Chapter 9

Western Europe certifies 50%, and North America 30%, of their forests: Certified forest products markets, 2004-2005\(^{59}\)

Highlights

- Certified forest area increased by more than one third during the last year, to 241 million hectares, mainly due to an increase in Canada by the Canadian Standards Association scheme.

- In 2005, 60% of the world’s certified forest area is located in North America, and 36% in western Europe.

- The potential roundwood supply from certified forests is estimated at 22% of global industrial roundwood production; however, only a small share of products from certified origins bear a label.

- Chain-of-custody (CoC) certificates increased by about one third, reaching 6,000 certificates worldwide, issued by the Programme for the Endorsement of Forest Certification Schemes (PEFC) and the Forest Stewardship Council (FSC).

- China now has the fourth highest volume of CoCs outside the UNECE region, and is producing some certified forest products (CFPs), mainly for export markets in North America and Europe, rather than for its domestic market.

- No price premium exists for CFPs in most markets; however, certified products have become more visible in the marketplace, driven by large do-it-yourself (DIY) and international paper companies.

- Active demand by private end-consumers remains a minor factor for CFPs and its absence is an obstacle to market growth, but negative consumer perception about forests keeps the companies in the sector under pressure to act.

- More public procurement policies with regard to legally harvested and sustainably produced wood are developing in Europe, are increasingly a driving force for certification and an important source of demand for CFPs.

- Illegal logging dominates governmental political discussions related to forest products because it causes damage to companies acting legally and is a major cause of tropical deforestation.

- Certification of short-term forestry plantations for bioenergy production in the southern hemisphere might play a role under the clean development mechanism of the Kyoto Protocol.

- Mutual recognition between the FSC and the PEFC is not expected; however, the other major schemes in the UNECE region have established mutual recognition agreements with PEFC.

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\(^{59}\) By Mr. Florian Kraxner and Dr. Ewald Rametsteiner.
Secretariat introduction

Certified forest product (CFP) markets and certification of sustainable forest management are receiving more international attention as Governments develop policies on forest law enforcement and governance issues. Forest products traders use certification as a means to assure customers of the sustainable source of wood products.

The UNECE Timber Committee has a mandate to monitor the markets for CFPs, and the FAO European Forestry Commission follows developments in the certification of sustainable forest management. This chapter focuses on the market aspects, although it begins by discussing supply. At its annual market discussions, the Timber Committee addresses issues related to CFPs. The Committee has called certification a communications tool to bring the message about the UNECE region's sustainable forest management from producers to consumers.

The basis for the information in this chapter is not the UNECE/FAO TIMBER database of country-supplied statistics, as in the previous chapters. No official statistics exist on CFPs because they are not currently recognized in customs classification codes. Instead, this analysis is based upon other sources, including responses from a survey of the UNECE Timber Committee and FAO European Forestry Commission's Network of Country Correspondents on Certification of Sustainable Forest Management and Certified Forest Products Markets in the UNECE region.

In addition, the authors interviewed key producers, retailers of CFPs, Global Forest and Trade Networks and auditing bodies and certification systems. The secretariat thanks all those who responded to the authors' surveys. Unless otherwise attributed, all estimates and opinions in this chapter are from the authors' interpretations and analysis of the results of these surveys.

We sincerely appreciate the ongoing collaboration with Mr. Florian Kraxner60, who again led the production of this chapter, and Dr. Ewald Rametsteiner61, both Experts on CFP markets, of the International Institute for Applied Systems Analysis in Laxenburg, Austria. Their up-to-date and informative analysis of the markets for CFPs provide valuable insight into this market segment.

The Committee and the Commission have followed certification issues in a series of UNECE/FAO Geneva Timber and Forest Discussion Papers which are found on their certification website.62

9.1 Introduction

This year's discussion of CFPs analyses supply and demand, and concludes with a series of policy issues linked to certification. CFPs bear labels demonstrating, in a manner verifiable by independent bodies, that they come from forests that meet standards for sustainable forest management (SFM). Consumers might find labels on furniture, while the timber trade can verify the sources through the certification scheme's chain-of-custody (CoC) procedures. Forests which are not independently certified and their products, and process certification schemes such as ISO 14001, are not included in this analysis.

