

GENEVA TIMBER AND FOREST DISCUSSION PAPERS

**FOREST CERTIFICATION UPDATE FOR THE ECE REGION,
SUMMER 1999**

by

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Abstract

Forest Certification Update for the ECE Region is the second in a series of *Geneva Timber and Forest Discussion Papers* to present developments in certification of sustainable forest management in the UN-ECE region of Europe, North America and the Commonwealth of Independent States. This update from summer 1999 has chapters on major developments in each of the three subregions, as well as discussions of the marketplace for certified forest products, thoughts for the future of certification of sustainable forest management and a list of references.

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The objective of the *Discussion Papers* is to make available to a wider audience work carried out, usually by national experts, in the course of ECE/FAO activities. They are contributions which because of their subject matter, quality or other reasons deserve to be disseminated more widely than the restricted official circles from whose work it emerged, or which is not suitable (e.g. because of technical content, narrow focus, specialised audience) for distribution in the *UN-ECE/FAO Geneva Timber and Forest Study Paper* series.

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In the interest of economy *Discussion Papers* are issued in the original language only. They are free of charge and available on request from the secretariat while stocks last. They are distributed automatically to nominated forestry libraries and information centres in member countries. Those interested in receiving these *Discussion Papers* on a continuing basis should contact the secretariat. *Discussion Papers* may be found on the Timber Committee website.

Another objective of the *Discussion Papers* is to stimulate dialogue and contacts among specialists. Comments or questions should be sent to the secretariat, who will transmit them to the authors.

Preface by the secretariat

Certification of sustainable forest management continues to be an important issue in the UN-ECE region of Europe, North America and the Commonwealth of Independent States. The ECE Timber Committee has a mandate to follow the market developments for certified forest products and holds an annual discussion at its session. In preparation for that discussion the *Forest Products Annual Market Review*, an issue of the *Timber Bulletin*, now has a regular chapter on certified forest products markets. Also in preparation for the market discussions, member countries submit market reports which include a section on certified forest products markets. The reports received in electronic format may be found on the Committee's website at the address below. Following the Timber Committee Session a press release is issued which contains a section on certified forest products markets. The press release is also on the website.

The FAO European Forestry Commission also follows developments in certification systems and is most interested on their impacts on forest management. The Commission and the Committee had a Team of Specialists on Certification of Forest Products and their final activity was a workshop on "Certification of Sustainable Forest Management in Countries in Transition" which was held in 1998. The proceedings of the workshop have now been published and are available in limited quantities via the address below. It is intended that the workshop proceedings will also be available on one of the host's websites at www.vulhm.cz

At that workshop a "continued exchange of information both within and between countries was recommended to monitor progress in certification throughout Europe." This *Discussion Paper* serves as an important step towards that goal.

The secretariat would like to thank the authors, Dr. Eric Hansen, Mr. Keith Forsyth and Dr. Heikki Juslin for gathering the currently available information and writing this update of the many certification initiatives in the ECE region. As a service to our readers and as a necessity for the authors, this *Discussion Paper* is not meant to be an all inclusive source of information on certification. For example, information in their previous paper, *The Status of Forest Certification in the ECE Region*, is not repeated (this former paper may be found on the Timber Committee website). Rather the authors chose developments to report which have occurred since their last paper. It was through their generosity, and that of their employers, that we are able to continue to discuss and publish current, objective information regarding the status of certification of sustainable forest management and their impacts on forest products markets.

Your comments on this update will be referred to the authors. Likewise information for future updates would also be welcome.

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Chapter 1 - INTRODUCTION

There have been a number of significant developments in forest certification in the ECE Region (Europe, North America and the Commonwealth of Independent States) since the 1998 Timber Committee Session and publication of "The Status of Forest Certification in the ECE Region"¹, written in late 1998. The Pan-European Forest Certification (PEFC) system was formally introduced, the first Canadian Standards Association registration was launched, and the Finnish certification system was commenced. Outside the ECE region, other countries such as Indonesia and Malaysia moved forward with their own systems.

Certification systems are multiplying and some have evolved considerably. During the coming year we may see the first signs of true competition in the marketplace among systems, notably the Forest Stewardship Council (FSC) system and PEFC. As the systems have multiplied, talk of mutual recognition has grown. The United Kingdom, Woodland Assurance Scheme and its relationship with FSC is an example of this development and will likely be reproduced in other situations. Below is a short update about the most significant developments in certification since the first *Discussion Paper* in this series on certification.

