

Report for AF&PA

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**Rupert Oliver
rupert@forestindustries.info**

“INFORMING THE SUSTAINABLE WOOD INDUSTRY”

VAT Registered No: 746311248 – Registrar of Companies for England and Wales Company No: 4689869

Head Office: The Little House • 18 Church Street • Settle • North Yorkshire • BD24 9JE •
United Kingdom

Tel: +44 (0)7553 346410 / www.forestindustries.info

Overview and commentary

The issue of illegal logging is firmly at the top of the political agenda. In fact, following intense NGO lobbying drawing on unsubstantiated, perhaps wild claims about the scale of illegal logging in the tropical hardwood sector, there is a risk of over-reaction by European policy makers. The European Commission is drawing up an action plan, due for publication at the end of 2002 that proposes that all EU wood imports should require a "legality license". Draft requirements for chain of custody verification would, if implemented, come into open conflict with the operation of a free market for wood products in the United States. As the draft plan seems to require tracing of all products back to forest of origin, it may even exclude wood labelled under schemes like the SFI program.

The political emphasis on illegal logging has encouraged a reaction in some tropical producing countries. Building on their log export ban, the Indonesian government now plans to restrict production and exports of other wood products, with potentially far-reaching consequences.

The emphasis on illegal logging has clear implications for forest certification schemes. The FSC has responded by preparing a briefing paper on "reinforcing legal compliance in the forest sector". FSC is considering working on the development of a standard to define "legal timber" at the forest level, perhaps opening the way for lower level certification of legality as a stage towards full FSC certification.

The PEFC may also benefit. Already in the U.K. there are signs of growing interest in PEFC certification amongst importers of European hardwoods that view PEFC as a means of satisfying new demands from public sector buyers for independent verification that wood derives from "legal and sustainable" sources.

Turning to other issues, both PEFC and FSC have been looking intensely this year at their organisation and procedures as they jostle for position as the leading global certification framework. The PEFC title is looking increasingly dated as the organisation has continued to broaden membership to regions outside Europe. PEFC has just received an application for membership from the Malaysian Timber Certification Council (MTCC), the first from a tropical forest certification scheme. At their General Assembly in November, PEFC will be considering procedures for endorsing schemes outside Europe.

Meanwhile FSC has released further details of a global strategic action plan designed to attain the objectives of bringing 30% of the world's forests under certification to FSC standards and increasing to 15% the share of the global roundwood market held by FSC-certified forests by 2007. A major challenge now acknowledged by FSC is how to make the scheme more accessible in developing countries. One part of the strategy appears to be to decentralise and to work more closely with national initiatives. A good example of this is seen in Chile, where FSC recently agreed to work closely with two national forest certification organisations to advance forest certification.

However, these certification efforts continue to fail to impress forestry experts in tropical regions. ITTO have just published a series of reports on certification drawing attention to the impediments of forest certification in the tropics, and the limitations of certification as a tool to prevent serious forest degradation. ITTO highlights the importance of cross-sectoral approaches to forest problems in the tropics, and the priority that should be attached to poverty alleviation.

For these reasons, and despite widespread criticism from environmental groups, the Johannesburg World Summit on Sustainable Development may ultimately be good news for tropical forests. Instead of focusing on a few headline-grabbing issues, the summit focused on poverty, considered well-known problems, and sought to find practical ways to solve them. Johannesburg was also characterised by a useful emphasis on private sector involvement.

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1 Forest certification developments

1.1 Pan European Forest Certification Scheme (PEFC)

1.1.1 PEFC overall progress

The PEFC Council has received two further applications for membership of the PEFC Council; the Malaysian Timber Certification Council (MTCC) and PEFC Luxembourg. These two new applications for membership join the three applications already received from Australia, Chile and Estonia and will be considered by members at the next General Assembly scheduled to be held in Luxembourg on Friday 22nd November 2002.

Following positive recommendations by independent assesses and the PEFC Board, the Danish PEFC scheme only awaits a positive vote by PEFC members before endorsement.

There are now 18 countries that are members of the PEFC Council, of which 13 have had their national schemes assessed and endorsed.

Schemes Endorsed by PEFC	Hectares Certified
Austrian Forest Certification Scheme	3,924,000
Belgian Forest Certification Scheme	0
Czech Forest Certification Scheme	0
Finnish Forest Certification Scheme	21,910,000
French Forest Certification Scheme	279,055
German Forest Certification Scheme	5,883,192
Latvian Forest Certification Scheme	12,494
Norwegian Living Forest Standards and Certification Scheme	9,352,000
Spanish Forest Certification Scheme	86,679
Swedish Forest Certification Scheme	2,152,297
Swiss Q Label Holz Scheme	64,572
UK Certification Scheme for SFM	0
TOTAL	43,086,897

PEFC certified forest area

PEFC chain of custody certificates have now been issued to around 260 companies and organisations and the number is steadily increasing.

The closing date for receipt of comments on the major review of PEFC has now passed. The review, which includes recommendations to strengthen the PEFC documentation and procedures for extending the operation of PEFC to regions outside Europe, will be considered at the General Assembly in November.