9.2 Supply of CFPs

As of May 2005, the total area of forests certified worldwide is approximately 241 million hectares, or about 6.2% of the world's forests (3.9 billion hectares, FAO 2005). This is an increase of more than one third since 2004 (graph 9.2.1). This figure counts forest areas approved by two different certification systems only once. Approximately 0.8 million hectares in Canada and some 1.5 million hectares in Europe, mostly in Sweden, are double certified.

Since 2000 the certified forest area has seen an exponential annual increase, mainly due to certification by:

- Forest Stewardship Council (FSC);
- Programme for the Endorsement of Forest Certification Schemes (PEFC), formerly known as the Pan European Forest Certification System;
- Canadian Standards Association (CSA) system;
- Sustainable Forestry Initiative (SFI) in North America; and
- American Tree Farm System (ATFS) in the US.

In addition, the international Dutch Keurhout system has approved about 1.5 million hectares of independently-certified forests in Gabon.

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62 www.unece.org/trade/timber/mis/cfp.htm
The certified forest area endorsed by CSA in Canada has more than doubled over the last year. Likewise, the area certified by SFI, the second major scheme in North America, has grown faster than in previous years. The rate of increase in the forest area certified by both FSC and PEFC has been steady throughout the last years, while the forest area approved by ATFS in the US has slightly decreased year on year.

In terms of share of certified forest area, CSA now has a slightly dominant position, with 27% of total area certified, ahead of PEFC (24%), SFI (23%) and followed by FSC, with 22%. Among the major schemes, ATFS has the smallest market share, with some 4% in May 2005. As the CSA scheme was endorsed by PEFC in early 2005 allowing CSA-certified companies to use the PEFC label on their certified forest products, the market share of PEFC together with the endorsed CSA scheme is currently at 51% (graph 9.2.2).

In western Europe, approximately half of the total forest area is certified, compared to about one third in North America (Canada and US). In European states outside the EU/EFTA and CIS countries, approximately 1% of the forest area is certified, as is the case in Africa as well. Latin America and Asia are still far below 0.5% of total forest area to be certified (graph 9.2.3 and table 9.2.1).

**Notes:** This graph shows all forests certified by major third party certification schemes listed below. As approximately 1.5 million hectares have been certified by more than one scheme, these are not deducted from one or the other scheme. The graph therefore shows a higher amount of total forest area certified than there exists in reality.

FSC = Forest Stewardship Council; PEFC = Programme for the Endorsement of Forest Certification schemes; CSA = Canadian Standards Association system; SFI = Sustainable Forestry Initiative; ATFS = American Tree Farm System.

**Sources:** Individual certification systems, country correspondents and Canadian Sustainable Forestry Certification Coalition, 2005.

**Notes:** If a forest area has not been certified to more than one standard, the respective area has been counted to each of certifying schemes involved; hence the grand total of certified forest area in this graph shows a higher amount (approximately 1.5 million hectares more) than exists in reality. As of mid-2005.

**Sources:** Individual certification systems, Forest Certification Watch and Canadian Sustainable Forestry Certification Coalition, 2005.

**Notes:** The reference area is based on FAO’s State of the World’s Forest 2005 data for forest area, excluding other wooded land (North America including Canada and US only).

**Sources:** Individual certification systems, Forest Certification Watch, Canadian Sustainable Certification Coalition and FAO, 2005.

Similar to previous years, the country charts are dominated by North America (graph 9.2.4). Canada has almost tripled its certified forest area (104.5 million ha) since 2003, while the US at least doubled its certified area.
(35.7 million ha). Other countries did not increase their certified forest area significantly. The largest certified forests outside the UNECE region are located in Brazil, Bolivia, South Africa and Gabon (all accounting for up to 3 million hectares of independently certified forest area).

The first forest area in China has been certified. FSC certified 420,000 hectares which will enable sustainable harvesting levels. China instituted a logging ban after severe flooding, due in part to overcut watersheds, which escalated imports of industrial roundwood from tropical and temperate sources.

In March 2005 the US Department of Agriculture, Forest Service also announced that forest certification systems would be tested on six of the forests in the National Forest System. Up to this point leading environmental organizations, as well as the FSC, had opposed any consideration of certification of federally managed forests in the US.

