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GENEVA TIMBER AND FOREST DISCUSSION PAPER 44

FOREST CERTIFICATION –
DO GOVERNMENTS HAVE A ROLE?

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FOREST CERTIFICATION – DO GOVERNMENTS HAVE A ROLE?

Proceedings and Summary of Discussions at the UNECE Timber Committee Policy Forum, 2005

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Note

The designation employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the secretariat of the United Nations concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Abstract

Forest Certification – Do Governments Have a Role? is the proceedings and summary of the discussions from the "Policy Forum: Forest Certification – Do governments Have a Role?" held in September 2005 during the Timber Committee's annual session. This Geneva Timber and Forest Discussion Paper captures the essence of the discussions, and incorporates all available expert papers and presentations.

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PREFACE

The United Nations Economic Commission for Europe (UNECE) is committed to promoting sustainable development. The UNECE Timber Committee works together with its sister organization, the European Forestry Commission of the Food and Agriculture Organization of the United Nations, to promote sustainable development in the field of forestry and timber. Sustainable forest management is a key component of sustainable development. It requires adherence to such principles as balance between ecological, economic and social dimensions of sustainability, strong consensus among stakeholders, a cross-sectoral approach and partnerships.

Forest certification – a voluntary system to inform the final consumers that they are buying the product of a sustainably managed forest – has transformed forest products markets over the last 10 years. Although the system is "voluntary market-based", its development has also drawn Governments into discussions of how they should, or should not, intervene to promote their broader policy objectives. Different Governments have responded in different ways. The Timber Committee and FAO believed the time was ripe to exchange experience on this topic and identify broad trends. The policy forum on "Forest Certification – Do Governments have a role?", in September 2005, achieved these goals. In order to make its results available to a wider audience, we have prepared this Discussion Paper. It includes all of the presentations, a summary of the discussions and the agreed conclusions.

On behalf of the UNECE, I would like to express the hope that this Discussion Paper will be helpful and useful for our member Governments and other stakeholders, and will contribute to their successful policy-making. I would like to say a special thanks to all the speakers and participants in the Forum. Without the voluntary involvement of many individuals and organizations the event would not have been possible.

Marek Belka
Executive Secretary
United Nations Economic Commission for Europe

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ACKNOWLEDGEMENTS

The secretariat expresses its sincere appreciation to the speakers at the "Policy Forum: Forest certification – Do Governments Have a Role?" (in order of presentation):

- Dr. Ulrich Bick, Federal Research Centre for Forestry and Forest Products, Germany
- Ms. Malin Andersson, Forest Economist, National Board of Forestry, Sweden
- Ms. Carrie Denise Ingram, Economic Policy Analyst, United States Department of Agriculture (USDA), Forest Service, United States of America
- Dr. Rudolf Sungurov, Director of North Forest Research Institute of the Federal Forestry Agency, Russian Federation
- Mr. Sing Khow Tham, Director of Malaysian Timber Council, London, United Kingdom
- Mr. Christer Arvius, Chairman, UNECE Working Party on Regulatory Cooperation and Standardization Policies
- Mr. Serguei Kouzmine, Secretary to UNECE Working Party on Regulatory Cooperation and Standardization Policies
- Mr. Ben Donkor, Manager, London Office, Ghana Forestry Commission
- Mr. Kevin McKinley, Deputy Secretary-General, Central Secretariat, International Organization for Standardisation
- Mr. Erik Albrechtsen, Head of Forestry and Environment Department, Dalhoff Larsen & Horneman A/S (DLH), Denmark

We would also like to express our gratitude to Mr. Wulf Killmann, Director Forest Products and Economics Division, FAO, and Mr. Osamu Hashiramoto, Forestry Officer, Forest Products and Economics Division, FAO, for their contribution to the preparation of this workshop; and to Ms. Caroline Stein, currently Assistant to the Executive Director of Tropical Forest Trust, Switzerland, who worked with us over the summer to prepare the first draft of the background paper for the Policy Forum.

In addition, the secretariat would like to thank the author of the present publication, Ms. Marieta Koleva, Master in European Studies, Hamburg University for Economics and Politics.

