

Report for AF&PA

**Trade and Environment
Program in Europe**

October 2001 Report

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“INFORMING THE SUSTAINABLE WOOD INDUSTRY”

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October 2001 – Summary and Highlights

SFI, PEFC and FSC debate head to head

Representatives of the world's three largest certification programs – the PEFC, SFI, and FSC – participated in a debate at the AHEC European convention. Discussion was polarised between the PEFC and SFI on the one hand, and the FSC on the other. The former argued for a flexible approach to certification involving mutual recognition and development of national certification schemes from the bottom up in accordance with local needs. FSC emphasised their determination to maintain brand integrity and were uncompromising on the issue of mutual recognition. Meanwhile many hardwood delegates appeared to remain sceptical of the value of certification either as a marketing tool or as an effective tool to promote sustainable practices. Market reports from the conference suggested that demand for forest certificates, at least in the European hardwood sector, was limited.

Tropical foresters call for step-wise certification

At the ATIBT Forum, a large gathering of tropical foresters and timber traders in Rome, forest certification was discussed at length, with most delegates critical of the FSC approach of requiring high environmental standards out of reach of most tropical producers. They argued strongly for systems of step-wise certification that rewarded commitment to improvement. Another focus for discussion was the role and attitude of ENGOs, financial institutions and aid agencies, notably the World Bank and WWF, in relation to the management of tropical forests. Delegates were critical of policies which aimed to “preserve the rainforest” through the creation of “single function forests” (extending totally protected areas in natural forest for conservation, while creating intensive plantations for wood production). This approach was seen as unsustainable in the face of rapidly rising populations and intense poverty. Instead, most delegates favoured efforts to extend the practice of reduced impact logging in natural tropical forest.

World Bank to support tropical forestry projects...but they must be certified

The World Bank is nearing completion of a two year process to reformulate its forest strategy. A hallmark of the old strategy was a strong commitment not to finance commercial logging in primary tropical moist forests. The draft new strategy drops this commitment and would enable the bank to support forestry operations in these forests so long as they were independently certified.

PEFC approaches 40 million hectare target

Another national certification in Switzerland was endorsed by the PEFC Council in October. Nine national schemes have now been endorsed with total certified area of 38.18 million hectares. Another four certification schemes, in Belgium, Portugal, Spain, and the UK, are currently undergoing assessment. The PEFC logo is starting to make its way on to products from Germany and Austria in addition to Finland. PEFC has been endorsed by the Association of German Magazine Publishers (VDZ).

FSC waxes and wanes

At the end of October 2001, the area of FSC certified forest stood at 23.84 million hectares, a fall of 610,000 hectares since mid September 2001. A number of certifications seem to have been suspended during this period, partly compensated by several new certifications. Major suspensions included 1.1 million hectares of Swedish industrial forest lands and 153,000 hectares of teak plantations on the Indonesian Island of Java. The largest new areas of FSC certified forest were 200,000 hectares of various community owned forests in Guatemala; and 120,000 hectares of state forests in Latvia.

Suspension of FSC teak certificates causes chaos

The suspension of FSC certificates covering the Indonesian teak plantations has created serious problems for the European garden furniture sector which, even before the

suspension, was having difficulty securing adequate stocks of certified teak to supply WWF Buyer Group members.

Swedes try to build a bridge between FSC and PEFC

An informal group in Sweden comprising representatives of private forest owners, industry and environmentalists has been exploring ways of breaking the dead lock that currently exists in Swedish forest certification. The informal group has carried out a technical analysis of the differences between the PEFC Sweden and FSC Sweden forest management standards. A draft "bridging document" to identify ways of filling the gaps in the PEFC standard so that it meets the FSC criteria is nearing completion.

EU legislation would prevent FSC discrimination

The European Commission is in the process of revising its legislation on government public procurement. As in the old legislation, the draft of the new legislation would not allow European public authorities to discriminate for and against suppliers on the basis of process and production methods. Municipalities that specified FSC certified timber, for example, would risk being taken to court by the European Commission.

Keurhout endorses Finnish scheme, but now has to be rebuilt

Following a review by KPMG, the Dutch trade-marking scheme Keurhout is to be restructured. To enhance public confidence, all financial links with the private sector will be stopped and funding will derive instead from the government. In September Keurhout endorsed the Finnish forest certification scheme, adding 25 million hectares of certified forests to the 7 million hectares already endorsed under the program in various parts of the world.

1 Forest certification developments

1.1 Pan European Forest Certification Scheme (PEFC)

1.1.1 PEFC endorses Swiss schemes

Another national certification in Switzerland was endorsed by the PEFC Council in October. Nine national schemes have now been endorsed with total certified area of 38.18 million

Schemes Endorsed by PEFC	Hectares Certified (millions)
Austrian Forest Certification Scheme	0.55
Czech Forest Certification Scheme	0.00
Finnish Forest Certification Scheme	21.90
French Forest Certification Scheme	0.00
German Forest Certification Scheme	4.24
Latvian Forest Certification Scheme	0.00
Norwegian Living Forest Standards and Certification Scheme	9.10
Swedish Forest Certification Scheme	1.67
Total	38.18

hectares. Another four certification schemes, in Belgium, Portugal, Spain, and the UK, are currently undergoing assessment. Independent consultants, Indufor Oy, are currently undertaking the assessment of the Spanish scheme against the requirements of the PEFC Council, while FORM Ecology Consultants have been appointed to assess the UK Scheme. Full details of both these schemes are available for public consultation on the PEFC website. (www.pefc.org).