One result of the tripling of the certified forest area in Canada since 2003 is that almost 95% of all certified forest is now located in the northern hemisphere. Approximately 58% of the present global total certified forest area is found in North America. Approximately 36% is in Europe, with a decreasing trend in relative figures. Latin America accounts for approximately 4% of the total certified forest area, while Oceania and Asia contain only 1% and 0.3% respectively (graph 9.2.5).

The potential roundwood supply from the world’s certified forests in 2005 is estimated at approximately 345 million m³, which represents an increase of about 13% over 2004 (again table 9.2.1). This amount equates to 22% of the world’s production of industrial roundwood, or about 37% of the industrial roundwood production of Europe (without the CIS) and North America, where 95% of certified forests are situated. For the roundwood production from certified forest area the regions’ average annual removals on forests available for wood supply are multiplied by the percentage of the regions’ certified forest area. According to the UNECE/FAO definition, roundwood is composed of industrial roundwood and fuelwood; however, fuelwood has not been considered separately in this estimation.

TABLE 9.2.1
Percentage of forest area certified by regions, 2005

<table>
<thead>
<tr>
<th>Region</th>
<th>Total forest area (million ha)</th>
<th>Total certified forest area (million ha)</th>
<th>% of total forest area certified</th>
<th>Estimated industrial roundwood produced from certified forest (million m³)</th>
<th>Estimated % of global industrial roundwood from certified forests</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>470.6</td>
<td>140.2</td>
<td>29.8</td>
<td>180.6</td>
<td>11.38</td>
</tr>
<tr>
<td>EU/EFTA</td>
<td>155.5</td>
<td>78.5</td>
<td>50.5</td>
<td>160.1</td>
<td>10.09</td>
</tr>
<tr>
<td>Other Europe and CIS</td>
<td>907.4</td>
<td>8.8</td>
<td>1.0</td>
<td>1.6</td>
<td>0.10</td>
</tr>
<tr>
<td>Oceania</td>
<td>197.6</td>
<td>3.4</td>
<td>1.7</td>
<td>0.9</td>
<td>0.05</td>
</tr>
<tr>
<td>Africa</td>
<td>649.9</td>
<td>6.2</td>
<td>1.0</td>
<td>0.7</td>
<td>0.04</td>
</tr>
<tr>
<td>Latin America</td>
<td>964.4</td>
<td>2.3</td>
<td>0.2</td>
<td>0.4</td>
<td>0.03</td>
</tr>
<tr>
<td>Asia</td>
<td>524.1</td>
<td>0.8</td>
<td>0.2</td>
<td>0.4</td>
<td>0.02</td>
</tr>
<tr>
<td>World total</td>
<td>3869.5</td>
<td>240.2</td>
<td>6.2</td>
<td>344.6</td>
<td>21.71</td>
</tr>
</tbody>
</table>

Notes: The reference for forest area (excluding other wooded land) and estimations for the industrial roundwood production from certified forests are based on FAO’s State of the World’s Forests 2005 data. For the roundwood production the regions’ annual roundwood production from forests available for wood supply are multiplied by the percentage of the regions’ certified forest area. (i.e. it is assumed that the removals of industrial roundwood from each hectare from certified forests is the same as the average for all forest available for wood supply.

Sources: Individual certification systems, Forest Certification Watch, Canadian Sustainable Forestry Certification Coalition, FAO and author’s compilation, 2005.

The graph contains overlap owing to double certification. Areas are as of mid-2005 and mid-2004.

Sources: Individual certification systems, country correspondents, Forest Certification Watch and Canadian Sustainable Forestry Certification Collation, 2005.
9.3 Demand for CFPs

The roundwood supply of several large producing countries in Europe is up to 100% from certified forests, such as in Finland and Austria. Nevertheless, a large majority of these products is still marketed without any reference to certification. This was again confirmed by a recently conducted qualitative study in Finland (Owari et al. 2005). The results indicated that certified companies in Finland did not fully exercise their right to use certification labels because they preferred to use existing market channels in order to save costs. There was no effort undertaken by most companies to communicate that their products were certified. For most of the surveyed Finnish companies it was also not possible to charge a price premium. Certification has not helped them to improve their financial performance but was positively evaluated by customers and is seen as a good tool to enhance reputation (Owari et al. 2005).