The PEFC Council is now focusing more on promotion. It recently released several bespoke brochures. More information can be obtained from Heikki Hamunen at the PEFC Council Secretariat: Tel: +352 26 25 90 59; Fax: +352 26 25 92 58; email: pefc@pt.lu

1.1.2 PEFC National Progress

Highlights of recent PEFC developments at national level include:

Austria: PEFC Austria has just issued its 100th Chain of Custody certificate to Gaspo, a 100% family owned garden furniture company, based in Salzkammergut

Belgium: PEFC certification is being implemented on a regional basis in the Walloon region of Belgium. An ISO14001 management system has been developed to cover the management of forests throughout the region. The EMS is designed to deliver forest management in line with the requirements of the PEFC Belgium standards, which are in turn based on the Pan European operational guidelines for sustainable forestry. So far, organisations and individuals owning forests of around 140,000 hectares have made formal commitments to adhere to the certification standard. The certification body Lloyd's Register of Shipping is currently undertaking an external audit of the Walloon regional forest management system. A "chain of custody" working group has met several times to establish procedures to deliver PEFC certified wood from the Walloon forests to the market. The Belgian industry is heavily engaged in this process.

Finland: about 95 % of Finnish forests, or 22 million hectares, are currently certified under the national Finnish Forest Certification System (FFCS). Finnish forest industry companies hold over 50 PEFC logo licences which cover a significant proportion of annual production of logs (53 mill. m³ certified supply), sawn lumber (10 mill. m³), panels (2 mill. m³), pulp (3 mill. tons), paper (1.1 mill. tons) and paper board (0.25 mill. tons). FFCS is currently in the process of redrafting the national forest certification standard. The first draft of the revised standard will be available for comments at the beginning of November 2002 and the revision process is due for completion in April 2003.

France: by the beginning of September, PEFC certified forest area in France had reached 400 941 hectares. Public forests, belonging to the State and to the "communes", are being certified region by region, under regional certificates. Seven of the 22 French regions have been certified, and 20 regions have established PEFC regional assemblies. All French regions are expected to be certified by the end of 2002. A communication campaign has been launched in each of the certified regions to invite forest owners to participate in PEFC certification. In addition, the various forestry cooperatives which represent private forest owners in France, have now teamed up to implement a group certification scheme. 15 chain of custody certificates have been issued to various organisations (including loggers, sawmills, flooring and panel board industry).

Germany: PEFC-certified area now amounts to 5.9 million hectares including 1,662 community forests, 1,646 private forests and 590 forestry associations with 178,000 members. 95 chain of custody certificates have been issued to timber traders (47), saw mills (34), paper mills (4) and other wood processing companies (10).

Italy: details of the PEFC Italy scheme are expected to be finalised in time for consideration by the PEFC Italy General Assembly in mid November. During the summer months pilot testing of the scheme was undertaken in several Italian regions. The Italian consumer association is amongst recent applicants for membership of PEFC Italy.

Latvia: By September 2002, well over 110 properties had been certified with total forest area comprising 12,494 hectares. Three chain-of-supply certificates had been issued and two more were in the pipeline. At present only private and municipality forest owners are involved in PEFC Latvia. The large state forest owner is committed to FSC.

Portugal: The Portuguese standard for forest certification has now been finalised and is waiting for publication by IPQ, the national accreditation body for certification. Meanwhile CFFP (PEFC Portugal) and IPQ are working on procedures for accreditation of certifiers in Portugal.

Spain: the first PEFC Spain forest certificate has just been presented to Ence Group's subsidiaries, Ibersilva and Norfor, for a 90,000 hectare tract of forest comprising 75,000 hectares of eucalyptus plantation and 15,000 hectares of native wood species including cork, oak and Holm oak.

Sweden: PEFC Sweden is taking steps to implement recommendations contained in the Forest Dove document. Forest Dove was finalised earlier this year by a joint working group of PEFC Sweden and FSC Sweden with the aim of making the two groups' national certification standards mutually compatible in Sweden. So far PEFC Sweden has implemented the first four items recommended by Forest Dove. The remaining 14 items will be implemented during the next full review of the PEFC Sweden standard starting in 2005. Meanwhile 3 new PEFC chain of custody certificates have been issued to paper mills in Sweden over recent months (the Utansjö, Rottneros, and Vallvik mills). A small Swedish house builder has also acquired the PEFC chain of custody certificate and committed to using PEFC certified wood in residential construction. Eksjohus already sources 90% PEFC certified wood from its' sister company Eksjo Industries.

Switzerland: use of the PEFC Label is spreading throughout Switzerland. There are now 195 forest owners and 16 wood processing enterprises authorized to use the PEFC label on their products. Several more PEFC chain of custody audits are currently underway.

United Kingdom: so far there has been little progress in PEFC certification amongst U.K. forest owners, most of which are committed to the FSC scheme. However, work is well advanced toward BM Trada achieving accreditation from the United Kingdom Accreditation Service. This will allow BM Trada to audit importers, processors and vendors of timber and wood based products with a view to issuing PEFC Chain of Custody certificates. PEFC UK reports that "a significant number of companies are keen to achieve this status, so that they can apply for a licence to use and exhibit the PEFC logo and label." Interest in PEFC chain of custody certification is growing amongst U.K. importers of European wood products selling into the U.K. public sector. The U.K. government has just finalised a strategy for public procurement that will eventually require all wood products to be backed by independent assurances that they derive from "legal and sustainable" sources. PEFC is likely to be recognised as providing this level of assurance.