1.1.2 PEFC Germany

According to PEFC Germany, certified forests in October 2001 covered 4,916,080 hectares comprising 1,069 community forests, 912 private forests and 313 forestry associations. Over the summer and autumn, the first round of regular annual field audits were undertaken in more than 300,000 hectares of certified forests in the regions of Thuringia, Baden-Württemberg, Rhineland-Palatinate, Bavaria, Hesse and Lower Saxony. PEFC Germany report that no major non-conformities have been identified by the audits. Some minor non-conformities have been identified, including the need to fine-tune game management and skidding practices.

1.1.3 PEFC Italy

PEFC Italy was launched to the public during July at a stakeholder meeting in Rome. The meeting was attended by more than 60 people, representing most stakeholders in the Italian forestry sector (including environmentalists, industrials, private forest owners, and public administrators. Since then there has been "frenetic" activity to draft technical documents and start to build an institutional framework. In the Autumn, representatives of PEFC Austria gave a seminar in Italy on PEFC chain of custody procedures. A Forum to be responsible for drafting sustainable forest management standards was established in October.

1.1.4 PEFC Norway

The number of forest certificates continues to increase in Norway. Two further forest owners' district associations in western Norway and the forests of the State-owned Land and Forestry Companies in northern Norway received PEFC forest management certificates during the Autumn. There are now 9.1 million hectares of PEFC certified forest in Norway which provide 87 % of the 7 million m³ harvested in the country each year.

1.1.5 PEFC Latvia

Forest audits to the PEFC Latvia standard have been underway since 20 July 2001, the date on which the scheme was endorsed by PEFC. Forest audits are being carried out by a single certification body, Environmental Quality (EQ), which has been accredited by LATAK, Latvia's national accreditation service. Since the scheme relies on group certification of small private forest owners, there is also effectively only one certification applicant. This is KSMAA, the Latvian Forest Owners Association, which acts as an umbrella organisation for certification and which has full responsibility for implementing procedures and performance measures in line with the PEFC Latvia standard.

KSMAA has 155,000 members comprising private owners of 1.4 million ha of forest lands throughout Latvia. On 19 September, after a 2 week audit, KSMAA received a PEFC "Umbrella Certificate" (for regional certification), while the three sub branches of KSMAA received "sub-certificates". There is now an on-going process to progressively increase the number of KSMAA members holding "confirmations" in accordance with PEFC Latvia's "Internal Rules for Umbrella organisations". To receive a Confirmation, forest owners are required to meet certain requirements including formal training, to have made a "self-commitment" to the scheme, and to have produced a green management plan. By mid September, 4 forest owners had received "confirmations".

The PEFC Latvia standard draws heavily on the ISO14001 management systems standard. The ISO 14012 Annex No.3, providing guidelines for multi-site certification of environmental management systems, has been an important reference.

1.1.6 PEFC UK

Details of the PEFC UK certification system, currently seeking endorsement from PEFC, have been posted on the PEFC website (www.pefc.org). The system requires independent assessment of forest practice to the existing United Kingdom Wood Assurance Standard (UKWAS) by certifiers accredited by the United Kingdom Accreditation Service (UKAS).

Development of the scheme has been led by the UK's private forest owners and has been developed with full co-operation from the UK's forest regulators, the Forestry Commission. However the Forest Enterprise, which manages the UK's relatively large area of state forest, has not participated in the process.

1.1.7 PEFC Austria

In October 2001, the area of certified forest in Austria comprised one forest region of 550,000 hectares. However three further regions totalling around 1.5 million hectares are expected to be certified by the end of November 2001, and the remaining Austrian regions are expected to be certified by the end of the year.

1.2 Forest Stewardship Council (FSC)

1.2.1 FSC certified forest area

At the end of October 2001, the area of FSC certified forest stood at 23.84 million hectares, a fall of 610,000 hectares since mid September 2001. A number of certifications seem to have been suspended during this period, partly compensated by several new certifications. Major suspensions included 1.1 million hectares of Swedish industrial forest lands, 153,000 hectares of teak plantations on the Indonesian Island of Java, and 20,000 hectares of Zimbabwean Forestry Commission land. The largest new areas of certified forest were 200,000 hectares of various community owned forests in Guatemala; 120,000 hectares of state forests in Latvia; 36,000 hectares of forest in Uruguay; and 12,000 hectares of charcoal supplying forest in Namibia.

1.2.2 New FSC Executive Director

Following the FSC Board meeting in Oaxaca Mexico during September 2001, Heiko Liedeker was confirmed as Executive Director of the Forest Stewardship Council. He had been acting as Interim Executive Director since 1 August 2001 following the resignation of Dr. Maharaj Muthoo. Liedeker is a native of Germany and formerly served as Chairman of WWF's European Forest Team.