A FSC Forest Owners’ Cooperative in Japan found that certification can have a profound impact on sales channels, especially of smaller producers (Ota 2005). The share of sawnwood from this cooperative sold through wholesalers shrank from 41% in 1999 to 22% in 2004. In the same period the sales directly to builders (mainly of ecological houses) rose from 17% to 49%. Likewise, the price per cubic metre of wood sold to wholesalers decreased by approximately 17% while the price per cubic metre to builders increased by approximately 47%.

Lack of awareness and knowledge about certification are often cited as two of the reasons for the generally low demand by downstream industry and consumers, as the majority of products from certified forests are commodity-type temperate softwood. Since some countries, such as Finland and Austria, have certified all their forests, and therefore all supply from forests could bear a label, there is simply little incentive for individual companies to use this as a marketing tool to signal a difference from competitor products. Downstream industries usually do not ask for commodity products to be certified, hence potential supply of CFPs exceeds actual demand in many markets, especially of PEFC-certified CFPs. In addition, a number of major retailers in the US, as well as in Europe, pursue an “own-label-only” policy to assure costumers of the origin and sustainability of their products rather than selling products with the label of one of the third-party certification schemes. However, the amount of CFPs from certified forests is growing and an increasing number of non-tropical CFPs are becoming available through retailers. For instance, an international supermarket chain in Austria now sells its wood products mostly labelled by PEFC. Some do-it-yourself retailers in the United Kingdom, Germany, the Netherlands and Austria are increasingly selling FSC-certified tropical timber.

In the absence of official trade figures, the actual volume or share of CFPs is still not easy to determine. So far, one indication of the amount and characteristics of demand for CFPs in business-to-business markets is the number and types of chain-of-custody (CoC) certificates. Figures of CoC certificates show that after a short stagnation in 2003, the total number of CoC certificates issued has continued to grow in 2004 (graph 9.3.1).

Note: The numbers denote CoC certificates irrespective of the size of the individual companies, or of volume of production.

Sources: FSC and PEFC, 2005.
By May 2005 the CoC certificates worldwide totalled 5,979, of which 64% were FSC and 36% PEFC. The relative share of FSC-issued CoC certificates is slightly decreasing as PEFC again managed to have higher growth (plus 45%) than FSC (plus 23%). PEFC mainly gained in France (248 more), Germany (184 more), the Czech Republic (111 more) and Switzerland (95 more). FSC, on the other hand, grew mostly in Japan (91 more), as well as in Germany (84 more) and Switzerland (80 more). As in previous years, FSC and PEFC are the only schemes offering full CoC for CFPs. FSC CoC certificates have so far been issued in 72 (including 6 new) countries and PEFC certificates in 15 (including 2 new) countries. Both the SFI and CSA systems in North America have developed logos, licensing procedures and on-product labelling, but are not issuing CoC licences so far.

In relation to geographical distribution of business-to-business demand for CFPs according to the number of CoC holders in total, Germany leads the table in the UNECE region, with increasing amounts of CoC certificates from both FSC and PEFC (graph 9.3.2). The latter scheme represents two thirds of all German certificates and FSC accounts for one third. France is again rated second with a steadily increasing amount of PEFC certificates leading to a relative share of more than 90%. In third place is the UK, ahead of the US and Switzerland. This ranking illustrates that most countries’ markets tend to converge towards one of the certification schemes, with the exception of Germany and Switzerland.

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GRAPH 9.3.2
Chain-of-custody certificate distribution within the UNECE region, 2005
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Notes: Countries with less than 50 CoC certificates are not shown. The numbers denote CoC certificates irrespective of the size of the individual companies as of May 2005.
Sources: FSC, PEFC and authors’ compilation, 2005.

Virtually all companies holding a CoC certificate outside the UNECE region obtained their certificates from FSC (graph 9.3.3). Japan is, with 256 certificates, ahead of Brazil (177 certificates), followed by South Africa, China, currently ranked fourth, is also turning out to be a rising market for CFPs. This is mainly due to relocation of production facilities by some companies, such as IKEA, to China. However, these companies are mostly supplying export markets in North America and Europe, rather than the Chinese domestic market or other Chinese export markets, which have not, so far, demanded certified products.

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GRAPH 9.3.3
Chain-of-custody certificate distribution outside the UNECE region, 2005
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Notes: The graph only includes countries with 10 or more CoC certificates. The numbers denote CoC certificates irrespective of the size of the individual companies as of May 2005.
Sources: FSC, PEFC and authors’ compilation, 2005.