Finally, we wish to thank all the delegates to the UNECE Timber Committee session who contributed to a lively debate on the policy and market interactions of forests, wood and energy.

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LIST OF ACRONYMS AND ABBREVIATIONS

ATFS	American Tree Farm System
ASEAN	Association of Southeast Asian Nations
ATIBT	International Technical Association for Tropical Timber / Association Technique Internationale des Bois Tropicaux
CEPI	Confederation of European Paper Industries
CIS	Commonwealth of Independent States
CITES	Convention on International Trade in Endangered Species
C&I	Criteria and Indicators
CoC	Chain of Custody
DLH	Dalhoff Larsen & Horneman A.S.
ECE	Economic Commission for Europe
EFI	European Forest Institute
ENGO	Environmental Non-Governmental Organisation
EU	European Union
FAO	Food and Agriculture Organization
FLEGT	Forest Law Enforcement, Governance and Trade
FPAC	Forest Product Association of Canada
FSC	Forest Stewardship Council
IFF	Intergovernmental Forum on Forests
IPF	Intergovernmental Panel on Forests
ISO	International Organization for Standardization
ITTO	International Tropical Timber Organization
MC&I	Malaysian Criteria, Indicators
MCPFE	Ministerial Conference on the Protection of Forests in Europe
MEAs	Multilateral Environmental Agreements
MTCC	Malaysian Timber Certification Council
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
PAFC	Pan African Forest Certification scheme
PEFC	Programme for the Endorsement of Forest Certification Schemes
Q-WEB	Quebec Wood Export Bureau
SFI	Sustainable Forestry Initiative
SFM	Sustainable Forest Management
SIS	Swedish Standardisation Institute
SMEs	Small and Medium-sized Enterprises
UNCED	United Nations Conference on Environment and Development
UNFF	United Nations Forum on Forests
UN	United Nations
USDA	United States Department of Agriculture
USSE	Union of Foresters of Southern Europe / Union des Sylviculteurs du Sud de l´Europe
WTO	World Trade Organization
WWF	World Wide Fund for Nature

1.

1.1 Purpose of this *Geneva Timber and Forest Discussion Paper*

The Purpose of the *Discussion Paper* is to make available for wider distribution the presentations and discussions of the UNECE and FAO Policy Forum on "Forest Certification – Do Governments have a role?" The Forum was held in Geneva on 29 September 2005 during the 63rd session of the UNECE Timber Committee. The *Paper* begins with an overview of the wide range of roles that Governments may play in forest certification and the potential conflicts, which their involvement is likely to raise. Then it includes presentations on the experience of several countries of their governments' role in forest certification, as well as some other speakers' perspectives on the issue. The Discussion Paper attempts to depict in detail all questions and comments made by the participants in the Forum, in order to give the readers a broad overview of positions not only of national Governments but also of organizations and other institutions.

1.2 Forest Certification and the UNECE Timber Committee and FAO European Forestry Commission

The UNECE Timber Committee and the FAO European Forestry Commission work together to promote sustainable forest management in Europe, the Commonwealth of Independent States and North America. Forest certification has been on their agenda for around eight years. This year's Policy Forum was a natural continuation of their attempt to keep the certification issue updated and to have a discussion on related topical matters. Participants in the Forum confirmed the relevance of the issue by suggesting the next UNECE and FAO policy forum should address again a subject related to forest certification – the issue of public procurement.

Since 1998 the UNECE and FAO Timber Section has offered an annual update of the status of forest certification in the UNECE region. It includes data on certified forestland by certification schemes and countries, analysis of trends, and identification of emerging policy issues and conflicting points.

The Forest Products Annual Market Review, which is produced as a basis of the UNECE Timber Committee market discussions, delivers the latest information on the forest products markets. One chapter is usually devoted to certified forest products. In the 2003-2004 edition, for example, it focused on public procurement polices and their impact on the markets. You can download all the information from the joint Timber Committee and European Forestry Commission website[1].

