Report for AF&PA

Trade and Environment Program in Europe

September 1999 Report

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Technical Report for September 1999

Highlights

- ECE Timber Committee increase focus on certification
- French government suggest forest certification demand practically non existent
- Certified Finnish wood forecast to reach “tens of millions m3” next year
- Russia sniffs at forest certification
- Canada’s ISO14001 certificates now cover 3.5 million hectares

1 Meetings

1.1 ECE Timber Division

Forest certification formed an important component of discussions at the 57th Session of the ECE Timber Committee meeting held in Geneva between 27 and 30 September 1999. News reports from the meeting suggest the Committee will, in future, focus more heavily on trade and environment issues in the forest sector and also on the promotion of environmentally-sound use of wood. The Committee plans to address trade and environment issues at a high-level seminar, possibly in 2001 or 2002. This meeting will be prepared in close cooperation with the Economic Commission for Europe (ECE) Committee on Trade, Industry and Enterprise Development and the Committee on Environmental Policy, with the World Trade Organization (WTO), and a wide range of other bodies, including non-governmental organizations.

Views expressed at the meeting relating to forest certification were divided. Speakers recognized the potential role of voluntary certification of forest management and labelling of forest products as among the potential tools in promoting sustainable forest management. However critics of certification stressed that more practical experience is necessary to reach conclusions on the effectiveness of these programmes. A number of delegates stressed that unsuitable design or non-transparent application of certification and labelling systems may, in some cases, lead to unjustified obstacles to market access.

A paper entitled “Forest Certification Update for the ECE Region” was issued at the meeting (copy attached). The paper concludes with some “thoughts for the future” which highlight the increasing importance of factors internal to the industry in driving the certification debate. They also highlight the increasing policy focus on mutual recognition of different certification schemes:

“*In its early stages, ENGOs were the most significant drivers of certification and have had significant impacts on its development and, as a result, on the forest industry itself. The next stage of evolution for certification may be largely driven by landowners and the forest industry.*

For large forest owners, there appears to be a clear trend toward integration of multiple schemes on one ownership. Combining the ISO and FSC, ISO and SFI, and CSA are examples. In other cases, companies may use different schemes in different operations. For example, in Stora Enso, the Swedish units are using FSC and the Finnish units prefer PEFC. According to Stora Enso directors, it is viable to use different systems in various parts of the company and local conditions will dicate the choice. The use of multiple systems by one company could enhance the development of mechanisms for mutual recognition

…It is to be expected that systems will continue to evolve to meet market demands and the systems will become more similar as a result.”

Many of the national market reports issued at the meeting included a section on forest certification markets. The following summarises some of the more interesting comments from European reports:

France
The French government delegation noted that demand for forest certification in France is practically non existent. The issue is only relevant to exporters of wood, notably to the UK. However 1999 has seen a number of important developments:

- the launch of a WWF Buyers Group, currently of limited size, but including some large retailers such as IKEA, Carrefour and Les 3 Suisses.
- the introduction of PEFC and steps by French forestry associations to develop a compatible national system
- the application of ISO14001 by the regional forestry authorities of Franche-Comte
- the development by specialist wood distributers and home improvement stores of a labelling system for products identifying their wood species composition. The scheme has been introduced following pressure from environmental groups and focuses on tropical wood.
- the development of a French norm for comparative Life Cycle Analysis of wood, metals and plastic

Finland
The first external audits under the Finnish Forest Certification System started in mid September. It is expected that over half of Finland's forest area, around 12 million hectares, will be certified under the scheme by the end of 1999. It is expected that the quantity of certified wood will reach tens of millions m3 during 2000. This wood will probably be marketed under the PEFC logo. (Note that detailed information on the development of Finnish certification, including maps and areas of forests undergoing certification, are available at www.smy.fi/certification

Germany
The Federal Forest Ministry has held technical talks with representatives of the FSC and PEFC. During these talks it became clear that there was little to separate the requirements for forest management under the two schemes. The Federal Forest Ministry believes that "polarisation between the competitors must be avoided because it would lead to consumer confusion. It is more important to focus on the schemes common aims in order to raise public acceptance of forestry and the use of wood products". They also note that the chain of custody issue remains unresolved in Germany.