From available data, it is difficult to eliminate all double counting of CoCs. However, it is known that some paper mills, e.g. UPM’s Caledonian paper mill in Scotland, have been certified to both the PEFC and FSC CoC standards. Such producers aim, on the one hand, to increase the availability of certified fibre while comparing the two certification standards on an unbiased basis at this stage in the evolution of the CFP marketplace. On the other hand, they also position themselves favourably in order to enter both FSC-oriented markets and PEFC-oriented markets.

The distribution of CoC certificates across the product range offered shows that companies from all wood-based industries and trade sectors hold CoC certificates. Companies holding CoC certificates of FSC (64%) cover a relatively wide product range (graph 9.3.4). Generally, the distribution of certificates among industry sectors did not change over the last year. Wood manufacturing and
Sawnwood companies hold approximately half of the CoC certificates, with equal shares. The producers of roundwood hold approximately 15% of certificates, and 11% are in the furniture production sector. PEFC CoC certificates (36% of the total) are mainly issued for timber trade (45%) and sawmilling (27%), followed by other primary forest industries (14%). In contrast to 2004 statistics, the sawmilling sector lost share to other primary forest industries and secondary wood manufacturing (graph 9.3.5).

Generally, demand by final consumers for CFPs is still relatively low and remains a minor factor in the market for CFPs. In the UK, sales of FSC-certified timber increased four-fold, totalling approximately $1.6 million over the last year (Ethical Purchasing Index). In the Netherlands, consumer knowledge of FSC increased by one third and the recognition of the FSC label increased by 12% to a total of 63% during the last years as a result of a national televised marketing campaign and of a poster campaign (FSC Netherlands). Such sales figures, as well as surveys on consumer perception and awareness of CFPs, might be seen as an indicator of at least increasing interest from the consumer side and will keep the sector under pressure to act, with enhanced public relations efforts.

9.4 Policy issues

9.4.1 Public wood procurement policies and governance

National Governments in European markets, including the UK, the Netherlands, Denmark, France, Germany and Switzerland, have developed and are implementing public procurement policies that include criteria favouring the purchase of CFPs, notably from tropical countries, in order to assure or enhance the procurement of sustainably managed, or at least legally logged, timber. In most of the countries there has been considerable and protracted public debate about how public procurement policy for legal and sustainable wood can be implemented. One outcome was that the UK has developed policies that require 100% legality and inclusion of 17% certified raw material in all imported wood products to demonstrate the origin from sustainable managed forests. Implementation of the British guidelines should take place by mid-2005. The Danish approach is to provide guidelines that aim to help purchasers of tropical timber to ensure that wood is from legal and ideally sustainable sources. Contrary to the British approach, there is no effort undertaken to check the reliability of compliance declarations in Denmark.

Although public procurement policies in the EU are not harmonized, such policies continue to be a driving force for certification and a source of demand for CFPs. Similar policy approaches also exist at the municipal level in several countries within the EU/EFTA region, as well as in the US. In the US there has been little discussion so far regarding a public procurement policy, but several NGO initiatives to encourage the use of sustainable forest products have been launched (e.g. Leadership in Energy and Environmental Design).
9.4.2 Certification and governance in the Russian Federation

The Russian Ministry of Natural Resources has declared its objective to certify the entire forest area and to start supplying only certified timber to the western market by 2007. The introduction of Russian national standards of voluntary forest certification will begin in 2006 with application for endorsement by PEFC. This certification process is expected not only to pave the way for Russian timber to the international markets but should also help to resolve the problem of irresponsible tree felling. The damage from illegal forest use in Russia is estimated at $200 million annually (according to the Ministry, press release, 14 April 2005, reported in Forest Certification Watch). The Ministry further expects that agreement on the creation of an integral organization which will perform representational functions abroad, will boost the process of certification in Russia and the recognition of Russia’s national standards at the international level.