Chapter 2 - EUROPE

Europe continues to be the epicenter of market demand for certified forest products. Buyers' groups, discussed further below, are having a significant impact on the interest in certification by forest product suppliers. Demand by buyers' groups is nearly exclusively for products originating from FSC certified forests. The most significant development at the European level is the formal launch of the Pan European Forest Certification system.

¹ "The status of forest certification in the ECE Region" *Geneva Timber and Forest Discussion Paper* ECE/TIM/DP/14. By Hansen, E. and H. Juslin, UN-ECE and FAO, 1999.

The Pan European Forest Certification scheme (PEFC)

When forest certification began in the early 1990s, forest owners felt that European forests were already managed sustainably and did not need certification. Given persistent marketplace demands for certification and certified products, however, the resistance to the concept of certification by forest owners has largely abated. However, forest owners have generally not accepted the FSC system and see PEFC as a viable alternative for European small-scale forest owners (for information on the early development of PEFC, see Hansen and Juslin 1999).

The goal of PEFC is to establish an internationally-credible scheme for forest certification initiatives in different countries, and for their mutual recognition. PEFC defines the basic requirements of forest certification and sets up the institutional arrangements at Pan-European, national and sub-national levels. Although not developed currently, chain-of-custody verification and labeling are planned (PEFC 1999a, 1999b).

At a meeting held in Norway in January of 1999, the PEFC took its present structure, decisions concerning common elements and minimum requirements were made, common ground was found for institutional and financial arrangements, and a draft Technical Document was approved. An important conclusion of the meeting was that other forest owners, such as forest companies, governments and municipalities can join the PEFC scheme. In addition, principles and mechanisms of mutual recognition would be developed so countries outside Europe could be included (PEFC 1999a).

After additional work on the statutes and technical documents, a consultative seminar and workshop was held in Germany in April. Improvements to the draft documents were made and PEFC was officially launched in Paris in June 1999. The official national PEFC Councils of eleven countries signed the statutes of PEFC and six other participating countries are expected to sign in the near future (PEFC 1999d).

PEFC - Administration

PEFC is an umbrella system which aims to provide a mechanism for mutual recognition among national certification schemes through minimum requirements and a common trademark/logo for

labeling. The organization of PEFC is composed of pan-European and national organizations.

At the pan-European level there are two organizations:

- 1) General Assembly of PEFC Council
- 2) Board of Directors (employing a Secretary General)

At the national level there must be:

- 3) National governing body

National governing bodies are established with the objective to initiate and direct the implementation of the PEFC scheme in their country. All relevant interested parties should be represented in the national governing bodies. National governing bodies can apply for membership in PEFC Council and then be voting members of the General Assembly. For example, the Council of the Finnish Forest Certification Scheme is a member of the PEFC Council. It is the task of national bodies to develop certification standards and procedures in their respective countries.

The General Assembly elects the Board of Directors, which employs the Secretary General. One seat in the board of directors is reserved for environmental organizations. Perhaps the most important task of the Board of Directors is to ascertain on the conformity of national certification schemes with the requirements set out by the PEFC Council (PEFC 1999c).

PEFC - Stakeholder Views

Small-scale landowners:

Most of the significant European forest owner organizations strongly support PEFC. This is a strength of PEFC because it makes it attractive for individual forest owners to join. On the other hand, involvement by forest owner organizations tends to make PEFC an easy target for criticism (see below).

Environmental non-governmental organizations:

ENGO's have not participated in the development of PEFC and some claim that forest owners are simply awarding themselves a "green" label. Other criticisms by ENGOs are that there are

no markets for PEFC certified products, and that PEFC documents give no guarantee that the PEFC will ensure sustainable forest management (PEFC 1999c).

Forest products industry:

The support of forest industry companies for PEFC has been expressed through their associations. PEFC is welcomed as an alternative to FSC. The industry would like to supply certified products to the customers demanding them. There is clear general demand for certification and specific FSC demand among a small group of customers (Rametsteiner et al. 1998). A general hope among the industry is that customers would accept PEFC. For example, in Finland, all three large multinational forest industry companies (Metsäliitto Group, Stora Enso, and UPM Kymmene) have expressed their support for PEFC. Still, they would like to also satisfy the needs of those customers demanding FSC certified products.