Additionally, in six successive annual UNECE Timber Committee market discussions, the issue of forest certification was raised in at least one or two presentations. The Timber Committee follows closely the developments in forest certification and selects topical policy issues for the annual discussions. The most recent market discussion, which took place immediately before the Policy Forum, with its theme "Forest certification policies' influence on forest products markets in the UNECE region", contributed significantly to the further exploration of the issue of forest certification. The presentations, and national market statements can be found online[2].

Certification is also one of the issues dealt by the UNECE/FAO Team of Specialists on Forest Product Markets and Marketing. These are a voluntary group of experts who work with the secretariat to achieve specified goals, including certified forest products. At their last meeting, which was held in Geneva on 26 September 2005 they confirmed their interest in forest certification and set as an objective for 2006 to support the Timber Committee policy forum on public procurement policies. They would contribute a background paper, containing research on the

[1] http://www.unece.org/trade/timber/docs/certification/cert.htm
[2] http://www.unece.org/trade/timber/mis/reports.htm

status of procurement policies within the UNECE region and the status of policies favouring wood construction, and an evaluation of the impact of requirements on small- and medium-sized wood manufacturers.

Apart from these activities FAO was involved in several international seminars for example "Criteria and indicators for sustainable forest management and implications for certification and trade", and "Building confidence among forest certification schemes and their supporters". FAO seminars were also held at regional level – at the African Forestry and Wildlife Commission and the Asia-Pacific Forestry Commission. The most recent event was a workshop in China about latest developments and future strategies for certification in that country.

1.3 Overview and results of the Policy Forum Discussions from the Timber Committee 2005

Certification policies are influencing all forest products markets sectors in the UNECE region. About 50% of the forests in Western Europe and North America are now certified for sustainable forest management according to independent, internationally recognized certification programmes. Certified forests in North America and Europe account for over 96% of the world's certified forests. Demand for certified forest products is growing, driven by concern for the sustainability of supply, either by companies up and down the wood chain, or by purchasers of wood and paper products, especially business-to-business and governments. Considerably less tropical forests are certified (approximately 1% of certified forests). It is now difficult to export products from uncertified tropical forests to environmentally sensitive markets in the UNECE region, for example to the Netherlands and United Kingdom. Conversely, tropical timber from certified forests in some tropical countries, e.g. Malaysia, is finding improved export opportunities and strong market growth. Many tropical countries are not able to achieve certification in the short term and are advocating a phased approach towards certification of sustainable forest management, to enable market access during the necessary transition period and to maintain revenues to pay certification development costs. In Russian Federation, certification of sustainable forest management is starting, and according to forecasts it will be further developed. In Europe and North America so far the great majority of forest owners have not received any premium from sales of certified wood.

Forest certification is a voluntary market-based instrument to promote sustainable forest management, and, as such, driven by market actors. However, governments have a major role to play in setting out a policy and institutional framework, and as significant actors themselves, for instance as forest owners and, increasingly, as buyers of wood products. They may also contribute to capacity building, provide support, including finance, to drafting national standards and putting in place the necessary institutions, moderate between competing schemes and provide assurance of a level playing field in international trade and on domestic markets. Among the Forum's conclusions are:

- Certification policies, both public and trade association, are impacting all sectors of forest products markets.
- Governments should endeavour to remain neutral between competing schemes.
- Governments and other stakeholders should refocus on the commonly shared objective of promoting sustainable forest management, and especially combating deforestation. Certification is only one tool to achieve this objective.
- Certification offers an opportunity to promote the sound use of wood - an opportunity that should be grasped, by Governments and other stakeholders.
- Governments and industry are increasingly concerned about the continuing fierce competition between schemes, which is seen as weakening the image of wood as an environmentally

friendly material. Industry representatives also express concern about emerging differences between public procurement policies in different countries, which lead to possible distortion of competition and effects on trade.

- The lack of information on production, consumption and trade of certified forest products hampers policy makers, analysts and market actors.

Source: Timber Committee Market Statement 2005[3].