1.2 Forest Stewardship Council (FSC)

1.2.1 FSC Strategic Plan

The FSC has begun implementing a strategic action plan to attain the objectives of bringing 30% of the world's forests under certification to FSC standards and increasing to 15% the share of the global roundwood market held by FSC-certified forests by 2007, according to a recent article by S.T. Mok, a member of the FSC board. The plan, which will accord priority to the tropics, calls for a significant expansion and decentralisation of the FSC's service-delivery mechanisms as follows:

- regional offices will be established in Latin America, Europe, Asia and Africa. National offices will be added in Russia, China, and throughout Latin America;
- the service-delivery role of these regional and national operations will be expanded with appropriate professional staffing. The aim is to improve the FSC's responsiveness to its clientele and enable it to deliver a higher quality of service in each market area;
- FSC standards-setting, certification and education activities will be stepped up in such critical areas as Africa's Congo Basin, China, Russia and Southeast Asia;
- the FSC Secretariat will be relocated to an international centre of policy (Bonn, Germany). The aim of the move is to raise the FSC's international profile, help position it as a credible world leader, and greatly enhance its ability to provide counsel on trade policy;
- accreditation processes will be streamlined without sacrificing integrity. The FSC's network of accredited certification bodies will be expanded in an effort to make FSC

certification more readily accessible to forest landowners and forest products manufacturers around the world; and

- the FSC will also develop and implement programs to increase market awareness of its trademark logo in order to enhance its value and revenue-generating potential. In addition to designing measures that foster greater on-product use of the logo by certified manufacturers, the FSC aims to build awareness and brand value through uniform, high-profile public affairs and communications activities worldwide.

1.2.2 FSC Technical Developments

1.2.2.1 FSC responds to the illegal logging issue

As a response to the rapid growth in political interest in illegal logging, the FSC Secretariat has been preparing a briefing paper on “reinforcing legal compliance in the forest sector”. FSC are hoping that this interest will translate into rising demand for FSC certified wood products.

In their most recent newsletter, FSC note that *“legal compliance is a basic FSC requirement for all certified forests, and FSC chain of custody certified businesses are responsible for ensuring that any non-certified timber they use in FSC labeled products is not illegally sourced. As a result, FSC-based forest management certification is already being promoted by a number of organizations as a tool to help eliminate the trade in illegally sourced forest products.”*

FSC is also considering working on the development of a standard to define “legal timber” at the forest level, perhaps opening the way for lower level certification of legality as a stage towards full FSC certification. FSC suggest that such a standard *“must not validate or support practices that are bad for forests or forest peoples, and must be credible and widely supported and accepted by stakeholders.”*

However FSC also comment that *“it is essential that the development and implementation of systems to ensure that forest products are ‘legal’ does not distract attention from efforts towards improved and more sustainable forest management”*.

In response to the growing interest in the illegal logging issue, FSC is reviewing and evaluating its experience with the implementation of FSC Principle One *“Compliance with Laws and FSC Principles”* in more than 50 producer countries over the last eight years. FSC say they want *“to share the lessons learned, and ensure they are used to build an improved, robust set of protocols and guidelines for uptake and implementation by users within and beyond FSC”*.

1.2.2.2 Recycled content

FSC has been under pressure from retailers to provide a lead in the certification of recycled content. In response it has begun development of standardized definitions of recycled content and of guidelines to aid suppliers and buyers to identify such material in the market. FSC hope that the project will lead to *“internationally accepted definitions for recycled content”* and will provide a basis for certification bodies to verify the origin and quantity of recycled materials being fed into FSC chain of custody systems. FSC is also assessing options for developing an international labelling scheme for products containing independently certified recycled content.

1.2.2.3 FSC Social Strategy

A global consultation on FSC’s “Social strategy” document has been underway over recent months. FSC National Initiatives in Bolivia, Kenya, Guatemala, Canada, Nicaragua, Argentina and Latvia, among other countries, have been coordinating national consultations involving workshops and conferences.

1.2.2.4 FSC Board Pesticides Committee Approves Chemical Pesticides Policy

FSC's Chemical Pesticides Policy has been approved by the Board Pesticides Committee, effective July 2002. This policy will now be used by all certification bodies and National Initiatives to interpret the FSC Principles and Criteria's provisions for chemical pesticides.

1.2.2.5 FSC, WWF & IKEA Join Forces to Improve Standards Development

Representatives from the Forest Stewardship Council (FSC), World Wild Fund for Nature (WWF), IKEA Group, Center for International Forestry Academy and PI Environmental Consulting met in July in Beijing with representatives of the Chinese government and academia in order to define collaboration agreements to develop a *Multi-Stakeholder Standard Setting Toolkit* for FSC National Initiatives (NIs). The toolkit is designed to help NIs develop national standards that conform to FSC's Principles and Criteria.

1.2.2.6 Future of FSC Email conference

FSC is currently holding an Email conference on the organisation's future objectives. The discussion is open both to FSC members and non-members. The results (compilation of contributions, options and synthesis) will be presented as input to the FSC General Assembly in November 2002. The discussion is structured into three topics:

- If we were to invent FSC today, what should it look like?
- How can FSC really start to deliver on its mission in the South?
- Should FSC diversify into other, related areas,

The conference can be followed by email or through the web. Background information can be obtained from <http://www.fscobjectives.org/chair.htm>.