Large-scale landowners:

Forest owners, such as governments that control vast landholdings, generally support PEFC and in countries where the small-scale forestry dominates, government ownerships will probably follow private forest owners and certify their forests according to PEFC.

Marketplace:

A small segment of environmentally-active industrial customers have worked to meet ENGO demands by openly supporting FSC or, alternatively, a so-called conflict-free certification system. PEFC does not meet their requirements because of the resistance of ENGOs.

To date, markets and members of buyers' groups have been relatively quiet regarding their possible acceptance or rejection of PEFC endorsed products. Given that PEFC is in the early stages of development and that no wood products bearing the PEFC logo are available, market reaction is difficult to gauge. The scheme has the support of a number of key European forestry and trade associations such as CEI Bois (European Confederation of

Woodworking Industries), CEPI (Confederation of European Paper Industries) and FEBO (The European Timber Trade/Retailers Association). As a result, it is reasonable to assume that some of the members of these organisations are likely to demand PEFC endorsed wood products in the future.

PEFC - Expected Developments

There are about 12 million private forest owners in Europe, with a forest area of approximately 100 million hectares and a total annual harvest around 270 million cubic meters (PEFC 1999a). It is anticipated that there will be more than ten million hectares of PEFC certified forests before the end of 1999. As a result, there is the potential for considerable quantities of PEFC certified products to be available in the marketplace by 2000.

Those industrial customers and retailers who have committed to FSC certification may approve of PEFC simply to access other product lines or larger volumes of certified product. This means that the future of PEFC is tied to the success of FSC on the supply side. If the supply of FSC certified products is not high enough, the demand may shift to PEFC certified products. Thus far, ENGOs and some large retailers have been the most visible promoters of FSC. To be competitive in the marketplace, PEFC needs similar advocates.

The Finnish Forest Certification System (FFCS)

For an overview of the historical development of the Finnish system, see Hansen and Juslin (1999). In some cases, the development of PEFC has sped up the development of national systems. The Nordic countries—Norway, Sweden, and Finland—have been the forerunners in development of standards and procedures of forest certification. In Norway, considerable areas of forests have been certified through the national system. There has also been significant progress in Germany, France, Portugal, and Spain.

FFCS is presented here as an example of a national forest certification scheme appropriate to be

part of PEFC. Early in the development of certification in Finland, it was concluded that in order to be credible it was necessary for certification to be designed within the framework of an international system. In other words, it must be capable of being linked with other systems from which it could gain credibility and acceptance. Thus, options were kept open for FSC, ISO and “some kind of EU-based system” (FCC 1997).

An essential element of international acceptance of a certification scheme is that it be based on internationally approved standards of ecologically, economically and socially sustainable forest management. FFCS is based on UNCED’s Forest principles, Agenda 21 and the Criteria and Indicators of the Helsinki Process. Compatibility with FSC Principles and Criteria was also taken into account.

Recent progress - FFCS

The FFCS documentation and test certification projects were completed at the end of 1998. A total of eight standards have been developed to provide the necessary elements of FFCS. The set of standards contains vocabulary, standards for forest certification, verification of chain of custody, and requirements for certification bodies and auditors (SMY 1999).

A National Forest Certification Council was established in March 1999. It marked the official start of national level activities. The Council is comprised of 12 organizations. Due to the debate on the choice of international framework to which FFCS would be attached, environmental NGOs did not accept the invitation to participate in the Council. The tasks of the Council include promoting, guiding and developing forest certification in Finland and nominating an Appeals panel (FFCN 1999).

In late spring 1999, decisions to apply for group certification were made in the local Forest Management Associations (FMAs) of forest owners and the Regional Unions of Forest Management Associations. The targets for 1999 include seven regional-level, group certifications. The surface area of forested land and poorly productive land in these seven forestry center areas totals around 14 million hectares (SMY 1999).

To facilitate the implementation of group certification, Regional Certification Committees

were established with the participation of key stakeholder groups (e.g. forest owners, forest workers, entrepreneurs, forest industry). The first formal applications for forest certification under the FFCS were submitted and the tenders for external audits from independent commercial certification bodies were requested during summer 1999. Internal training and data collection and internal audits were also begun. The first external audits will be carried out in early autumn and issuance of the first certificates is expected soon thereafter (FFCN 1999).