1.2.3 Percentage Based Claims Evaluation

The FSC Percentage Based Claims Policy stipulates the requirements that a product must fulfil in order to carry the FSC Logo. The objective of the FSC Policy is to allow labelling of products containing less than 100% FSC-endorsed raw materials, and to reduce the barriers facing industries which rely on large numbers of suppliers, not all of which are yet certified. It also aims to reduce the risks of discrimination against smaller forest owners. Forest industry members of FSC have been pressing for a review of the policy on the grounds that it still fails to ensure an adequate supply of FSC certified forest products. The FSC is now evaluating the existing policy and is encouraging input. A questionnaire can be filled in at www.proforest.net/comment.htm

1.4 Cross-Sectoral Discussions on Certification in Sweden

Since the beginning of the year an informal group comprising representatives of the Swedish Forest Industry Federation, the Swedish forest owner associations, the Swedish Society for Nature Conservation (SSNC), and WWF Sweden, have explored ways of breaking the dead lock that currently exists in Swedish forest certification. Regional forest owner associations are working within the PEFC scheme, while forest industry lands are FSC-certified. However the big corporations are still heavily dependent for supplies from smaller private owners, creating major challenges for chain of custody and labelling. Some of the forest owner associations, including SODRA (the largest), are also said to be keen to obtain FSC recognition alongside their PEFC certification.

The informal group has carried out a technical analysis of the differences between the PEFC Sweden and FSC Sweden forest management standards. A draft "bridging document" to identify ways of filling the gaps in the PEFC standard so that it meets the FSC criteria is nearing completion. This document will then be submitted to the Swedish FSC Working Group for analysis and consideration.

FSC are quick to point out that these discussions should not be seen as a process of mutual recognition. Instead, they represent an attempt to overcome problems and misunderstandings that exist in Sweden's national debate on forest certification by focusing on technical differences in the standards. An official communication from the informal group can be found under: <http://www.snf.se/verksamhet/skog/skog-mission-standard.htm>

1.5 Changing ownership in Nordic countries

Changing ownership patterns in Nordic countries may have an impact on the development of forest certification in these countries. Gunna Palme, CEO of Swedish forestry company AssiDomän has stated that the company is considering the acquisition of forest land in the Baltic States and in Norway. The company has sold most of its pulp and paper mills and is now focusing on sawmilling and forestry. Most other Swedish forest industry corporations and Norwegian Norske Skog have stated intentions to sell their forestlands. Assi Domän, already one of the world's largest private forest owners, may be a potential buyer. As is well known, AssiDoman have for long been keen advocates of the FSC, while Norske Skog is one of the largest owners of PEFC certified forest land. Extension of Assidoman's forest estate throughout the Nordic region may increase demands for harmonisation or mutual recognition of certification schemes in this region.

2. Market developments

2.1 EU legislation to prevent discrimination on basis of production methods

Reports are emerging that the European Commission is in the process of revising its legislation on government public procurement. The new rules will determine whether or not governments and local authorities are allowed to take environmental and social considerations into account when they award public contracts. As in the old legislation, the draft of the new legislation would limit the ability of European public authorities to impose social and environmental requirements on suppliers since it will not allow discrimination on the basis of process and production methods. Therefore, municipalities that specified FSC certified timber, for example, would risk being taken to court by the European Commission. The proposed new legislation has been prepared by the Directorate General for the European Internal Market.

2.2 UK Government clarify timber purchasing policy

PEFC UK Ltd recently received a letter from Mr Elliot Morley MP, the Forestry Minister for England, responding to a question asked at a meeting with him on 31st July. The letter

establishes that UK public authorities may not make exclusive commitments to specific forest certification schemes.

Mr Morley wrote: *"As you know, the Government wishes to promote the selection of legally harvested timber grown in sustainably managed forests. That is why central Government and their executive agencies must now include this requirement in their contracts for timber and wood products. However, all public sector Contracting Authorities have to comply with European Directives and International trade agreements which have been created to avoid unfair discrimination. I can confirm that these Directives and agreements do not allow buyers to demand a particular voluntary certification scheme or a preferred source of supply or a preferred country of origin. We are considering how best to improve the DEFRA guidance that will help buyers implement this policy. Current guidance appears in the Wood section of the Green Guide for Buyers on the DEFRA website."*

Note DEFRA is the UK Department for Environment, Food and Rural Affairs. The Wood section of the Green Guide for Buyers is available at:

<http://www.defra.gov.uk/environment/greening/greenpro/greenbuy/pdfs/29.pdf>

2.3. Keurhout

2.3.1 Keurhout System Under Review

In 1997 the Dutch government developed minimum requirements for timber certification. The Keurhout Foundation is responsible for the assessments of timber certificates and evaluating whether the certificates fulfil their claims. Keurhout's role is to assess each timber certificate that enters the Dutch market and if approved grant it with the Keurhout logo.

Recently KPMG undertook a review of the Keurhout system commissioned jointly by Keurhout itself and the Dutch government. KPMG's report has stirred up quite a storm in the Netherlands, with environmentalists jumping on criticisms of the Keurhout system. For example, the Taiga Rescue Network (TRN) claim that the report *"concluded that the minimum requirements have not led to any significant increase in the amount of certified timber."* TRN go on to suggest *"The report condemns [Keurhout] as not fulfilling state-of-the-art international accreditation requirements. On top of that, the screening system of Keurhout is found to be insufficiently transparent."*

However, the KPMG report has itself been criticised for bias. Keurhout's Director notes that KPMG interviewed a limited number of interested parties (mostly ENGOs) and did not include either Keurhout's Board of Experts, or any trade and industry. However, Keurhout discussed the report with the Dutch government and concluded little was to be gained by arguing with the report itself, and that they would instead concentrate on KPMG's conclusions and recommendations. Despite their criticism of Keurhout, KPMG had in fact advised the government to accept Keurhout in an improved form, rather than simply to rely on FSC, the approach advocated by many environmentalists.