1.2.3 FSC National Developments

1.2.3.1 Latvian certified area continues to rise

FSC certification in Latvia has been developing rapidly. By the end of July 2002, 905,700 hectares of Latvian forest had been certified to the FSC standard. Four regional forestry units of "Latvijas valsts meži" (Latvia's State Forests) had been certified, accounting for 846,000 hectares or 52% of the state forest area. FSC certificates had also been granted to 57,000 hectares of Riga's City forests and 2,700 hectares of private forest. 35 of Latvia's forest sector enterprises had received chain of custody certificates.

1.2.3.2 Mixed fortunes for FSC in Lithuania

In 2000, Lithuania's state forest authorities took the initiative to pursue FSC certification for 70,000 hectares of state forest land. In 2001 four Lithuanian wood processing industries were awarded FSC chain-of-custody (CoC) certificates, while several other companies applied for CoC certification in 2002. FSC certified raw material (roundwood) supply during 2002 is expected to reach around 250,000 m³, about 5% of total Lithuanian removals.

Despite these efforts, FSC certification is reported not to have had a big impact on demand for Lithuanian products. Interviews with wood processing companies with FSC CoC certificates suggests that in the nine months to end September 2002, only 1,500-2,000 m³ of roundwood (birch logs) were converted into value added products (furniture components, dowels) which were subsequently exported to the U.S. and UK markets with an FSC label. Several wood processing companies that have acquired the FSC certificate have not yet sold any FSC-labelled products. Estonian suppliers report that the FSC label has not generated any price premium, although it has helped in some cases to secure contracts and buyers. Despite limited demand, several more state forest enterprises are now seeking FSC certification.

1.2.3.2 First FSC Forest Management Certificate Issued in Romania

The Soil Association has issued the first FSC forest management certificate in Romania to Vanatori-Neamt Forest Park, a 31,611 hectare tract of mixed conifer and hardwood forest

located in the Neamt County region. The major objective of the certification project has been conservation rather than market access. Management of the park's forest to FSC standards is part of a Romanian government conservation strategy to reintroduce European bison into the area. The Romanian government has established a target to eventually certify one million hectares of Romanian forest land according to the FSC standard.

1.2.3.3 FSC Collaborates in Chile

The FSC has taken steps to form a closer working relationship with national forest certification organizations in Chile. Representatives from the FSC Secretariat met in late June with representatives from the Chilean National Initiative of Independent Forest Certification (ICEFI), the FSC Working Group in Chile, and the Chilean Forest Certification System (CertforChile) to strengthen the working relationships among the organizations and foster the standards development process. During the meeting, FSC recognized the work of ICEFI and CertforChile in standards development in Chile. ICEFI is engaged in the development of Native Forest and Plantations standards. CertforChile has independently developed a Plantations standard. Recognizing the common objective of improving forest management throughout Chile, FSC encouraged collaboration among the groups. As a result of the meeting, ICEFI and CertforChile agreed to share information that could lead to improved forest practices.

1.2.3.4 Argentina Forms Working Group to Develop Plantation Standards

Economic, social and environmental groups have come together to form an FSC Working Group to develop forest management standards for plantations in Argentina. Around 80 people participated in the election of the Working Group, which consists of five primary and five alternate members.

1.2.4 FSC Market Developments

1.2.4.1 Awareness of FSC Grows in The Netherlands

The number of consumers in the Netherlands who look for the Forest Stewardship Council (FSC) trademark when shopping for wood products has risen from 2% to 13% in just a year, according to a survey conducted by World Wide Fund for Nature (WWF). The survey, which tracked the impact of last Spring's consumer campaign, "Save the Forest, Buy FSC Wood," also reports that 44% of Dutch consumers are familiar with the FSC "checkmark-and-tree" logo.

The Dutch campaign involved 30 companies and organizations representing some 1,500 retail outlets throughout the Netherlands and serving approximately 20 million customers a year. Do-it-Yourself chains and garden centers in the Netherlands and other well-know Dutch retailers such as Intratuin, Karwei, Europatuin, Gamma, Leen Bakker, Kwantum, Praxis, Hema and Blokker participated in the campaign.

A recent survey of timber industry experts suggests that during 2001, around 6% to 8 % of all wood used for construction in the Netherlands were certified (including both FSC and Keurhout).

1.2.4.2 Swedish industry reports no increase in demand for certified products

According to Sweden's national report to the UN/ECE Timber Committee in September 2002, demand for certified forest products has not increased during the last 12 months. The strongest demand is still from retailers and industrial customers in Great Britain, the Netherlands and Germany. At the end of 2001 approximately 10 million hectares of forest land were FSC certified in Sweden, in addition to 2 million hectares PEFC certified. Around 5% of Sweden's total paper, paperboard, and sawn lumber production and export is now certified. Although chain of custody certificates are common throughout Sweden, they are

often not used due to the logistical problems of chain of custody. This problem has been complicated by the existence of two forest certification systems in Sweden.