Stakeholder Views - FFCS

Small-scale landowners:

Until recently, Finnish forest owners knew little about forest certification and attitudes towards certification were generally negative. In late 1998 a communication campaign was launched by MTK (Central Union of Agricultural Producers and Forest Owners) to inform forest owners about the FFCS and to influence their attitudes. It was predicted that forest owners would accept FFCS if their own organizations recommended it. The reception of FFCS has been positive in Forest Management Associations. Opposition to FSC is still strong. One of the main tasks of the national forest certification council is to disseminate information and to promote forest certification among forest owners and it has already started an intensive promotion campaign. Other organizations committed to forest certification will also do promotion work among their members.

Forest industry:

Both the Federation of Finnish Forest Industries and the biggest forest industry companies have actively participated in the development of FFCS. They welcome the ability to satisfy the needs of the customers who have pressured them to supply certified products. The industry is actively pursuing further negotiations with Finnish and international ENGO's with a final goal of gaining the support of ENGO's for the FFCS and mutual recognition between FSC and FFCS.

Marketplace:

There was a breakthrough in market acceptance of FFCS in July 1999 when an opinion leader in forest certification, the UK-based retailer B&Q PLC, announced it would approve, alongside FSC, the products certified according to FFCS. A fifth of the wood products sold by B&Q originate in Finland and it has proven difficult to substitute that volume with FSC certified timber from other sources. This may mean that other buyers' group members will approve schemes other than FSC.

ENGOS:

Although they participated in the early development of FFCS, Finnish ENGOS are no longer supporting the FFCS standards which they helped to create and which they signed. While the majority of forest owners cannot accept FSC, ENGOS appear willing only to accept FSC. The situation is difficult, especially for the Finnish forest industries which have tried to solve the problem through negotiation with ENGOS.

FFCS - Expected Developments

FFSC will likely be linked with PEFC in the near future. PEFC is accepted by the forest owners and has the potential to be widely accepted by industrial customers and distributors. Its additional value for the industry depends on the reaction of consumers, which will be seen when products carrying a PEFC label are available in the marketplace.

Certification of about 14 million ha of forest land is progressing and the quantity of FFSC certified timber will probably reach tens of millions cubic meters in the year 2000. Discussions among stakeholders on the compatibility of the FSC, PEFC and FFCS will continue.

United Kingdom Woodland Assurance Scheme - UKWAS

After 18 months of discussion, a signing ceremony was held in June 1999 to publicise the agreement and launch of the UK Woodland Assurance Scheme (UKWAS). This voluntary certification initiative, founded on the UK Forestry

Standard, reflects the government's commitment to the Helsinki Agreement and meets the requirements of the Forest Stewardship Council's (FSC) GB Standard.

UKWAS has two components:

- C A certification standard which details a set of requirements (providing forest owners and managers with a guide and auditors with checklist to assess the level of compliance); and
- C A Steering Group which has been established to deal with questions of interpretation and to work on reviewing and refining UKWAS in the light of practical experience (Garforth 1999a).

Although UKWAS is supported by FSC, it is not exclusively tied to the FSC label and the FSC has yet to officially endorse UKWAS. The UKWAS Steering Group anticipates that the FSC Board will recognise UKWAS as equivalent to the FSC GB Standard at its October 1999 meeting (Garforth 1999b). Should this happen, certification against the UKWAS Standard will allow UK woodland owners to offer their customers the FSC label.

Action has already been taken by the Forestry Commission of Great Britain to have the 834,000 hectares under its management (equivalent to one-third of Britain's forest area) audited for certification according to UKWAS. A certification company completed the necessary audits in early August 1999. Barring any major non-compliance issues all 834,000 hectares will be certified according to UKWAS by October. Assuming UKWAS is endorsed by the FSC, it is intended that timber from these forests will carry the FSC logo.

With regard to the PEFC and UKWAS, it was agreed at the first meeting of the UKWAS Steering Group (28 July 1999) that the question of affiliation to the PEFC needed further consideration before a decision could be taken.

Within the first year of UKWAS being operational it is estimated that up to 75% of wood production in the UK, from both private and public sector lands, could be certified. Although some forest owners and managers have made a

commitment to UKWAS, others still have concerns. Potential increases in costs and bureaucracy are the key issues, particularly during a period of low profitability in the UK industry and increased international competition.