The result is that Keurhout's status is to be altered. All financial links with the private sector will be stopped and funding will derive instead from the government. Environmental groups have so far stubbornly refused to join Keurhout, a factor which KPMG said had damaged the scheme's public image. As a result Dutch NGOs have been invited to help build a new institutional framework for Keurhout, although it seems NGOs are still reluctant to take part.

2.3.2 Keurhout endorses Finnish scheme

By the middle of September 2001, the Keurhout Foundation had approved supplies from 32 million hectares of certified forests. The area of Keurhout endorsed forests received a major boost in September with the endorsement of the Finnish national certification system, which added 25.2 million hectares. The endorsement encompasses the whole national certification

system together with the chain-of-custody certificates for Finnish companies trading in timber destined for the Dutch market.

The list of Keurhout endorsed forest certificates includes Weyerhaeuser's West Island Timberland Division, Vancouver Island (331,662 ha.), supplying mainly western red cedar to the Dutch market. Another striking aspect of the Keurhout list of certified forests is the inclusion of a Central African producer, CIB from Congo (Brazzaville), covering 1,150.816 hectares. This is the only source of sapele and sipo – two of Europe's most sought-after commercial tropical redwoods – certified under any scheme.

A recent press release providing further details of the Keurhout scheme is attached to this report.

2.4 German and Austrian PEFC labels begin to emerge

To date, ten PEFC chain-of-custody certificates have been issued in Germany including 5 sawmills, 1 timber trader, 2 plywood factories and 2 paper-mills. PEFC Germany expect a particularly rapid increase in the demand for chain of custody certificates from German paper-mills now that the scheme has the formal support of both the Association of German Paper Industries (VDP) and the Association of German Magazine Publishers (VDZ).

Some years ago VDZ adopted a set of 7 criteria for assessing the credibility of forest certification schemes. At the recent international seminar on forest certification in Brussels (6- 7 September 2001) Max von Abendroth of VDZ, said that "*The German magazine publishers consider the certification systems of the FSC and PEFC as being equivalent, because both systems satisfy these criteria*"

PEFC chain of custody certification is also underway in Austria. Since the summer, 15 Austrian companies have achieved PEFC chain of custody certification and the first PEFC logo licences have been issued.

2.5 FSC certified teak markets in chaos.

After 20 October 2001, no further supplies of FSC certified teak will be available from the Indonesian island of Java following suspension of the Rainforest Alliance's FSC certificate for the PT Perhutani plantations. According to a report in the German journal EUWID, the suspension was due in large part to PT Perhutani's failure to take sufficient steps to prevent illicit harvesting on their estates and to tackle the rising level of social conflict around their estates. The Rainforest Alliance had indicated to PT Perhutani that to overcome this problem, they should increase local participation in forest management and wood processing. Rainforest Alliance believed that PT Perhutani's reaction to these requests was inadequate. Also recent political upheaval in Indonesia had led to changes in the organisation of PT Perhutani, which disrupted management at the company and raised concerns over their competence.

The suspension of the PT Perhutani certificates has created serious problems for the European garden furniture sector which, even before the suspension, was having difficulty securing adequate stocks of certified teak to supply WWF Buyer Group members, particularly the large DIY retailers. Perhutani had been by far the largest supplier of teak to this sector. Only limited certified supplies of small dimension teak are available from other sources, including plantations in Ghana and Costa Rica. As a result of the suspension, some 35 companies in the supply chain for garden furniture may lose their FSC chain of custody certificates next year. It has also led to a frantic search for alternatives, although the options are fairly limited since very few tropical forests are certified.

3. Environmental issues

3.1 World Bank forest strategy

The World Bank is nearing completion of a two year process to reformulate its forest strategy. The World Bank's old strategy formulated in the early 1990s was strongly influenced by the idealistic arguments of environmental advocacy groups. It was the subject of fierce criticism due to its abandonment of all support for forestry operations in natural tropical forests. This is a fact freely acknowledged in the introduction to the draft new strategy. It notes that:

“the Bank’s performance in the forest sector has been unsatisfactory. The World Bank’s 1991 forest strategy and 1993 policy largely focused on environmental issues and protecting tropical moist forests. They reflected rising international concern about the rate of tropical deforestation and strongly emphasized the need to preserve intact forest areas.... [The 1991 strategy]’s hallmark was a strong commitment not to finance commercial logging in primary tropical moist forests. This emphasis on safeguarding forests has meant in practice that little attention was paid to the management of natural forests in the tropics and therefore to the poverty-reduction potential of forests. The 1993 policy led to a generally passive “do no harm” stance on natural forests in the tropics. Interventions designed to more proactively improve economic and environmental management of those forests were often seen as too costly and risky.....Furthermore, the 1991 forest strategy did not have clearly defined implementation mechanisms. As a consequence, countries rich in forest resources have not been recipients of World Bank funding....The bulk of the US\$3.7 billion lent by the World Bank for forests during the 1990s went to China, India and Eastern Europe.....the Bank had been “irrelevant” in slowing deforestation despite the commitment to this objective in the 1991 Forest Strategy.”