1.2.4.3 Growing U.K. domestic demand for FSC certified raw material

In addition to the woodland owned by the state forest services in Great Britain and Northern Ireland large areas of private sector woodland are also now certified or in the process of certification, according to the UK's report to the UN/ECE Timber Committee in September. The total area of woodland now under FSC certification in the U.K. is approximately 40% of all types of woodland yielding approximately 60% of the annual volume harvested. The stakeholder organisations represented in the UK Woodland Assurance Standard, which has been endorsed by FSC, are now working together to improve the participation of small woodlands in certification by development of a more appropriate version of the Standard, and consideration of simplified certification procedures. A number of sawmilling and wood-processing companies have achieved or are going through the process of FSC certification for Chain of Custody.

Market demand for certified raw material in the U.K. continues to develop and, in some instances, softwood sawmills and merchants are reported to be offering a modest premium to stimulate supply. It is becoming more difficult to sell uncertified softwood in the U.K. because certified mills are having some difficulty in achieving the percentage intake they need to meet the chain of custody requirements for percentage based claims.

1.2.4.4 Largest Sawmill in the Baltics Joins FSC Chain of Custody

Imavere Saeveski, the Baltic region's largest sawmill, has earned FSC Chain of Custody certification through the SmartWood program of the Rainforest Alliance. Imavere Saeveski produces 325,000 cubic meters per year of sawn wood for the construction, furniture and Do-It-Yourself (DIY) industries. Imavere's main supplier of certified wood is the Estonian State Forest Management Centre. About a third of Imavere's production of wood is sold in Estonia while the rest is exported to other European countries, North America, the Far East, Australia and North Africa. The Swedish-Finnish company StoraEnso and the Estonian Sylvester Group are the major stakeholders in Imavere Saeveski.

1.2.4.5 Polish Companies to increase Involvement with FSC

With close to 4 million hectares of FSC certified forests, Poland has the second biggest area of FSC certified forests in Europe and is an important timber export country. Key countries purchasing FSC timber from Poland include Germany, Belgium, Sweden, Switzerland, the UK and the Netherlands. 102 companies in Poland currently produce and/or trade in FSC labelled products. In a recent survey of these companies, 93% of respondents stated that they plan to increase their offers of FSC certified wood products. In stating reasons, 36% said they hoped to boost sales, while 54% said they simply wanted to maintain market share. However 79% believed that the cost of certification was still too high.

1.3 Africa

Tropical Africa has been lagging behind other regions in forest and timber certification. Only the Dutch Keurhout Foundation has so far certified forests (in Congo and Gabon) in West and Central Africa. A number of initiatives have been taken to encourage more progress.

- Over several years, the African Timber Organisation (ATO) and the International Tropical Timber Organisation (ITTO) have been developing a set of Principles, Criteria and Indicators for Sustainable Forest Management (PCI) in tropical Africa.
- In 1999 the Inter-African Association of Forest Industries (IFIA) identified the promotion of forest certification as one of its main strategies.
- In October 2000, the ATO Ministerial Conference adopted an IFIA-proposed pan-African certification concept as a policy for promoting the development and implementation of a regional approach to forest certification among member

countries. The Pan-African Certification Scheme would use the ATO/ITTO PCI as its basis.

- A recent ITTO workshop on forest certification recommended that support be provided to regional initiatives of forest certification in the tropical regions. ITTO subsequently approved funding for a project to establish capacity to implement the ATO/ITTO PCI at the national level in African ITTO member countries.
- A Pan African Forest Certification Workshop is now planned for later this year to be attended by 15 African countries with the aim of exchanging views and exploring options for the development of certification schemes in the region.

1.4 ITTO update on forest certification

ITTO's latest edition of the Tropical Forest Update, available in full at the ITTO website (<http://www.itto.or.jp/newsletter/v12n3/index.html>) is devoted to forest certification. Articles include:

- ITTO consultants Eba'a Atyi and Simula highlight the impediments to forest certification in the tropics. One of these is the inflexibility of standards: tropical forests, they argue, are disadvantaged when certification standards focus on the end-results of management practices and do not recognise stages on the way to sustainability. They recommend a phased approach to certification, one that might help bridge the two paradigms. The first phase, they suggest, would be to demonstrate compliance with forest laws.
- the Directors of the Indonesian Ecolabelling Institute and the Malaysian Timber Certification Council highlight recent progress by their respective schemes and both call for a phased approach to tropical forest certification;
- FSC outline their new strategy, particularly in relation to tropical forests;
- PEFC comment on their recent review and explain their ambitions to become a global certification scheme;
- B&Q, the home improvement retailer, explain their continuing commitment to FSC. However they also suggest they are happy to see competition between schemes in order to keep costs down and improve innovation;
- Leslie et al, ITTO consultants, argue that forest certification in its current form will remain a marginal activity, with little influence on the retention of forest values (such as biodiversity) in natural tropical forests. They note the declining real value of timber grown in such forests and report that, even now, such timber is not able to generate sufficient revenues to make sustainable (or certifiable) forest management an attractive land use option. Therefore the pace of conversion to more economically lucrative land uses – notably cash crops – is likely to increase. Efforts to develop markets for high value and certified tropical hardwood timbers offer only a partial solution.