Chapter 3 - RUSSIA

In June 1999, a conference on establishing a Russian FSC working group took place in Pushkino, near Moscow. Approximately 50 participants took part in the discussions. To date, world-wide discussions regarding certification - including ISO14001 and the FSC standard - have not included much debate regarding environmental standards in Russia. No FSC or ISO14001 certificates are known to have been issued in Russia. While this is the case, some funding has been provided to groups in the Russian Far East and the Komi Republic to investigate certification options in the forestry sector. In addition, pressure is being put on Malaysia's Rimbunan Hijau (which manages a forest area of 315,000 ha in Khabarovsk Region) to look at the possibility of adopting an ISO14001 environmental management system.

Chapter 4 - NORTH AMERICA

Certification continues to grow in North America. In the United States, a system targeting non-industrial private landowners has been created, GreenTag. Although the first GreenTag certification occurred in early 1998, there is little information available to determine the direction of this scheme. The American Tree Farm system is considering a restructuring of its programme to more closely reflect the broad ideals of current certification systems. The two major North American industry-backed systems are detailed below.

The Sustainable Forestry Initiative (SFI)

The American Forest & Paper Association (AF&PA) announced a significant addition to the SFI system, voluntary verification. Member companies wishing to have their compliance to SFI verified now have a mechanism through which it can happen. The mechanism is designed so that a first, second, or third party verifier can be utilized. Rules and protocols have been developed regarding the education and experience required to be a verifier.

Several large companies have publicly announced their intention to use third party verification. For example, early in 1999 Champion International placed a full page advertisement in the Journal of Forestry announcing their move to third party verification of SFI.

Another significant development within SFI is its licensing to landowners outside of the AF&PA membership. The Conservation Fund became the first SFI licensee when it enrolled three demonstration forests making up approximately 8,100 hectares (AF&PA 1999). Some managers of publicly owned land see this as an opportunity and several forests in the Lake States region are moving in this direction. This option will also be available to non-industrial private forestland owners.

Since its inception, SFI has utilized an outside expert review panel. The panel evaluated progress of the programme after reviewing annual reports. The Expert Review Panel now utilizes an independent assessor for internal verification. The assessor works out of the Isaac Walton League and the activities are funded through several United States foundations. The assessor is visiting AF&PA member companies to evaluate and assess their SFI related activities and progress.

Canadian Standards Association (CSA)

Certification, or registration, to the CSA standard has been more complex and taken longer than many companies initially anticipated. Abusow and Rotherham (1998) estimate that at least 15 major Canadian forest products companies are implementing CSA standards on approximately 20 million hectares of forestland. The first registration of a forest to the CSA standard occurred in April 1999 on MacMillan Bloedel Ltd. controlled lands in British Columbia. The North Island Woodlands division on Vancouver Island also became registered to ISO 14001.

Several large Canadian companies have announced their intentions to pursue multiple schemes simultaneously, e.g. CSA, FSC and ISO. Presumably, the next year will see significant progress toward additional CSA registrations.

Chapter 5 - INTERNATIONAL SYSTEMS

Forest Stewardship Council (FSC)

The FSC continues to evolve. At its general assembly in June of this year in Mexico, a host of motions for changing the organization were considered. One important decision was to create a Technical Committee for improving access to certification for small scale enterprises (FSC 1999). There has been considerable discussion within FSC regarding the right formula for percentage-based claims, and work continues.

As of the end of July 1999, FSC claims a total certified area of 16.2 million hectares (an approximate 6 million increase since last year's Market Review). A large proportion of this area is in Sweden where the large forest industry companies have chosen certification as a strategic direction.

A number of new organizations have applied to become accredited FSC certifiers. The Vancouver, British Columbia office of accounting firm KPMG has applied (FSC 1999). This may be an important sign for the future of FSC as large accounting firms such as KPMG dominate other areas of auditing and are familiar to large forestry corporations.

In March 1999 FSC published the "Status of National and Regional Certification Initiatives." In this third edition of the report by Sarah Shima and Hanita Koblenz, the important developments in the ECE region are:

- C Belgium - A working group in Flanders completed a third draft of an FSC standard and made it available for public consultation.
- C Canada - The standard for the Maritime Region was considered by the FSC Board in January and preconditions and conditions were given. The British Columbia Region finished a first draft standard and will send it out for comment. The Great Lakes/St. Lawrence Region has completed a standard and hopes to have it endorsed by FSC during 1999.