The development of a new strategy reflects the Bank's realization that it needs to “expand its policy to include all forest areas and refocus the strategy on poverty reduction and economic management, including good governance.” The building of the new strategy has involved a wide-ranging consultative process to gather input from stakeholders around the world including development partners, governments, civil society, industry, forest-dependent people, and UN agencies.

The new draft strategy takes a much more pragmatic line than the old strategy. It recognizes “the reality that accessible and commercially valuable forests around the world will tend to be utilized for timber production sooner, in all likelihood, rather than later.....the incentives for non-sustainable logging are frequently very strong both for governments and for the private sector. Very often the real choice available is not between doing logging and doing something less invasive and damaging to the forest, but between doing logging reasonably well, or doing it very badly and in a destructive manner so that conversion of the logged -over site to other non-forest uses becomes almost inevitable.”

The draft strategy therefore opens the door to support for “government efforts to bring about socially, ecologically and economically sound management of production forests.” However, a central plank of the new strategy is that the World Bank will only support forestry operations in production forest that are independently certified. The draft strategy notes that “This new approach would require all forestry harvesting and management operations financed by the World Bank Group to be monitored through independent assessment and certification.....Independent certification and monitoring would be additional to its regular implementation and safeguard procedures. It would help ensure that Bank Group investments directly in production forests or indirectly through financial intermediaries or forest industries are contributing to improving forest management and toward more sustainable outcomes, including the protection of biodiversity and of socially and ecologically sensitive areas.”

Since the summer, the Bank has developed a Draft Operational Policy and Implementation Plan based on the draft strategy and the whole package has been reviewed by the Bank's Committee on Development Effectiveness (CODE). The final package of Strategy, Operational Policy, and Implementation Plan incorporating CODE's comments is due to be put out for final review during October and November and to be presented to the Bank's Board of Executive Directors for endorsement before the end of the year.

3.2 FAO State of the World's Forests

During the 1990s, the loss of natural forests was 16.1 million hectares per year, of which 15.2 million occurred in the tropics, FAO said in its biannual report. This corresponds to annual losses of 0.4 percent globally and 0.8 percent in the tropics. The countries with the highest net loss of forest area between 1990 and 2000 were Argentina, Brazil, the Democratic Republic of Congo, Indonesia, Myanmar, Mexico, Nigeria, the Sudan, Zambia and Zimbabwe. Those with the highest net gain of forest area during this period were China, Belarus, Kazakhstan, the Russian Federation and the United States.

The FAO report says that corruption and illegal forest practices threaten forest protection, citing trade liberalization and globalization as reasons for increased illegal logging activity in some areas. The report also cautions against simply banning or restricting commercial logging. These measures, although sometimes successful, have also adversely affected local communities and the forest sector in some countries, or transferred the problem of over-exploitation to others.

On the positive side, the report suggests that sustainable forest management has gained increasing support throughout the 1990s, with 149 countries in 2000 being involved in global initiatives to develop and implement criteria and indicators for sustainable forest management. Furthermore, the report notes that the total global area of certified forests grew to 80 million ha by the end of 2000. However, this represents only about 2 percent of the world's total forest area. The report goes on, "*Notably, most certified forests are located in a limited number of temperate countries, and not in tropical countries where unsustainable timber harvesting practices are a contributing factor to forest degradation.*"

State of the World's Forests 2001 report is available at:

<http://www.fao.org/forestry/FO/SOFO/sofo-e.stm>

An FAO press release on the report dated 3 October 2001 is available at:

http://www.fao.org/WAICENT/OIS/PRESS_NE/PRESSENG/2001/pren0161.htm

3.3 PEFC Norway criticised for its handling of wolf populations

Environmental groups continue their campaigns aimed at discrediting non-FSC forms of forest certification. Most recently, PEFC-Norway has come under attack for its alleged failure to adequately address wildlife issues.

According to PEFC Norway, WWF-Norway accused the Norwegian Forest Owners' Federation (NFOF) – a founding member of PEFC - of conducting a determined campaign to prevent Norway having a self-sustaining stock of wolves in the future. It is furthermore asserted that this does not accord with the Living Forests Standards (the basis for PEFC Norway certification).

The NFOF has rejected this criticism in a letter to WWF-Norway. The letter states that the Living Forests Standards do not provide any guidelines for the management of predators or other game, or any guidance regarding the pursuit of outdoor activities. The Living Forests Standards, and their corresponding objectives, are directly concerned with forest treatment and a vision for the future development of Norway's forests. The letter suggests that "*there is consequently no foundation for making a connection between the issue of controlling the size of the wolf stock, on the one hand, and certification in accordance with the Living Forests Standards, on the other hand, which is what the WWF is attempting to do*".

NFOF also say that that they have been misquoted by the WWF, and that information in a letter sent by WWF-Norway dated 28.08.01, in the media and on the Internet falsely implies that the NFOF has a policy of active engagement in the extermination of wolves. According to PEFC Norway, WWF subsequently acknowledged that they had misrepresented the views of NFOF on the management of wolf stocks and that they had taken steps to correct it.