Holland
Between 15,000 and 20,000 m3 of FSC certified wood was supplied to the Dutch market in 1998. Most of this volume derived from Brazil, and to a lesser extent from Poland and the Netherlands. A further 30,000 m3 was supplied from Malaysia as "declaration" wood under the Dutch industry's Keurhout trademarking system. The report suggests that market share for certified products is currently limited both by supply and by the unwillingness of Dutch consumers to pay price premiums. However, the volume of certified wood supplied to Holland is expected to increase rapidly over the next 12 months due to large-scale certification of Nordic forests.

Estonia
Estonia's forest authorities comment on the certification debate in Estonia as follows:

- a questionnaire issued to Estonian producers and exporters suggests that most are aware of alternative certification schemes, but none had invested in product certification due to lack of direct demand
- certification development is complicated as in other areas of Europe by the prevalence of small private industrial owners (the average holding area is under 10 hectares)
- however demand for certified forest products is now becoming a problem for a number of small enterprises with key customers in the UK's 95+ Group, and for wood panel manufacturers that export around 10% of production to the UK.

- since the end of summer 1999, there has been increased interest in FSC certified products from intermediaries exporting to the furniture industry in Germany and Denmark.
- the Forestry Board initiated a forest products certification workgroup in Novermber 1998. There is broad representation from all interests. The aim of the group is to develop a national certification standard by the year 2000 at the latest. The management of the workgroup has proposed applying to FSC for national FSC workgroup status.

Ireland

Coillte Teoranta (the Irish Forestry Board), the biggest land owner in Ireland with a forest estate of close to 500,000 hectares, is seeking independent audit leading to FSC certification by the end of 1999. It recently announced that it has completed stakeholder consultations in pursuit of this aim. A national Forestry Standard is also being developed in Ireland by the national forest authority. This is essentially a code of practice developed in accordance with Ireland Helsinki and Lisbon commitments to sustainable forestry.

2 Development of certification in Europe

2.1 Pan European Certification Initiative

A PEFC Board meeting was held on 30 September. Details of this meeting were still awaited on completion of this report.

2.2 Swiss certification standard

Switzerland published a National Standard for Forest Certification during summer 1999. The standard has been approved by a wide range of interests including the major Swiss industry and forestry associations, the WWF and other major environmental groups, and the Swiss government. The standard is designed to be compatible with both the Helsinki Pan European forestry criteria and the FSC Principles and Criteria.

2.3 UK Environmental Profiles

The UK's Building Research Establishment has launched an environmental profiling system, developed at a cost of more than £200,000 over the last 3 years. The system provides a standard methodology for comparing the cradle-to-grave environmental impact of the major products used by the UK construction industry. The new system will allow designers and specifiers to obtain reliable and comparable environmental information about competing building materials. The system is designed to standardise the provision of life cycle information from the different industry sectors supplying the UK building industry (including timber, steel, aluminium and plastic) and thereby create a level playing field.

The system takes the form of a published set of common rules and guidelines for applying LCA in the UK. This is backed by a UK wide database designed to provide a one-stop-shop for accurate environmental information.

The system has been developed with full industry participation through a representative steering committee. Key timber industry associations are heavily involved. The Timber Trade Federation, for example, has already supplied basic data covering the environmental costs of importing timber; the UK home-grown industry has submitted sawmilling impact data; and the British Woodworking Federation will cover manufacturing impacts.

The UK initiative is similar to, but more detailed than, existing materials profiling systems in Germany and the Netherlands.

2.4 FSC chain of custody

A discussion paper has now been issued by the UK “informal working group” on FSC chain of custody and % based claims following recent technical discussions (see July/August report). The paper is available on the FSC website (www.fscoax.org). The FSC has announced that their % based claims policy is under review and are inviting comments from FSC members on the UK discussion paper. FSC will decide how to proceed at the next Board Meeting starting on 29 October 1999.

2.5 Review of certification schemes

The UK based International Institute of Environment and Development and Finnish consultancy Indufor Oy have together been carrying out an analysis of forest certification schemes. The analysis is based on a questionnaire issued to various certification programs around the world (including SFI). The results are due to be discussed at a forthcoming World Bank/WWF Workshop on Independent Certification of Forest Management. A preliminary draft analysis of their results is attached.