- C Germany - A draft standard was completed in August 1998 and has been given to FSC for informal discussion.
- C Ireland - an FSC Steering Committee was elected in January, 1999 and a Working Group is planned.
- C The Netherlands - A unofficial working group has been developing a standard. The group hopes to become official and to have a standard endorsed during 1999.
- C United States - FSC has divided the US into 11 regions for the purpose of developing standards. Two regions, Alaska and Hawaii, have not begun developing a standard. Four regions have submitted their standard to FSC and two others hope to soon. The remaining regions hope to complete standards in 1999.

International Organization for Standardization 14001 (ISO)

Beyond public relations announcements from companies, there is little information available about which companies have become registered to ISO 14001 or are pursuing registration. It is clear that large multinational corporations see ISO as a future operational requirement and are moving quickly in that direction. In many cases the production facilities pursue registration before forestry operations.

Several major US corporations have publicly announced their intentions of pursuing ISO registration or their success in attaining registration. For example, International Paper recently announced the registration of one of their management units in the southern US. Some companies are beginning to incorporate the AF&PA SFI within an ISO 14001 EMS and this could likely become normal operating procedure. Several Swedish companies have added ISO 14001 to their FSC certification.

In Finland, the forestry departments of all the biggest forest industry companies have registered

their domestic wood procurement activities, wood production and procurement of imported wood under ISO 14001. A version of the EU's eco-management and audit scheme (EMAS) is being developed in Finland for use in forestry. Some company forestry departments will therefore seek EMAS certification (FFIF 1999).

Chapter 6 - THE MARKETPLACE

The marketplace for certified products continues to be dominated by demand from companies making up buyers' groups. Companies outside of buyers' groups typically do not deal with FSC products. The introduction of the PEFC scheme may change this situation, but it is too early to tell how aggressively mainstream companies may choose to be with respect to using PEFC as a marketing tool.

As with the report last year, there is not much to be said beyond the demand and supply of FSC products since those are the ones that can be distinguished in the marketplace and for which there is identifiable demand. We have attempted to update information on the operating buyers' groups in order to provide a clearer picture of the nature of demand represented by companies truly committed to buying and selling certified products.

European markets for certified wood products are the most developed to date, with lesser market developments having taken place in North America and Japan (the world's two largest importers of wood products). Within Europe, the level of demand for certified wood products varies country to country. The UK is the most developed market along with western European countries. Countries in southern Europe are just now beginning to develop in this direction.

Buyers' Groups

Demand for certified wood products is primarily coming from companies, rather than the end consumer. Companies who demand certified products are generally part of a national buyers' group.

Table 1: Status of Buyers' Groups in ECE Countries (1999)

Country	Group Name	Founded	Number of Members	Annual Sales (US\$ million) ^a
Austria	Gruppe 98	1996	27	\$1,250
Belgium	Club 1997	1994	81	\$270
Germany	Gruppe 98	1997	31	\$12,000
Switzerland	WWF Wood Group	1997	16	\$13,300
Netherlands	Hart Voor Hout	1995/199	11473	
	Organisations committed to FSC	2		not available
Sweden	Natverket WWF Skog 2000	1998	10	not available
Spain	WWF Grupo 2000	1998	not available	not available
UK	1995+ Group	1991	91	\$69,000
North America	Certified Forest Products Council	1997	160	not available
France	Under development			
Ireland	Under development			
Italy	Under development			

Note: ^a Annual sales include sales of both wood and non-wood products.

Organised and promoted by environmental groups, mainly WWF, buyers' groups form the core of the market for certified wood products. Members of these groups are committed to purchasing a substantial and increasing volume of wood products from certified sources, with the ultimate target of selling only certified products.

Of the world's top ten importing nations, buyers' groups exist or are in the process of being established in nine. These countries account for more than two-thirds of the world's wood products imports and source their products globally. As a result, they have the potential to affect forestry practices worldwide. Environmental groups recognise this and have successfully developed campaigns to ensure that key customers in these important markets cannot easily ignore certification.

In terms of the size of the market, sales of certified wood products in the major importing

nations are thought to account for less than 1% of the market. However, anecdotal market reports

indicate that demand for certified wood products currently exceeds supply in a number of countries. Taking the example of the UK, sales of wood products from members of the WWF 1995+ Group account for around 20% of the British timber and paper market. Given such commitments, it is reasonable to conclude that demand for certified wood products exceeds supply.