3.4 FoE Netherlands focuses on Russia

During September, Friends of the Earth (FoE) Netherlands organized a series of meetings between representatives of Russian NGOs, the Dutch forest industries, and European Union officials. According to the NGO, the main issues discussed were unsustainable wood harvesting in Russia, poor state control of forest management, and insufficient Russian forest protection. FoE's campaign is designed to raise awareness of alleged poor forestry practices in Russia at a time when Russian wood products are making a come-back on European markets. FoE Netherlands suggest that the flow of official information from Russian authorities and timber industries is low and that it "*inadequately reflects the state of Russian forests and the environmental impact of the Russian timber trade*".

According to FoE Netherlands, those timber companies participating at the meetings agreed that there was a need for stronger cooperation between industry and environmentalists on the issue. They also undertook to question their Russian suppliers about the origin of wood and their environmental policies.

3.5 Finnish "old-growth" forest campaign

The Finnish state enterprise, Metsähallitus (Forest & Park Service), has again been a focus of environmentalists campaigns to prevent harvesting of "old growth" forests in Finland. Most recently, environmentalists have criticised the enterprise's harvesting of the Kukkuri forest area in northeastern Finland, which according to the Taiga Rescue Network (TRN), "*has been defined as an extremely valuable old-growth forest by Finnish environmental authorities*". TRN go on to suggest that "*the ecologically destructive loggings of Metsähallitus have raised protests all over Finland this year*" and that "*the forest protection network in Finland is insufficient to preserve forest biodiversity...only 3,6% of productive forest land in Finland is protected from logging.*"

3.6 Revival of Brazilian mahogany campaign

The international trade in mahogany sawn lumber was once again plunged into uncertainty during October with the Brazilian government's announcement that it would suspend all transport and business in mahogany for an unspecified period of time. The reason cited in the government statement is that illegal logging - detected during inspections by land, sea and air - is alleged to have taken place in indigenous areas. The suspension will be in place until such time as IBAMA, the Brazilian natural resources ministry, has rechecked stocks at logging sites, sawmills, exporters yards and other commercial installations.

The IBAMA announcement coincides with another concerted Greenpeace campaign to halt the trade in all uncertified Brazilian mahogany. The suspension was proclaimed by the environmental group as an outcome of their investigations into corruption in the trade. Greenpeace has simultaneously heightened their publicity campaigns to discredit the mahogany trade in export markets.

Views differ over the implications of the trade suspension. Some mahogany traders in the UK suggest that the terms of this suspension seem more far-reaching than previous IBAMA pronouncements and may reflect a real change in attitude by IBAMA to the long term future of the mahogany trade. However other traders anticipate that the suspension may be only temporary and that shipments may resume fairly quickly once IBAMA has completed another round of inspections and reallocated the export quota. Certainly Brazil's continuing commitment to the mahogany trade seems evident from their opposition to the listing of

Swietenia macrophylla (mahogany) under Appendix II of CITES at a recent CITES meeting in Santa Cruz de La Sierra.

3.7 Nordics are the greenest

Nordic countries are best at balancing human development with environmental conservation, according to "The Wellbeing of Nations," a report by the International Development Research Centre (IDRC) and The World Conservation Union (IUCN). The study, which ranked 180 countries by human indicators relating to wealth, education, freedom, governance and peace, and environmental indicators relating to land, air, water, biodiversity and resource use, ranked Sweden, Finland, Norway and Iceland at the top of the list. Germany ranked 12th, while Japan was placed 24th and the US was 27th. Key conditions for combining high human wellbeing and low ecosystem stress were found to be freedom, good governance, and education. Although large differences in ecosystem stress were found to occur between countries with similar standards of living, no country was reported to be sustainable or to approach sustainability. IUCN Director General, Achim Steiner said, "the report suggests that a high standard of living is possible without ruining the environment by changing the way that development is pursued."

4 Meetings

4.1 Recent meetings

4.1.1 The American Hardwood Export Council (AHEC) European Convention, Dublin, Ireland, October 23/24

The AHEC European Convention was notable for involving presentations and floor debate from representatives of the world's three largest certification programs – the Pan European Forest Certification (PEFC) Scheme, the Forest Stewardship Council (FSC), and AF&PA's Sustainable Forestry Initiative. The debate was moderated by the T&E Technical Consultant.

Hank Cauley, Executive Director of FSC US, emphasised the strengths of the FSC approach as follows:

- FSC operates on a worldwide scale and has achieved real and results and rapid progress;
- FSC listens to business and has support from major corporations;
- unlike other schemes it has mainstream environmentalist support;
- FSC addresses consumer concerns that other programs do not, including the use of chemicals, use of GMOs, and the health and safety of workers.

Hank Cauley also sought to emphasise the differences between the FSC and SFI, suggesting that SFI did not adequately accommodate consumer concerns. As a result, he stated that FSC was firmly opposed to mutual recognition between FSC and SFI. He stressed that a crucial issue for FSC is to maintain brand integrity based on rigorous standards, and reliable accreditation and certifier monitoring, dispute resolution, and chain of custody procedures.

