The Circling Around Certification

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It has been interesting to watch the range of reactions to what appears to be a growing momentum towards environmental certification of forest products. As will be evident in this issue of the New Zealand Journal of Forestry, many countries and organisations are involved in developing, administering and marketing environmental certification programmes.

Interestingly, when I hear a discussion involving environmental certification, often the first comment is, "Who is actually driving it?" This is closely followed by, "Is there any demand for environmentally certified products?" The connotation underlying these comments is generally that certification is a 'fringe' activity and perhaps not worthy of consideration. Certainly, environmental groups rather than consumers have been most prominent in pushing environmental certification, and in some cases, these groups have even developed their own certification programmes. But the fact that environmental organisations are involved is different than inferring that the drive for certification is limited to members of these groups. What we should be asking is, "Do environmental groups actually reflect a larger constituency (or will they over time), and does certification indeed make sense (environmentally and commercially)?"

Evidence shows that world wide, consumers are predisposed to doing the 'right thing' environmentally, including modifying purchasing decisions. Surveys in New Zealand have shown this to be the case here as well. A recent survey conducted by Lincoln University found that 70 per cent of respondents preferred to purchase products that they believed to be environmentally friendly. While there is nothing in the way of environmentally certified forest products offered on the domestic market in New Zealand, manufacturers and retailers are obviously aware of environmental preferences. Wooden furniture often comes with claims of environmental merits (e.g. sustainable, plantation grown). The opposite (silence) also occurs. Timber yards will stock products made from imported tropical species but do not advertise these products openly for fear of creating bad publicity. Internationally, we already know that New Zealand radiata pine products are being purchased because they are deemed to have positive environmental characteristics. This 'implicit certification', reflected in current buying patterns, is yet another reminder about the growing importance of environmentally friendly products in the market place.

In spite of the obvious trends towards preferences for environmentally friendly products, there is tremendous uncertainty from the forest products sector about how to proceed. What kind of system makes sense for New Zealand? Out of all the options being offered, what makes sense for a small producer in the global wood market, which must export, and to a wide variety of customers? New Zealand has very different circumstances to producers in the United States or Europe who have a large, captive internal market, or to producers in Canada or Scandinavian countries that have a single, dominant market. Given the differences, can we use an existing system or is there a need for a different 'New Zealand' certification system? There are three main arguments offered against using the alternative systems available overseas, none of which really addresses the issues of marketing and branding that would be appropriate for New Zealand.

The first argument is that many certification programmes are controlled by (overseas) environmental groups, or appear to exclude industry or government input. The issues here become one of control over forest management at a micro level, and even of sovereignty at a macro level, as there is the potential for an international group to determine company and national forest practices. For the countries that stimulated environmental certification in the first place, largely third world and tropical, this was probably not a bad thing. What has transpired though is that most certification activity has been for temperate forests in developed nations (who not coincidentally dominate world trade in forest products and represent the source of demand for environmentally certified products). How do we deal with non-elected and perhaps foreign environmental groups appearing to dictate domestic forestry policy?

The second major complaint is that certification systems were designed for natural forest situations, making it difficult to adapt them to plantation forestry. In particular, there are issues about flora and fauna diversity and provision for habitat, and issues related to indigenous people that are generally not considered to be relevant for plantations (at least in New Zealand).

The third major complaint is cost. The nature of certification, including documentation and audits means that costs are potentially not trivial. This consideration, though, is common to any industry looking at certification or meeting standards.

Considering these arguments, are they intractable?

With regard to the first criticism, I see this as an issue that reflects the current status of the environmental certification debate, rather than an inherent characteristic of environmental certification. At present, most of the discussion is between governments, industry and environmental groups simply because governments and industry manage so much of the forest resource, and environmental groups represent 'demand' for certified products. Consumers are largely excluded only because they do not have an outlet (e.g. a product to purchase). An exception might be the United Kingdom, where FSC is said to have very high brand recognition among consumers. This means that in this market, consumers are in a position to dictate market changes through purchasing patterns. One would predict that over time this process would be repeated in other markets as products become available and consumers are made aware.

It should also be noted that in the U.K. the FSC 'brand' has been recognised and won the confidence of consumers. Whether an industry or Government initiative could also win consumer recognition is not simply a question of being first or better. We know from research that consumers are suspicious of industry administered certifications systems and only slightly more comfortable with government administered ones. My guess is that the future will see environmental standards determined collectively by industry, government and environmental groups, but the actual certification carried out under the auspices of an environmental organisation.

With respect to the second criticism, the fact that plantations are increasingly a major part of the global forest resource means that they will have to be incorporated in certification systems. Certification of plantation-based organisations is evidence that this process is happening already. We also have to determine as an industry how we deal with the fact that we still produce from our indigenous forests as well as plantations. My feeling is that certification systems are already proving themselves to be flexible enough to accommodate forests with a variety of circumstances.

The third criticism has also shown signs of being addressed. The key consideration must always be what is required to be credible in the marketplace. Most who are involved in certification recognise that the process cannot be limited to dealing with governments and large corporate entities that are generally well resourced. A large part of the potentially certifiable forest area globally is under the ownership of small, private landowners. Provision of credible certification for these owners will require different and more creative approaches. Already we are seeing signs of this in New Zealand with moves to create certification 'umbrellas' that would like many forests under the umbrella of one. In other areas there is talk of certification co-operatives. In either case, the purpose is to spread the somewhat fixed set of common costs of setting up and maintaining the certification system across a number of similar forest owners. My feeling is that this too will not prove to be an insurmountable problem, and that we will find credible ways of aggregating forests to reduce costs.

So as we proceed we must look carefully at whether certification suits our needs, and if so, what type(s) and style(s) of certification will meet these needs. Is there an advantage in the entire industry using a common global 'brand' that is recognised in many markets simultaneously, but that we (individually or as a nation) might have little control over? Given the geographic diversity of markets, perhaps one type of certification will not serve all markets. Would we be better off encouraging and facilitating individual companies to do what meets their particular customer's needs (e.g. FSC for the British market or SFI for the U.S. market)? Should we be encouraging an 'underlying' environmental certification system that would serve as a common stepping stone to any brand of certification found in a particular country, much the same as companies appear to be treating ISO 14000 now? Are our forests (indigenous and plantation) different enough and so intractable for international certification schemes that it would it be more advantageous to have a New Zealand brand that we (as a nation) would control but that we would also have to sell against competing brands in each market?

Whatever we choose, before we proceed we must first be able to identify the underlying issues and debate which approach is going to be most effective at selling New Zealand products, and in a way that is cost-effective. Perhaps the wait and see reaction of many in New Zealand, as if circling over something that you know might be interesting, but not being convinced that landing on one will prudent, is a symptom of this need. At least the circling is more comforting than having the feeling that the industry has flown right over.

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