2. International Agreements and Institutions

2.1 World Summit on Sustainable Development

The World Summit on Sustainable Development in Johannesburg ended on 4 September to mixed reactions. While UN officials called it a success, many non-governmental organisations labelled it a failure.

Johannesburg was a very different affair from the "Earth Summit" held in Rio ten years ago. That conference aimed to energize international action on the environment and ended with a series of grandiose declarations on "big issues" – such as climate change and bio-diversity conservation.

In contrast, almost everything up for discussion in Johannesburg had been served up before at one conference or another. Development targets were rehashed from a turn-of-the-millennium meeting in New York. "New" aid packages from rich countries proved to be warmed-up pledges first made at a finance-for-development meeting held in Monterrey,

Mexico, this year. On the side, talks on market access and farm subsidies reconfirmed promises on freeing trade that were made at talks in Doha, Qatar, last year. The main green “successes” were unilateral declarations of support for a protocol on greenhouse gases that was drawn up in Kyoto in 1997.

The official meeting of 21,000 delegates in Johannesburg focused less on grand designs and big new issues and more on “nuts and bolts”. It considered well-known problems and sought to find practical ways to solve them. Although many people were unimpressed by the mushy and imprecise content of the final Johannesburg text and its separate political declaration, there were a few specific commitments and a useful emphasis on fighting poverty rather than on conservation. Most striking was a promise to cut by half the number of people with inadequate water and sanitation, and to try to do so by 2015.

The UN Development Programme (UNDP) is charged with monitoring progress towards this target and towards other, restated, Millennium Development Goals—to halve the number of people living in absolute poverty, to cut illiteracy and to cut child mortality, also by 2015. It will do so mostly by collecting new and reliable statistics and by presenting annual country-by-country reviews. With proper figures and accepted priorities for aid spending, governments should be better able to fight poverty.

Countries also committed themselves to establish a 'world solidarity fund' to eradicate poverty and promote social and human development in developing countries, although contributions to this fund will be voluntary.

On certification, countries agreed to develop and adopt, where appropriate, on a voluntary basis, effective, transparent, verifiable, non-misleading and non-discriminatory consumer information tools to provide information relating to sustainable consumption and production. This agreement contains the proviso that such tools "should not be used as disguised trade barriers".

It is possible that Johannesburg will be recognized as a watershed in the development of public-private partnerships for tackling environmental problems. The UN published a list of 230 “type 2” initiatives agreed between governments, companies and non-governmental groups (type 1 initiatives are those between governments alone). Although some may prove to be public-relations stunts, the successful ones should help to import private money and expertise into development projects.

A number of forestry “type 2” initiatives were announced at the summit. The most significant is probably the Congo Basin Forest Initiative, in which the U.S. government, AF&PA and a wide range of other agencies are partners. The goal of the partnership is to promote economic development, poverty alleviation, improved governance and natural resource conservation in the region through support for a network of national parks and protected areas, well-managed forestry concessions, and assistance to communities. The US government pledged US\$53 million over the period 2002–2005 to help implement the partnership. An Asia Forest Partnership was also announced.

Business was barely present in Rio ten years ago, but some 700 companies and 50 chief executives attended the Johannesburg talks. Environmental activists were furious at this emphasis on the private sector, calling it a victory for greed and a tragedy for the poor and for the environment. But it's possible, some would say probable, that these public-private partnerships will have more impact than all the fine words spewed at the Rio talks.

2.2 European Commission Illegal Logging Action Plan

After many years of paying lip service to the need for action on illegally sourced wood, there are signs that EU governments are about to take a pro-active line. Proposals currently on the table may have significant implications for U.S. exports to the EU. Specifically, the European Commission is developing an action plan that proposes that all EU wood imports should require a “legality license” which could create a significant barrier to trade with the U.S.

Proposed requirements for chain of custody verification would come into open conflict with the operation of a free market for wood products in the United States. As the draft plan seems to require tracing of all products back to forest of origin, it may even exclude wood labelled under the SFI program.

A number of political events have encouraged the EC to develop these proposals including: the Forest Law Enforcement and Governance (FLEG) Conference in Bali; consideration of a forest action plan under the Convention of Bio-diversity at the Hague in April 2002; the build-up to the World Summit on Sustainable Development (WSSD) in Johannesburg in September 2002; and indications that other countries are taking positive action to address illegal logging, notably the United States. In addition to these political pressures, European governments have been encouraged by some of the most intense NGO activity seen since the early 1990s, focused specifically on illegal logging in the tropics, and also emphasising the role of European governments as buyers of wood.

In April 2002, the European Commission, through its Directorate on External Affairs, hosted a seminar in Brussels to provide input for the development of EU policy on forest enforcement issues. This event, which was not widely publicised at the time, was attended by a range of forest sector, NGO and government interests and led to the formulation of a draft action plan.

Details of the draft plan, which it intends to finalise before the end of the year, were released at the WSSD meeting. The following elements are now under consideration:

- Support for mechanisms for identifying wood products that are legal, the creation of a “legality standard” and a license for such wood products, chain of custody and tracking of wood products to market, and verification of this process by an independent standards body;
- Creation of new EU legislation which will admit to the EU only imported wood products that are covered by a legality license.
- Co-operation and exchange of data between customs authorities.
- Improvement of standards for the financing of wood-producing operations, and due diligence by financing institutions.
- Due diligence and transparency by Export Credit Agencies, in awarding funds for wood-producing operations, environmental and social impact assessments.
- Programmes of co-operation and assistance, to be agreed with wood producing countries, to help upgrade legal structures and administrative practices, capacity-building and training for officials, and the award of legality licences.
- The promotion in the EU of the consumption of only legally produced wood and wood products.