Within the United States, the Certified Forest Products Council is at the core of the market. Formed in 1997, the group currently has approximately 160 corporate members, an increase of 11 members since mid 1998. Membership consists of small and large companies throughout the wood products value chain, from landowners and sawmills to value-added manufacturers and retailers. Members of the group include HOK (the world's largest architecture firm) and the Home Depot (the world's largest home improvement retailer). At present, the Certified Wood Products Council is

targeting a number of the Fortune 500 companies in an effort to change their purchasing policies to request certified wood products.

Some local authorities in the United States are also involved with certification. Some of these authorities are considering changing their purchasing policies in an effort to source wood from sustainable sources:

“Park benches aren’t normally the stuff of diplomacy. But when Los Angeles and New York started talking about banning the use of uncertified tropical timber for benches, boardwalks and other city projects, Malaysia’s diplomats took notice.... Under proposed new purchasing laws in both cities, preference would be given to wood certified by an international environmental organization called the Forest Stewardship Council” (Gilley 1999).

Concentration of 95+ Group and 2000 commitment

The most developed buyers’ group exists in the UK (the WWF 1995+ Group). Organised and promoted by WWF, the buyers’ group was established in 1991. Members of the group currently sell approximately US\$6.4 billion worth of wood products each year. The commitments of a number of major companies, including B&Q and Meyer International, have enabled the 1995+ Group to become the most important group of companies demanding certified wood products to-date.

Companies within the buyers’ group set their own targets and timetables for trading in certified wood products. Examples of these include Meyer International’s commitment to ensure that 80% of its timber is certified by October 2003 and B&Q’s commitment to have all timber products certified by the end of 1999².

² Meyer International is the largest timber and building materials merchant in the UK and a distributor of specialist timber products in North America. B&Q is the UK’s largest home improvement retailer, part of the Kingfisher Group (this Group is the world’s third largest home improvement retailer, behind The Home Depot and Lowes). B&Q’s commitment to certification is common among members of the Kingfisher Group, including the French home improvement retailer Castorama.

Chapter 7 - THOUGHTS FOR THE FUTURE

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 industry companies, 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 and FSC are examples. In other cases, companies may use different schemes in different operations. For example, in StoraEnso the Swedish units are using FSC and the Finnish units prefer PEFC. According to StoraEnso directors, it is viable to use different systems in various parts of the company and local conditions will dictate the choice. The use of multiple systems by one company could enhance the development of mechanisms for mutual recognition.

It may take some time, but eventually the market will dictate which system(s) are successful and which are not. 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.

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SOME FACTS ABOUT THE TIMBER COMMITTEE

The Timber Committee is a principal subsidiary body of the ECE (UN Economic Commission for Europe) based in Geneva. It constitutes a forum for cooperation and consultation between member countries on forestry, forest industry and forest product matters. All countries of Europe; the former USSR; United States of America, Canada and Israel are members of the ECE and participate in its work.

The ECE Timber Committee shall, within the context of sustainable development, provide member countries with the information and services needed for policy- and decision-making regarding their forest and forest industry sector ("the sector"), including the trade and use of forest products and, when appropriate, formulate recommendations addressed to member Governments and interested organizations. To this end, it shall:

1. With the active participation of member countries, undertake short-, medium- and long-term analyses of developments in, and having an impact on, the sector, including those offering possibilities for the facilitation of international trade and for enhancing the protection of the environment;
2. In support of these analyses, collect, store and disseminate statistics relating to the sector, and carry out activities to improve their quality and comparability;
3. Provide the framework for cooperation e.g. by organizing seminars, workshops and *ad hoc* meetings and setting up time-limited *ad hoc* groups, for the exchange of economic, environmental and technical information between governments and other institutions of member countries that is needed for the development and implementation of policies leading to the sustainable development of the sector and to the protection of the environment in their respective countries;
4. Carry out tasks identified by the UN/ECE or the Timber Committee as being of priority, including the facilitation of subregional cooperation and activities in support of the economies in transition of central and eastern Europe and of the countries of the region that are developing from an economic point of view;
5. It should also keep under review its structure and priorities and cooperate with other international and intergovernmental organizations active in the sector, and in particular with the FAO (Food and Agriculture Organization of the United Nations) and its European Forestry Commission and with the ILO (International Labour Organisation), in order to ensure complementarity and to avoid duplication, thereby optimizing the use of resources.

More information about the Committee's work may be obtained by writing to:

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