UNFF COUNTRY-LED INITIATIVE ON INTERNATIONAL ARRANGEMENTS ON FORESTS:** This meeting will take place from 25-28 January 2005, in Guadalajara, Mexico. The meeting provides an opportunity to advance discussions on the future of the international arrangement on forests in preparation for the fifth session of the UNFF. For more information, contact: Jorge Illueca, UNFF Secretariat; tel: +1-212-963-3160; fax: +1-917-367-3186; e-mail: [Illueca@un.org](mailto:Illueca@un.org); internet: <http://www.un.org/esa/forests/gov-cli-mexico05.html>

**SECOND SUMMIT OF CENTRAL AFRICAN HEADS OF STATE AND GOVERNMENTS ON SUSTAINABLE FOREST MANAGEMENT:** The second summit of the Central African Heads of State and Government on SFM is scheduled to be held from 4-5 February 2005, in Brazzaville, Congo. The objective of the meeting is to evaluate actions taken since the last summit held in Yaounde in March 1999 and to adopt long-term plans for the management of forestry resources in Central Africa. For more information, contact: Secrétariat Particulier, Ministry of Forest Economy and Environment of the Republic of Congo; tel: +242-81-41-37; fax: +242-81-41-34; e-mail: [secretariat@minifor.com](mailto:secretariat@minifor.com); internet: <http://www.minifor.com>

**SECOND SESSION OF THE UN CONFERENCE FOR THE NEGOTIATION OF A SUCCESSOR AGREEMENT TO ITTA, 1994:** The second session of the UN Conference for the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1994 will be held from 14-18 February 2005, in Geneva, Switzerland. For more information, contact: UNCTAD Secretariat; tel: +41-22-917-5809; fax: +41-22-917-0056; e-mail: [correspondence@unctad.org](mailto:correspondence@unctad.org); internet: <http://www.unctad.org/Templates/Meeting.asp?intItemID=3322&lang=1>

**THE WORKING FORESTS IN THE TROPICS: POLICY AND MARKET IMPACTS ON CONSERVATION AND MANAGEMENT.** To be held 13–15 February, in Gainesville, Florida, USA. Contact: [jmanderson@ifas.ufl.edu](mailto:jmanderson@ifas.ufl.edu); [www.conference.ifas.ufl.edu/tropics](http://www.conference.ifas.ufl.edu/tropics)

**17TH COMMONWEALTH FORESTRY CONFERENCE:** This meeting will convene from 28 February - 5 March 2005, in Colombo, Sri Lanka, under the theme of "Forestry's Contribution to Poverty Reduction." For more information, contact: Commonwealth Forestry Association; tel: +44-18-6582-0935; fax: +44-87-0011-6645; e-mail: [cfa@cfa-international.org](mailto:cfa@cfa-international.org); internet: <http://www.cfa-international.org/CFC%202005.html>

**FOREST LEADERSHIP CONFERENCE:** This conference will be held from 1-4 March 2005, Toronto, Canada. The meeting will address the theme "Partnerships towards Sustainability," focusing on the development of multistakeholder partnerships in the area of forest sustainability. For more information, contact: Carole Zabbal; tel: +1-514-274-4344; fax: +1-514-277-6663; e-mail: [info@ForestLeadership.com](mailto:info@ForestLeadership.com); internet: [http://www.forestleadership.com/article.php3?id\\_article=39](http://www.forestleadership.com/article.php3?id_article=39)

**PRACTICAL SOLUTIONS TO COMBAT ILLEGAL LOGGING: A GLOBAL REVIEW OF BEST PRACTICE.** Run by The Forests Dialogue on Monday 7th March 2005. This dialogue aims to promote commitment and share experiences and tools for how addressing illegal logging can be implemented in a cost effective way among a broad range of stakeholders. Attendance of this meeting is by invitation only. Location: Hong Kong. Contact: Gary Dunning [gary.dunning@yale.edu](mailto:gary.dunning@yale.edu)

**17TH SESSION OF THE FAO COMMITTEE ON FORESTRY (COFO):** This session of COFO will convene from 15-19 March 2005, at FAO headquarters in Rome, Italy. For more information, contact: Douglas Kneeland, FAO; tel: +39-06-5705-3925; fax: +39-06-5705-5137; e-mail: [douglas.kneeland@fao.org](mailto:douglas.kneeland@fao.org); internet:

**SUSTAINABLE FORESTRY IN THEORY AND PRACTICE: RECENT ADVANCES IN STATISTICS, MODELLING AND KNOWLEDGE MANAGEMENT**, to be held 4–7 April 2005 in Edinburgh, Scotland. IUFRO. Contact: Keith Reynolds, USDA, Forest Service, Pacific Northwest Research Station, Corvallis, OR, USA; Tel 1–541–750 7434

**ITTO WORKSHOP ON PHASED APPROACHES TO CERTIFICATION:** This workshop is scheduled to be held in April 2005 in Bern, Switzerland, and aims to promote the use of phased approaches to certification in tropical timber exporting countries. For more information contact: Manoel Sobral Filho, ITTO Executive Director; tel: +81-45-223-1110; fax: +81-45-223-1111; e-mail: [itto@itto.or.jp](mailto:itto@itto.or.jp); internet: <http://www.itto.or.jp>

**FOREST LANDSCAPE RESTORATION IMPLEMENTATION WORKSHOP:** This country- and organization-led initiative in support of the UNFF is expected to meet in Petropolis, Brazil in April 2005. For more information, contact: Carole Saint-Laurent, Coordinator, Global Partnership on Forest Landscape Restoration; tel: +1-416-763-3437; e-mail: [CarSaintL@bellnet.ca](mailto:CarSaintL@bellnet.ca); internet: <http://www.unep-wcmc.org/forest/restoration/globalpartnership>

**UNFF-5:** The fifth session of UNFF is scheduled to be held from 16-27 May 2005, at UN headquarters in New York. This meeting will represent the conclusion of UNFF's five-year mandate and is the final opportunity for delegates to discuss the future of the international arrangement on forests. For more information, contact: Elisabeth Barsk-Rundquist, UNFF Secretariat; tel: +1-212-963-3262; fax: +1-917-367-3186; e-mail: [barsk-rundquist@un.org](mailto:barsk-rundquist@un.org); internet: <http://www.un.org/esa/forests>

**ITTC-38:** The 38th session of the ITTC and Associated sessions of the Committees will convene from 21-24 June 2005, in Brazzaville, Republic of Congo. For more information, contact: Manoel Sobral Filho, ITTO Executive Director; tel: +81-45-223-1110; fax: +81-45-223-1111; e-mail: [itto@itto.or.jp](mailto:itto@itto.or.jp); internet: <http://www.itto.or.jp>

**PEFC GENERAL ASSEMBLY 2005**, to be held in Luxembourg in October 2005.

**FSC GENERAL ASSEMBLY 2005**, to be held in November 2005. Possible locations Brazil or Germany.