3. National forestry regulation and initiatives

3.1 Dutch certification import legislation

Long-running efforts by green groups to push for legislation requiring mandatory forest certification are still on-going. Several years ago, draft legislation was put forward for consideration by the Dutch Parliament that would have required if implemented the compulsory labelling all wood products sold in the Netherlands as “red” (non-certified) or “green” (certified).

Final discussions on this legislation were eventually held by the Upper House of Dutch Parliament in July 2002. The conclusion seems to have been that the draft legislation should be amended to make no reference to a compulsory red label, and to instead focus on a voluntary “green” label. This would effectively encapsulate the existing Keurhout timber trademarking framework in Dutch law. Once this amendment has been made, the draft law may again be introduced for consideration by both the Lower and Upper House of Parliament.

Meanwhile the Dutch government is currently working to improve the existing Keurhout criteria and Dutch minimum standards for sustainable forest management for the assessment of certified wood products. This work is expected to be completed by the end of 2002.

3.2 Norwegian government seeks to ban imports of illegal timber

Reports drawn from a Norwegian government website (www.odin.dep.no – Norwegian only) suggest that the Minister of Environment has written a letter to Norwegian enterprises importing or selling tropical timber and related products to announce his government's intention of introducing a ban on imports of "non-sustainably logged" timber. These reports suggest the Norwegian government is considering measures to require certification of all tropical forest products imported into the country and is urging tropical wood importers to buy and sell only FSC certified products. If confirmed, this would be the first time any government official has made a statement promoting FSC in Norway.

3.3 The Belgium Parliament Approves a Resolution Against Illegal Logging

Earlier this year the Belgian federal parliament passed a resolution against illegal logging. This followed a similar resolution in the Flemish parliament. It contains the following recommendations:

- Support for concrete initiatives to combat illegal logging and to promote sustainable forest management;
- The development of a public procurement policy which favours credibly certified timber;
- The development of a Best Practice Code in collaboration with the timber sector which excludes trade in illegal timber.

3.4 More Indonesian wood export restrictions

In addition to the log export ban introduced in October last year, the Indonesian government is now planning measures to restrict production and exports of other wood products, according to a report in the Japan Lumber Journal.

At present the Indonesian government officially sanctions logging levels of 27.5 million m³ comprising 22.5 million m³ from permanent production forest and 5 million m³ from forest designated for conversion to other uses. In addition to this, illegal harvests are estimated by various groups to range from at least 10 million m³ to over 30 million m³.

The Megawati government is now implementing a policy designed to tackle illegal logging, prevent further forest conversion and reduce available log supplies from permanent production forest. Annual production of Indonesian plywood is currently estimated to be in the region of 7 million m³, of which around 6.7 million to 6.8 million m³ are exported. It is estimated that Indonesia's plywood mills consume around 14 million m³ of logs each year. In addition, Indonesia exports each year around 3 million m³ of logs and 4 million to 5 million m³ of other wooden products (excluding furniture).

The Indonesian government has indicated that during 2003 total exports of all wood products will be restricted to only 6.48 million m³. It is not clear how this volume will be allocated to logs, plywood and other wood products (it is assumed that the volume excludes finished furniture). But there is no doubt that the quota, if implemented effectively, would lead to a huge reduction in the level of wood products exports from Indonesia.

3.5 Liberia attempts to divert criticism

Over the last 3 years, the West African nation of Liberia has become an increasingly important supplier of tropical hardwood logs to Europe and the Far East. The Liberian

government announced during September that it would allow an independent audit of its timber and maritime revenues. The announcement amounted to a major policy u-turn by Charles Taylor's government, which had previously rejected UN demands to allow the audit.

The announcement came as a response to a UN Security Council panel report issued in early September which suggested that the Liberian Government was still trying to conceal the use of revenue derived from the timber and shipping sectors. The international community has long suspected that revenues from these sectors, among the leading sources of income for the government, are being diverted for illegitimate uses, notably the illegal arms trade. These allegations have led to calls for UN sanctions on Liberian wood exports.

Although the audit was a direct result of international pressure, the Liberian Finance Minister Charles Bright, who commissioned the audit, presented it as a Liberian Government initiative designed to improve transparency and efficiency in the collection of revenue. He said that the audit would include recommendations for an improved forest tax regime, including the development of a monitoring mechanism and a review of national forestry legislation.

According to the Liberian government, three international accounting companies - Deloitte & Touche, Ernst & Young and KPMG – are reported to have responded to the terms of reference developed by the government, by forwarding technical and financial proposals.