9.4.3 Illegal logging and sustainable forest management certification

Illegal logging has continued to dominate the agenda of many countries’ political discussions related to forest products in 2005. It is one of the key global forest sector problems that SFM-related tools, such as certification, can help to address – although in reality certification and illegal logging are distinct issues. Illegal logging and the associated trade in illegal timber are responsible for vast environmental damage in developing and transitional countries. Illegal logging is closely linked with corruption and bad governance, and robs Governments in affected developing countries of an estimated $15 billion every year in revenues and taxes (World Bank, Forest Certification Watch). In developing countries it also impoverishes rural communities that depend on forest products for a living.

The major problems in fighting illegal logging are: the difficulty in distinguishing between legal and illegal timber; the lack of enforcement capacity in producing and consuming countries; as well as the lack of appropriate legal frameworks. In order to improve the situation several international initiatives, such as the World Bank led FLEG (Forest Law Enforcement and Governance) initiative and the EU FLEG/T, (Forest Law, Enforcement, Governance and Trade) initiative, are setting up action plans for legal licensing schemes. Furthermore, the G8 Environment and Development Ministers are making efforts to address the trade of illegal timber, Germany has drafted a law which would oblige German timber companies to certify that timber they import or use has been procured legally. Currently, combating illegal logging under German law is only possible via measures to combat money laundering.

In addition to these government-driven processes, a variety of private or quasi-governmental initiatives, including NGOs and timber trade associations (for example, in the UK, Denmark, the Netherlands, France and Belgium) have been initiated in parallel in order to tackle the issue of illegal timber.

In all of these discussions and initiatives, both public and private, the experience gained in the process of setting up SFM certification schemes has been extremely valuable in tracking timber and in devising appropriate oversight and licensing schemes. However, it appears that it is not always clear to those involved that legality and sustainability are two very distinct issues, even if similar schemes and tools are devised for both.

One interesting approach was taken by the UK public procurement scheme, which aims at procuring legal and sustainable timber, assuring a minimum standard of proof of legality that should be required for all purchases. The UK system uses an approach with three levels: legal, legal and progressing towards sustainable, and legal and sustainable. This approach is applicable to all timber sources. UK policy to date has used FSC or its equivalent as an example of sustainability, but is now establishing a comprehensive means of defining and verifying sustainability and legality. Where certification is lacking, the system considers the problem of verifiable alternative documentation. The UK believes it has observed a major shift in supplier attitudes, with most suppliers now fully understanding and appreciating the objectives of the policy. Procurement policy is commonly cited by industry in Britain as a major driver for change in its own behaviour (Brack and Saunders 2004).

9.4.4 Carbon sequestration verification and the Kyoto Protocol

In October 2004 the Kyoto Protocol was ratified by the Russian Duma and went into force in February 2005. The Protocol explicitly allows for afforestation and reforestation under the clean development mechanism (CDM) in the first commitment period. Hence, forest certification might in the near future play a role as a verification mechanism, in a wider context of simplified modalities and procedures, for small-scale afforestation and reforestation project activities under the CDM.

In the southern hemisphere, e.g. in South Africa, Chile, Australia and New Zealand, certification of plantation forestry is increasing. Approximately one third of New Zealand’s short-rotation plantations have been certified during recent years in order to meet the increasing market requirements at their main destinations in the US and Japan. Certified biomass for bioenergy
from short-rotation forestry could play an increasing role under the CDM to meet the commitments and substitute fossil fuel under controlled sustainable production. In addition, in Nordic and central European countries the sector of forestry biomass-based heating systems on municipal and rural levels is maturing and there is competition with the pulp and paper industry for the same resources.

In addition, certification might be a tool for ensuring that forests used for carbon sink measures are also managed in a sustainable way in order to fulfil multiple purposes (ecological, economical and social). The techniques developed by certification standards might consequently be used in order to monitor compliance of such sequestration forests or plantations with the Kyoto Protocol.

### 9.4.5 Endorsement and mutual recognition

PEFC has currently endorsed 18 national schemes. Most recently, the Canadian national scheme, CSA, was endorsed, which means in practice that products from its 63.7 million hectares of certified forest area can be sold with reference to PEFC as well. Five schemes are currently being assessed (Brazil, Estonia, Lithuania, Luxembourg and Slovakia). According to national experts, this endorsement policy by PEFC is expected to have a driving impact on the development of certification as well as on the CFP market itself. Similarly, FSC runs programmes to accredit national and sub-national standards that comply with FSC requirements. FSC is not pursuing a policy of mutual recognition accreditation. Some European countries are trying to harmonize the two standards, which enables the practice of double certification using the two systems in a parallel way – for instance in Sweden. The ATFS and the SFI in the US mutually recognize their forest management standards and certification systems for large and small forestland owners. Worldwide, FSC and PEFC now endorse or accredit over 50 national schemes. Mutual recognition between these two schemes, however, is not expected in the near future. There is still concern that this competition between the two worldwide major certification schemes is confusing the consumer and thus discouraging the sound use of wood. However, some steps are being taken to bring the systems closer – in the Netherlands there is a combined CoC group certification for FSC and PEFC for wood harvesting and trading companies.

