

# Forest Certification Trends in North America and Europe

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**G**reen certification of forests and forestry enterprises is a major discussion topic throughout North America and Europe. Some see it as a way to ensure good environmental performance, others hope to capture new market niches and gain market advantage, still others see it as a personal attack on their forest management practices. Whatever the perspective, the discussion over certification is growing in frequency and complexity. As existing certification schemes mature and new ones are added, foresters, landowners, industry representatives, environmentalists, governmental officials, and others are finding it important to stay abreast of certification developments.

## Growth and Evolution of Schemes

Since the early 1990s, there has been an influx of new certification and certification-like systems. Ironically concern over harvesting impacts of tropical timber and potential environmental boycotts led to initial development of forest certification schemes, but most of the currently certified acres are in the Northern Hemisphere. Schemes designed to protect tropical timber economies, now may create non-tariff trade barriers to non-certified tropical timber producers trying to bring their wood products to Europe.

Systems-based and performance-based certification schemes are now prevalent throughout Europe and North America (Table 1), although few consumers are seeing product labelling that identifies green certified products. Under a systems-based approach, the programme participant is responsible for setting up a system to track environmental performance. In some cases the system components are identified by the scheme, in others the system design is left up to the individual applying for certification. In performance-based schemes, certification requires providing evidence of compliance with performance standards that are predetermined by the certification scheme.

Previous development of quality management systems by large corporations in Europe and North America has aided adoption of environmental management systems. Some companies in Europe are opting for the EMAS (Eco-Audit and Management Scheme), but many are joining North American companies and working toward registration of their forest operations to the

International Organization for Standardization (ISO) 14001 environmental management standard. The Canadian industry helped create an environmental management system based on ISO 14001 through the Canadian Standards Association. The United States-based American Forest and Paper Association has developed its own system called the Sustainable Forestry Initiative (SFI), which is an evolving blend of systems and performance based strategies.

Non-industrial private forest owners are generally seeking other options. While a few are opting for the FSC's performance based system, particularly through resource manager certification, most remain quite suspicious of these new programmes. In the US, the long standing Tree Farm System is being reworked to more closely reflect a modern forest certification system, and a new system, called Green Tag is being developed by the National Forestry Association.

On June 30, 1999, forest owners in Europe unveiled a new, performance based system that will offer them an option to FSC. Dubbed Pan European Forest Certification system (PEFC), it currently has national initiatives in 17 European countries, and hopes to have 10 million hectares certified by summer 2000. Plans for the new system are that each country will make their own rules, but all will have to comply with the Pan European criteria for sustainable management of forests that were developed in intergovernmental meetings in Helsinki (1993) and Lisbon (1998). An international council of country representatives will oversee the new system. Eventual plans are for chain-of-custody tracking and an ecolabel has been developed. Although the system is drawing high praise from forest landowners and industry, it does not have the endorsement of large environmental groups in Europe and there have been few reactions from the marketplace.

Table 1

Major certification systems operating in North America and Europe.

(Shaded Areas Indicate Areas of Activity for Each Certification System)

	ISO 14001	EMAS	CSA	SFI	Greentag	Tree Farm System	PEFC	FSC
U.S.								
Canada								
Europe								

## Meeting the Market Challenge

It is important to remember that the motivation for certification is not coming from the final consumer. Societal values are likely part of the equation, but the real market forces are those being wielded by large retailers, especially in the DIY sector. Europe is clearly the leader in this respect with the formation of buyers' groups. These organizations consist of wood product retailers, and like-minded companies with a goal of moving toward 100%

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purchasing of certified wood products. The World Wide Fund for Nature has been behind the formation of most buyers' groups. Table 2 outlines some details regarding buyers' groups.

Table 2  
Countries with Active Buyers' Groups (as at June 1999)  
(Countries in bold type have groups currently in operation. Others are in the formation stage.)

Australia	Greece	Spain
<b>Austria</b>	<b>Ireland</b>	Sweden
<b>Belgium</b>	Italy	<b>Switzerland</b>
Brazil	Japan	<b>United Kingdom</b>
France	<b>Netherlands</b>	<b>United States</b>
<b>Germany</b>	Norway	

The UK-based buyers' group is the oldest and has had a dramatic impact on the global forest industry. One of the key players in the group is B&Q. Its parent company, the Kingfisher Group, recently purchased a French DIY retailer called Castorama. This purchase makes the overall DIY segment of the Kingfisher Group the third largest in the world with stores in a number of countries. It is still unclear how the commitment to certification may transfer to the French operations, but the ability of this retailer to influence global supply chains is considerable.

The North American buyers' group, Certified Forest Products Council, headquartered in Beaverton, Oregon, recently announced the addition of Home Depot to its membership. Home Depot, a US DIY retailer, has more than US\$20 billion in annual sales. As the largest DIY retailer in the world, Home Depot could have a significant impact on the future of forest certification. It is currently unclear, however, what commitment the company will make to purchasing certified products.

Despite the development of a multitude of schemes, it is unclear if there is any demand for products from any

of the systems except the FSC. Each of the buyers' groups has a statement of objectives that indicates the requirements for a certification system. Although they don't specifically stipulate FSC, it is currently the only system that meets their specific requirements. The newly developed PEFC may be the next closest to meeting their requirements, but it is too early to tell about its market acceptance.