Mike Virga, Director of Sustainable Forestry Programs at AF&PA, gave a forceful account of the strengths of the Sustainable Forestry Initiative, the background to its development, and its role in promoting sustainable forestry practices throughout North America. He drew on the recent Meridian report comparing the FSC and SFI which suggested that SFI and FSC were very similar in several scientifically significant areas, but that there were some important differences in the scope and level of prescription in the standards, notably in relation to intensive plantation management, GMOs, and social impacts. He emphasised that many of these differences were intentional. The SFI program is designed to integrate environmental protection with modern commercial forestry practices, and to ensure that wood and paper products remained affordable and available in the qualities and quantities demanded by consumers. SFI's heavy focus on logger training and

education and its mutual recognition agreement with Tree Farm, meant that the program's reach is among the highest in the world. He emphasised that SFI relies on professionally competent, accredited certifiers, is compatible with ISO procedures, and is governed by an Independent Sustainable Forestry Board. It is supported by a major communication package, and an on-product label will be launched in 2002.

Ben Gunneberg, PEFC Secretary General, provided an overview of the PEFC scheme which described as a *“framework for the establishment of compatible national forest certification schemes and their mutual recognition”*. He identified particular strengths of the scheme as follows:

- it uses existing structures, for example national accreditation procedures, political multi-stakeholder processes for the development of sustainable forestry criteria;
- it is a bottom-up process, in which independent national schemes are developed to reflect local circumstances;
- its structure ensures democratic input from each country and their stakeholders;
- it is the world's largest forest certification scheme capable of delivering products from SFM to the market;
- it is working towards mutual recognition with certification schemes outside Europe.

The floor debate was polarised between the PEFC and SFI on the one hand, and the FSC on the other. Virga and Gunneberg argued for a flexible approach to certification involving mutual recognition and development of national certification schemes from the bottom up in accordance with local needs. Cauley emphasised FSC's determination to maintain brand integrity and was uncompromising on the issue of mutual recognition. Meanwhile many in the audience appeared to remain sceptical of the value of certification either as a marketing tool or as an effective tool to promote sustainable practices. There seemed to be a widespread perception that market demand for forest certification remained weak, that the costs were unacceptable, and that the practical problems associated with chain of custody would be difficult to overcome.

Forest certification also came up as a regular theme during the country break-out market discussions later in the Convention. It is notable that no single country delegation reported significant underlying demand for forest certificates.

- The Italian and Greek delegations said that the environment was “never” an issue for customers of the hardwood industry.
- The Spanish delegation said the market was not interested in forest certification. There was some underlying environmental concern in relation to tropical hardwoods which had, over the last two years, been the subject of intense NGO lobbying.
- The UK delegation said there was very little demand for certified hardwoods. In fact demand was so poor that several importers had been forced to mix certified stock, for which they had paid a premium, back into uncertified sales. However they acknowledged that forest certification was more an issue for softwoods and panel products, the major component of supplies to the DIY sector.
- The German delegation emphasised that a more pressing need than an on-product logo was to convince the market that all wood from the United States was well managed and effectively “certified”. However they also favoured mutual recognition of forest certification schemes.
- The Dutch delegation were concerned about the proliferation of certification schemes and said that the market was unwilling to pay for various different chain-of-custody procedures.
- The Belgian delegation recognised that certification is an “irreversible trend” but said that there was “no demand”.
- The French delegation stressed their desire to market wood from certified wood, particularly as large areas of French forests will soon be PEFC certified.

In a presentation on a recent survey of European furniture manufacturers, independent consultant Paolo Gardino said that in general there was very little interest from these companies in forest certification. The issue was more important in the UK, Central Europe,

and Nordic countries than in southern Europe, and more important for low value furniture supplied to the DIY sector. Very few furniture manufacturers said they were willing to pay a premium. FSC was preferred by those manufacturers that expressed an opinion, but was not seen as essential.

4.1.2 The International Technical Association for Tropical Wood (ATIBT), 50th Anniversary Forum, 4-5 October, FAO Headquarters, Rome

A meeting which looked at current issues affecting the management of tropical forests and marketing of tropical timber, including forest certification, illegal logging, and financing sustainable tropical forestry. This meeting was attended by the T&E Technical Consultant, and a full report is attached.

4.1.3 Northern European Certification Meeting

The Taiga Rescue Network (TRN) report that they held a restricted stakeholder meeting to discuss certification in northern European countries during September. The meeting was attended by around 30 people, representing environmental NGOs, certifiers, FSC and scientific institutes. TRN claim this was "*probably the first time that people from Finland, Sweden, Russia, Estonia and Latvia sat together and discussed their FSC-standards*". It was concluded that NGOs from Russia, Estonia and Latvia should meet again to work towards possible harmonization of their standards. The third day of the meeting was open only to ENGOs, and involved a discussion of "competing certification schemes".

4.1.4 United Nations Environment Program (UNEP) Workshop and Consultative Meeting, Paris, 3-5 October.

On October 3 a multi-stakeholder workshop was organized by UNEP in Paris to obtain comments on the pulp and paper sector's environmental progress report for the upcoming World Summit on Sustainable Development (WSSD). UNEP is facilitating the production of a series of sector reports from various industries to be presented at WSSD in September 2002. This meeting was followed by the UNEP 18th Consultative Meeting with Industry Associations, involving representatives from about 50 industry associations from around the world and non-industry civil society groups and NGOs. The aim was to discuss business and industry's role in contributing to the WSSD preparatory process. Presentations were heard on preparations for the Summit by representatives of UNEP's Division of Technology, Industry and Economics, the World Business Council on Sustainable Development and Greenpeace. Over the two days, participants met in four sessions that considered the following topics: Agenda 21 and the WSSD - the contribution of business and industry; cleaner production and reduced material intensities; trends that shape the market place; and corporate citizenship and accountability. Discussions highlighted the need for partnerships and greater involvement of business and industry from the developing world. Several speakers advocated a more pro-active approach on the part of industry in addressing the issue of sustainable development.