1.4 The Policy Forum: topics and speakers

Welcome note, Mr. Wulf Killmann
Presentation of the background paper, Mr. Kit Prins
Germany's experience, Dr. Ulrich Bick
Sweden's experience, Ms. Malin Andersson
United States' experience, Ms. Carrie Denise Ingram
Russian Federation's experience, Dr. Rudolf Sungurov
Malaysia's experience, Mr. Sing Khow Tham
Technical regulation and harmonization authorities' perspective, Mr. Christer Arvius and Mr. Serguei Kouzmine
Tropical producer country's perspective, Mr. Ben Donkor
Perspective of the International Organization for Standardization, Mr. Kevin McKinley
International timber trader's perspective, Mr. Erik Albrechtsen
Conclusions and next steps, Mr. Heikki Pajuoja, Mr. Kit Prins

[3] http://www.unece.org/press/pr2005/05tim_n01e.htm

2. SUMMARY OF THE PRESENTATIONS

2.1 Welcome note

Mr. Wulf Killmann, Director of the FAO Forest Products and Economics Division, welcomed the participants on behalf of FAO and UNECE. He posed the question "Why this policy forum, and why now?"

One of the major developments in the past 10 to 15 years in the forest and timber sector has been the rise in forest certification. From being only an idea in the heads of a few enthusiasts in the early 1990s, today, nearly 250 million hectares are certified worldwide. These lie mostly in Europe and North America. So far, only a small fraction of tropical forests has been certified. Other issues requiring consideration that have also emerged include the following. National official practices and attitudes towards forest certification differ significantly. At the same time, public procurement policy to induce sustainable forest management (SFM) frequently refers to forest certification. In concentrating the discussion on potential similarities and differences between certification schemes, the coherence with other instruments to achieve sustainable forest management seem to have been lost from sight. Additionally, there is an increasing focus on forest law compliance, for the promotion of which forest certification might become an instrument.

Mr. Killmann went on to point out that the main intention of the Policy Forum was not to enter into a discussion comparing the different certification schemes. Neither was the Forum intended to provide guidance to anyone, or to reach a consensus. Rather, the meeting had the objective to offer a neutral forum for the exchange of opinion and experience between government representatives, and with the active participation of a wide range of stakeholders. At the end of the Forum the Committee would decide whether the issue of forest certification should be examined in greater depth, and if so, how this should be done.

2.2 Background paper

Mr. Kit Prins, Chief, UNECE/FAO Timber Section, presented the background paper of the Policy Forum. Generally, Governments should consider whether forest certification is an appropriate tool to achieve their variety of different policy objectives, and to make them congruous with each other. Governments have a legal framework in place to promote sustainable forest management, to which certification schemes refer. They can facilitate certification by improving their institutional capacity or even by taking the initiative to develop national forest certification. Governments may also ensure non-discrimination against small-scale forest owners and enhance equitability among certification schemes. Additionally when Governments provide the market framework in the area of forest certification their role might be to ensure that there is no abuse in labelling or that there is no misleading consumer information.

On the international level, Governments are involved in many intergovernmental agreements, such as in the World Trade Organization (WTO) and in multilateral environmental agreements (MEAs), whose overlapping in the area of forest certification may become an issue in the near future. Up to now it has been generally understood that, as long as the certification of wood-based products is voluntary, it is not in contradiction with WTO rules. Governments, as forest owners, may consider whether to seek certification of their forests by private institutions. As buyers of wood products, they might develop public procurement policies on wood with sustainable origin. As stakeholders, Governments are not members of the international certification schemes. Their potential membership raises concerns whether the "voluntary and market based" nature of schemes would not thus be compromised or whether their presence would not unbalance the dialogue between economic, environmental and social stakeholders.

2.3 Germany's experience

Dr. Ulrich Bick of the German Federal Research Centre for Forestry and Forest Products gave an overview of the current trends in forest certification in Germany and the role of federal and other governmental levels in the process. About 68% of the forest area is certified by one of the three active certification schemes – Programme for the Endorsement of Forest Certification Schemes (PEFC) – 63%, Forest Stewardship Council (FSC) – 5%, and Naturland – less than 1% (directly connected with FSC).