Meanwhile, environmental groups have again stepped up their criticism of Liberia's record of forest management. In September, a local environmental group, the Liberian Forest and Human Rights Campaign (LFHRC), released an "investigative" report suggesting that indiscriminate and wasteful harvesting is leading to severe forest degradation in Liberia. Mr Silas Siakor, Campaign Coordinator of LFHRC, said on release of the report that "*We are not opposed to logging. What we oppose is the unsustainable practices of some logging companies and the apparent lawlessness that characterizes their operations.*"

The U.K. based environmental group, Global Witness, has released a new report, titled "Logging Off: How the Liberian Timber industry fuels Liberia's humanitarian disaster and threatens Sierra Leone" which they say exposes the links between Liberia's timber industry and conflict in Sierra Leone. Global Witness claim the report "*details how the United Nations has failed to heed the evidence presented by its own Expert Panels to actively address the destabilising role of the Liberian logging industry.*" Global Witness is pushing the UN to impose a complete embargo on Liberian timber.

4 Meetings

4.1 Future Meetings in Europe

4.1.1 PEFC General Assembly, November 2002. Open to PEFC members and invited guests only. Details still being finalised. This meeting was rescheduled from 31 May so that delegates would be able to discuss the final results of the independent review of PEFC which is currently on-going. The May meeting was replaced by a workshop involving representatives of 17 national forest certification schemes which are members of the PEFC Council. At the workshop, members discussed preliminary proposals for changes to the PEFC Scheme, including its procedures and documentation.

4.1.2 CFA Seminar – Working title "Forestry and Sustainable Development: Dialogue to action" Edinburgh - October/November 2002. The UK Branch of the Commonwealth Forestry Association (CFA) plans a seminar to "make connections between international and domestic forestry issues by examining the practical implications for forestry of the Johannesburg Earth Summit". Plans are being finalised at present and more information will be disseminated as soon as its available.

4.1.3 4th Ministerial Conference on the Protection of Forests in Europe (MCPFE), Vienna, April 2003, and preparatory meetings for the MCPFE: Expert Level Meeting in

October 2002, Vienna, Austria. Preparatory work for the 4th MCPFE, a major European inter-governmental conference, began in May 2001 in Brussels where policy issues relevant to the conference were first discussed. As a follow up to this exchange of views, an expert level meeting was held on 22-23 October 2001 in Vienna, Austria. In 2002, the MCPFE will convene two further Expert Level Meetings in June and October. Expert Level Meetings are the decision making bodies between Ministerial Conferences with regard to implementation as well as preparation of ministerial decisions. The issues so far highlighted for discussion at the next Ministerial Conference include: biodiversity aspects of sustainable forest management; national forest programmes; the experiences and challenges of forestry in Eastern European countries; economic aspects of sustainable forest management; climate change; cultural and spiritual aspects of SFM; and research.

4.1.4 ECE/FAO seminar- Strategies to stimulate and promote the sound use of wood as a renewable and environmentally friendly material, 24 to 28 March 2003, Poiana Brasov, Romania. Themes addressed will include:

- Why promote the use of wood ?
- The place of sound use of wood in strategies for sustainable development of the sector.
- Is wood really “environment friendly”? - the lessons of life cycle analysis.
- New markets: the example of bio-energy.
- Promotion of wood: success stories
- Competition and substitution between forest products and other materials.
- Marketing and promotion of non-wood products and of forest services
- Communication with consumers and the general public
- Trade: certification, e-commerce and standards.

The seminar is open to all. There will be invited and voluntary papers. The programme will be structured to take account of contributions proposed by intending participants. Up-to date information on the seminar, will be made available on the Timber Committee website (<http://www.unece.org/trade/timber>).

4.1.5 Third session of the United Nations Forum on Forests (UNFF-3), 26 May 2003 to 6 June 2003, Geneva, Switzerland. For more information, contact Mia Soderlund, UNFF Secretariat; tel: +1-212-963-3262; fax: +1-212-963-4260; e-mail: unff@un.org; Internet: <http://www.un.org/esa/sustdev/forests.htm>

4.2 Future meetings outside Europe

4.2.1 CITES COP-12, 3-15 November 2002, Santiago, Chile. For more information, contact: CITES Secretariat; tel: +41-22-917-8139; e-mail: cites@unep.ch; Internet: <http://www.cites.org/eng/news/calendar.shtml>

4.2.2 33rd Session of the International Tropical Timber Council, 4-9 November 2002, Yokohama, Japan. For more information, contact: International Tropical Timber Organization; tel: +81-45-223-1110; fax: +81-45-223-1111; e-mail: itto@itto.org.jp; Internet: <http://www.itto.org.jp/>

4.2.3 Conference on advances in forestry practice, from knowledge to action, 13-15 November 2002, Edmonton, AB, Canada. For more information: Internet: <http://www.ualberta.ca/sfm>

4.2.4 AFLEG Ministerial Conference, first quarter 2003. Precise location and timing to be determined. A ministerial-level conference and technical meeting for networking and knowledge sharing. A declaration on forest law enforcement and governance in Africa is to be finalized and endorsed by African and other governments.

4.2.5 12th World Forestry Congress, 21-28 September 2003, Quebec City, Canada. Held under the auspices of FAO. For more information, contact: World Forestry Congress 2003

Secretariat; tel: +1-418-694-2424; fax: +1-418-694-9922; e-mail: sec-gen@wfc2003.org;
Internet: <http://www.wfc2003.org/>

Rupert Oliver
AF&PA Technical Consultant, 10 October 2002