3 Development of certification outside Europe

3.1 Russia

So far progress in the development of forest certification in Russia has been very slow. No ISO14001 or FSC certificates have yet been issued in Russia. However, there has been some limited interest in the issue:

- in June 1999, a conference to discuss establishment of a Russian FSC working group was held in Pushkino near Moscow. There were approximately 50 participants

- there are reports that funding for the implementation of forest certification has been provided to groups in the Russian Far East and the Komi Republic

- Malaysia's Rimbunan Hiijua, which manages a forest area of 315,000 hectares in the Khabarovsk Region, is considering implementation of the ISO14001 standard.

- About 2 years ago, Russia's Federal Forest Service introduced a "mandatory certification scheme", officially for environmental reasons but interpreted by many observers as a tool to increase forestry taxes and raise additional Federal funds from state authorities and the private sector.

3.2 Canada

The Canadian Sustainable Forestry Certification Bulletin for August provides an update of progress in the implementation of forest certification in Canada. As of June 1999, over 3.5 million hectares had been certified following independent third party audits at various Canadian woodlands divisions of 6 companies - J.D. Irving, MacMillan Bloedel, Spruce Falls Inc (a Tembec company), Stora Enso, Weldwood, and Weyerhauser . All the companies had achieved ISO14001 certification for their forest operations, MacMillan Bloedel had also achieved CSA certifcation, and J.D. Irving had also achieved FSC certification. Sixteen Canadian companies have achieved ISO14001 registration in at least one of their mill operations. Further details are available from www.sfms.com

4 Market Developments

4.1 FSC in the UK

The UK trade press is peppered with stories of new FSC commitments and supply sources. The following were reported in September:

- Manchester based company Oregon-Canadian Europe Ltd achieved FSC chain of custody certification following assessment by SGS Forestry. The company was launched in April 1998 as the sales and timber processing arm of Oregon-Canadian Forest Products and is predominantly involved in specialist softwoods and hardwoods, sourcing material from all over the world.

- Wood International agency announced the "first ever importation of FSC Certified Tropical Hardwood Plywood". The wood derives from Gethal Amazonas SA located in the Amazonian region approximately 300 km east of Manaus. The company has a capacity of 3000 m3 per month in hardwood ply. It is described as the "first and only producing manufacturer of FSC Tropical Hardwood Plywood in the world." Clarks Wood & Company of Bristol will be the first importer of the product.
- Just World Trading, an agency specialising in certified wood products based in Edinburgh, announced the first UK arrival of FSC certified hardwood from the Solomon Islands. The shipment derived from Kolombangara Forest Products Ltd, a company owning 15,000 hectares of plantations, and comprised Eucalyptus deglupta (Kamarere) and Gmelina arborea.

5. Environmentalist campaigns

Environmentalist campaigns are focusing on tropical logging (see last month's report) and on the World Trade Organisation in the run up to the November WTO meeting in Seattle. Direct action environmental groups are expected to be out in force in Seattle to campaign against moves to reduce tariffs on wood products. The WWF is using more subtle campaigning tactics. They have issued a press release welcoming a forthcoming WTO secretariat report which they claim "for the first time acknowledges that trade damages the environment." WWF go on to note, however, that they "regretted that the WTO did not clearly accept its responsibility to help resolve this problem". WWF argue that WTO should be reformed to ensure that it's "rules enhance rather than damage the quality of the global environment." WWF also want "WTO members to commit themselves to carrying out environmental assessments of their trade policies and WTO agreements." WWF claim that WTO rules are undermining Multilateral Environmental Agreements (MEAs) like CITES and the Biodiversity Convention.

WWF's interpretation of the WTO report is heavily slanted. In fact the report argues that "trade barriers generally make for poor environmental policy." It suggests that environmental problems are better addressed at source. The report aims to provide the basis for a consensus on trade and environment issues by focusing on "win win" policy measures that serve to make trade freer and improve the environment at the same time (e.g. by reducing state subsidies to environmentally damaging industries). The report provides case studies of five of the trade sectors that will be under consideration during the next round of trade talks including the wood industry.

R. Oliver 15/10/99