4.2 Future Meetings

4.2.1 In Europe

WWF 95+ Group Annual Conference and Tenth Anniversary Celebration, London, 23 November 2001. Confirmed speakers include Michael Meacher, UK Minister of the Environment; Tim Synnott, FSC Forest Policy Director; and Dr Alan Knight, Head of Corporate Social Responsibility, Kingfisher plc. This meeting will be attended by the Technical Consultant.

FoE Netherlands Meeting with Dutch Timber Traders, Amsterdam, December 11/12, 2001. Friends of the Earth (FoE) the Netherlands and the Taiga Rescue Network (TRN) are organising a seminar entitled "Monitoring Russian Timber Imports - From Blackbox Towards

FSC". The aim is to encourage Dutch importers of Russian timber to take further steps to track the origin of their Russian wood supplies, and to promote FSC certification. The seminar is expected to be attended by Dutch timber traders, retailers, representatives of buyers groups, government and NGOs.

PEFC Council General Assembly, Luxembourg, Thursday 24th January 2002

Forest Trends, London, March 13-14 2002. A large meeting under the theme "*Finance and Nature New Market Opportunities and Growing Risks: The Financial Impact of the Natural World*". This meeting was postponed from October 2001.

Conference on Indigenous Peoples and Forest Management in Canada and Fennoscandia, Jokkmokk, Sweden, May 2002. The conference aims to bring together indigenous people; representatives of environmental groups; governmental and intergovernmental bodies and industries; and international forest experts to discuss forest use, land rights and indigenous strategies for sustainable development. It intends to increase information exchange and cooperation on forest issues between the Sami and the Cree and to allow a constructive multi-stakeholder dialogue.

Third MCPFE Workshop on Improvement of Pan European Indicators for Sustainable Forest Management, Budapest, Hungary, 14-15 January 2002. This meeting is convened by the Ministerial Conference on the Protection of Forests in Europe (MCPFE). For more information contact: Ewald Rametsteiner, Liaison Unit Vienna; tel: +43-1-710-77-02; fax: +43-1-710-77-02-13; e-mail: liaison.unit@lu-vienna.at; Internet: <http://www.mcpfe.org/>

4.2.2 Outside Europe

International expert meeting on monitoring, assessment and reporting, 5-8 November, Yokohama, Japan. This meeting will focus on the monitoring, assessment and reporting of progress towards sustainable forest management and the roles of regional and national criteria and indicators. The expected outcome of this meeting is a report that will be submitted to the United Nations Forum on Forests at its second session. For more information contact: e-mail: unff@un.org; Internet: <http://www.un.org/esa/sustdev/forests.htm>

7th Conference of the parties to the UN Framework Convention on Climate Change, 29 October – 9 November 2001, Marrakech, Morocco. More information is available on the internet: <http://www.unfccc.int/>

World Resources Institute 5th Annual Sustainable Enterprise Summit, 5-6 December 2001, Washington DC. Entitled "*Sustainability as the Next Business Driver*", the event will highlight product and process innovations that deliver environmental and social performance, while also creating competitive advantage. More info: <http://www.wri.org/meb/wrisummit/summit01.html>

2nd Session of the UN Forum on Forests, San José, Costa Rica, 4-15 March 2002. To include a high-level ministerial segment. More information on the internet at <http://www.un.org/esa/sustdev/forests.htm>

Inter-governmental International Conference on Financing for Development (FfD), Monterrey, Mexico, 18-22 March 2002. To bring together high-level representatives from governments, the United Nations, and other leading international trade, finance and development-related organizations. More information on the internet at: <http://www.un.org/esa/ffd>

FSC Certified Forest Products International Conference and Showcase, Cobb Galleria, Atlanta, Georgia, April 25-27, 2002 Originally scheduled for September 2001, but postponed following the terrorist attacks of September 11, 2001. Information: conferencequestions@certifiedwood.org, Tel: +1 503 799 1839

World Summit on Sustainable Development (WSSD), Johannesburg, South Africa, 2-11 September 2002. A huge international meeting 10 years on from Rio that will bring together tens of thousands of participants, including heads of State and Government, national delegates and leaders from NGOs, businesses and other major groups. Forward publicity refers to the meeting's aim of *"focusing the world's attention and direct action toward meeting difficult challenges, including improving people's lives and conserving our natural resources in a world that is growing in population, with ever-increasing demands for food, water, shelter, sanitation, energy, health services and economic security. At the 1992 Earth Summit in Rio, the international community adopted Agenda 21, a global plan of action for sustainable development. Ten years on, the Johannesburg Summit presents an opportunity for today's leaders to adopt concrete steps and identify quantifiable targets for better implementing Agenda 21. In addition to governments, there will be active participation by representatives from business and industry, children and youth, farmers, indigenous people, local authorities, non-governmental organizations, scientific and technological communities, women and workers and trade unions."* The Agenda for the meeting is currently being hammered through a series of preparatory meetings and activities at the national, regional and international levels. Information is available at: <http://www.iisd.ca/linkages> and <http://www.johannesburgmeeting.org>

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