Current Certification Issues and Debate

At the heart of the current debate about the various systems is what constitutes "good" management. Although sustainability is purported to be a central issue, nobody seems willing or able to find consensus on what forest management strategies will lead to long term sustainability from economic, ecological and social perspectives. The FSC currently has 14 regional guideline groups engaging a broad array of stakeholders throughout North America. Much work remains, as they have not to date produced many rules that have local consensus, and FSC approval. PEFC currently has 17 national committees that are each developing their own rules, which presumably will all fit under the PEFC banner. While agreeing on general principles of forest stewardship has been done at international conventions like Montreal, and Helsinki, applying the principles at the forest and stand levels has been much more challenging. The huge diversity of forest types and societal factors make for innumerable options.

Equity has also been a major concern, particularly for the non-industrial private forest owners, who hold about 60% of all the forest land in the United States, and up to 90% of the forest in some European countries. Certification schemes such as FSC that may require setting aside land areas for non-timber uses (i.e. streamside areas for fish habitat) can have a devastating economic impact on a 10 hectare forest owner, particularly if they have a large stream running the full length of their property. Some scenarios might suggest as much as 20-30% of the land being declared off limits to harvest. An adjacent owner with the same land base, but no riparian areas might have 10% or less in set-asides. A large corporation, with



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lots of upland areas and some low productivity sites, can direct these set asides to lower productivity sites, to minimize economic impact overall.

The unknown factor in European forest certification is how environmental groups and forest product buyer groups treat the PEFC system. If they refuse to embrace the PEFC system, and continue to push FSC as a preferred system, large retailers will be left in a very uncomfortable place. Well-staged protests of environmental groups, and behind the scenes negotiating with large retailers have driven the rapid growth of the FSC in Europe. If they refuse to embrace PEFC, a major environmental battle may ensue in the marketplace.

The FSC has gained considerable momentum during the past two years, with over 16 million hectares of land currently certified worldwide, and 80% of it in Europe and the United States (FSC web site, 5/99). A major factor in building that momentum has been the commitment of the large, vertically integrated companies in Sweden. These companies account for 46% of all FSC certified land. Other factors have been the certification of public lands in the USA and Poland.

There continues to be a rapid evolution of all certification schemes. Changes have been necessary both to meet current market demands, and the needs of companies producing certified products. For example, the FSC implemented a percentage-based claims policy that allows a mix of certified and non-certified materials, to make it easier for continuous process products such as paper and particleboard to become certified. In a departure from previous policy, the American Forest & Paper Association recently announced a third-party verification option for the Sustainable Forestry Initiative. In addition, the scheme is being redesigned to be more performance based.

## Signs of the Future

Globalization of the forest industry, and mergers creating multi-national forestry corporations are pushing the certification industry away from parochial schemes, based within individual countries, and towards regional and international schemes. Many governments, wary of trade implications, are concerned about the development of schemes that may create non-tariff trade barriers.

The recent entry of large, multi-national accounting firms into the certification arena is also a noteworthy development. In some respects, there is little difference between auditing business records and auditing environmental performance. Look for these large players to add credibility, professionalism and cost to the current certification schemes.

Future efforts will be towards mutual recognition and harmonization of systems and standards. A good example of this integration comes from the United Kingdom. A government led initiative resulted in the publication of the UK Forestry Standard in 1998. A process facilitated by the Forestry Commission then developed a new standard based on the government standard and the FSC standard. This process resulted in the development of the

UK Woodland Assurance Scheme (UKWAS), which satisfies the requirements of the government-designed forestry standard and the FSC standard. UKWAS will be voluntary and a landowner can participate at a variety of levels. For example, it can be applied through first, second, or third party audits. If a landowner chooses to hire an FSC accredited certifier and successfully meets the standard, they are then FSC certified.

The compromises and working together that have taken place in the UK represent a new turn in the evolution of forest certification. Further developments are expected, and should be watched carefully as this model will likely be followed in other regions and countries.

## Certification Organisations and Terms

The issues surrounding certification and sustainability have given rise to their own language. The following are some of the key organisations and terms.

American National Standards Institute (ANSI) is the official standards organisation of the United States. They represent the US in the International Organisation of Standardisation. Certified Forest Products Council (CFPC) is an independent, non-profit, voluntary business initiative committed to promoting responsible forest products buying practices throughout North America in an effort to improve forest management practices worldwide. They actively promote and facilitate the increased purchase, use and sale of third-party independently certified forest products. Forest Certification is defined by the Forest Stewardship Council (FSC) as an independent, non-profit organisation that sets standards and accredits certifiers of "well-managed" forests and "chain-of-custody" - both necessary to get the FSC ecolabel on certified forest products. International Organisation for Standardisation (ISO) develops voluntary technical standards which add value to all types of business operations. ISO is an international body with over 100 member nations, represented by their national standards institutes. Registration Accreditation Bureau accredits certifiers in the US Sustainable Forestry Initiative (SFI) is a mandatory programme for all members of the American Forest & Paper Association. Involves compliance with sustainable forestry principles, guidelines and performance measures. Annual reports are audited by an independent export review panel and a Voluntary Verification Programme has been added. Sustainable Forestry Management (SFM) is a forest management system with performance measures. Used in conjunction with CSA International as a basis for certification in Canada. Pan-European Forest Certification (PEFC) council represents over 15 European countries and 12 million small-scale, family owned forests that predominate in Europe. Buyers' Groups are building material retailers and publishers put together to promote the use of FSC certified forest products. There are 14 buying groups worldwide, and in the CFPC is the sole "buyers group" in North America. Verification of Environmental Performance is a certification system being developed in New Zealand. Source: Temperate Forest Foundation and others.