### 9.4.6 Phased approach for tropical forests

A phased or “step-by-step” approach has been advocated, especially for tropical forests, for some time. Phased approaches to certification have been proposed as a way of assisting developing countries to pursue certification. Under such approaches, full certification remains the goal, but companies and other forest owners can achieve market recognition for their efforts towards improving their forest management practices even before they achieve full certification (ITTO 2005). Such a step-by-step approach requires certain principles, such as a goal of full certification, a defined timeframe, adequate means to communicate, transparency, and independent audits. It is increasingly recognized that tropical countries may not be able to achieve fully SFM in one step, even with the help of an effective certification arrangement, so a step-by-step approach (i.e. first legality, then sustainability) is increasingly advocated, although some observers consider this (acceptance of legal but not sustainable timber) as an unacceptable lowering of standards. Different implementation procedures of phased approaches are controversial and continue to be debated by experts, and provisions for such certification have been slow to be adopted. Only LEI (Lembaga Ekolabel Indonesia, the Indonesian Eco-Labelling Institute) is currently running a pilot project on the build-up of a phased approach to tropical forest certification.

Participants in an ITTO-led workshop in Berne, Switzerland, in April 2005 agreed that the slow process of forest certification in tropical-timber-producing countries might undermine the credibility of forest certification as a tool to promote SFM in the tropics. The main obstacles impeding certification in the tropics, as identified by the experts, included inadequate capacity to implement SFM, additional costs, as well as various ecological and socio-economic complexities related to certification of natural tropical forests.

The workshop concluded with a set of recommendations, suggesting that ITTO endorse the concept of a phased approach as one of the useful tools in promoting SFM and accelerating forest certification in tropical timber-producing countries while supporting pilot projects and disseminating the results. It was recommended to the governments of consuming countries, that they consult with producing countries and their stakeholders when developing public procurement policies, to carry out pre-assessment of sustainability impacts of their planned policies in tropical timber-producing countries, and to include provisions for phased approaches to certification in these policies. In addition, producing countries should strengthen their verification systems of legal origin and legal compliance to be able to provide robust evidence for addressing market and stakeholder needs. Certification systems were addressed as well, with a recommendation to put in place appropriate provisions for phased approaches and to further advance programmes for mutual recognition. Meanwhile, stakeholders in tropical-timber-producing countries were urged to fully cooperate in the development of national
standards and schemes, and buyers and other stakeholders in consuming countries were urged to consider the impacts of their requirements on tropical-timber-producing countries.

9.4.7 Certification of plantations and revision of standards

As of May 2005, there were about 200 million hectares of plantation worldwide, of which approximately 11% (plantation and mixed plantation and natural forest) are currently certified. In the case of FSC, some of the plantation-certificates issued by the scheme (6 million hectares of plantations and 17 million hectares of mixed plantation and natural forest) have been criticised mainly in relation to social impacts. Much controversy has been generated from instances in which plantation forestry has created or exacerbated social conflict over land use. This encouraged FSC to start a full review of its policies and standards for plantations in September 2004. The aim of this 2-year project is to find an appropriate solution based on all three FSC chambers (environmental, social and economic). A participatory two-phase approach was established by which in the first phase the policy issues need to be identified, debated and resolved, and in the second phase technical solutions will be developed to meet the policy requirements identified.

9.5 References

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EU—FLEGT Briefing Notes (Forest Law Enforcement, Governance and Trade): http://europa.eu.int/comm/development/body/theme/forest/initiative/briefing_sheets_en.htm.
Illegal Logging Info: http://wwwillegal-logging.info/.

UNECE Timber Committee and FAO European Forestry Commission’s officially nominated country correspondents on CFPs and certification of sustainable forest management.