The Government is involved in the process by setting the legal framework for forest management and by developing public procurement policy for wood products. The development of a procurement standard is currently a highly discussed issue in Germany, owing to the many conflicting interests and preferences for one or other certification scheme. The criteria and indicators in the standard are not simply taken from FSC or PEFC, but rather they were drafted for the purposes of the federal procurement policy. There are 24 criteria and 67 indicators proposed which have not yet been adopted into law.

Dr. Bick pointed out some differences in the wording in the principles and criteria of FSC and PEFC, which lead to different obligations for the forest managers from both schemes, and thus make FSC certification more demanding. It might be questionable whether PEFC requirements will be able to comply with the public timber procurement standard. As a last point Dr. Bick posed the question whether forest certification achieved its objectives. In several developing countries, mainly in the tropics, sustainable forest management and certification objectives failed because of the lack of an adequate legislative and institutional framework. Governments, therefore, have another essential role – encouragement at the international level for the achievement of sustainable forest management, which should be strengthened.

2.4 Sweden's experience

Ms. Malin Andersson, Forest Economist, National Board of Forestry in Sweden, informed participants that in Sweden the Government has no role in forest certification. Certification is a voluntary agreement between buyers and producers and therefore no intervention from the side of the Swedish authorities is presupposed or desirable. Additionally to that, the forest policy and law in the country are less regulating, thus giving more freedom to the forest sector for its own decision-making.

Still, the Government has the objective of promoting sustainable forest management and therefore has developed a National Forest Process, which sets up national targets with matching indicators to be achieved by the forest sector. This process creates no specific obligations for individual forest owners but increases their awareness of environmental issues and incentives to adhere to the national objectives. The National Forest Process is similar (but not the same as) and parallel to the certification process and there are interactions between the two.

Today, the certified forestland in Sweden is 13.1 million hectares, which is 58% of the total forest area.

2.5 United States' experience

Ms. Carrie Denise Ingram, Policy Analyst at the United States Department of Agriculture (USDA) Forest Service, informed the Forum about the current national policy on forest certification. The Government of the United States does not intervene in forest certification. It neither acts as a standard-setting or accreditation body, nor does it favour any one certification scheme. However, the United States has as an objective the promotion of sustainable forest

management and therefore they are building a legal and institutional framework to facilitate the process. This means that the certification schemes are being assessed for consistency with the federal criteria and indicators for sustainable forest management.

The most active certification schemes in the United States are Sustainable Forestry Initiative (SFI), followed by American Tree Farm System (ATFS) and FSC. The USDA Forest Service does not, itself, seek private 3rd-party certification of national forests. But non-public entities can elect to bear the cost of certifying National Forests from which they source raw material. Additionally, some States and local county Governments have made forest certification efforts and as a result have certified forestland. In conclusion Ms. Ingram pointed out that the United States would continue to address and assess certification issues with regard to federal responsibilities and roles in sustainable forest management.

2.6 Russian Federation's experience

Dr. Rudolf Sungurov, Director of North Forest Research Institute of the Federal Forestry Agency, presented the experience of the Russian Federation in the area of forest certification. Currently the FSC scheme has certified a total forest area of 6.4 million hectares. Additionally, 30 forest companies are undergoing a certification process, whose total area amounts to 7.8 million hectares; and another 20 companies are at the preparation stage. Meanwhile, the Russian National Forest Certification Council has initiated the development of a national voluntary forest certification system in accordance with PEFC requirements. Several stages are foreseen: (a) the development of national standards (2004-2005); (b) the establishment of accreditation and certification authorities (2005-2006); and (c) the introduction of a national voluntary forest certification system (2006). According to Dr. Sungurov, harmonization of national standards to FSC principles and criteria is already under way.

The role of the State in forest certification development is significant. The State supports it as a mechanism to ensure sustainable forest management and gives it priority in legal acts. It promotes Forest Law Enforcement, Governance and Trade (FLEGT) and forest certification interaction, as well as the export of certified forest products. It provides stakeholders with information and offers training programmes for forest managers. It also encourages companies to take up innovative sustainable forest management projects and to establish a mechanism to trace products along the chain of custody, and provides information to local communities on forest management planning and implementation.

2.7 Malaysia's experience

Mr. Sing Khow Tham, Director of the Malaysian Timber Council in London, gave a presentation on the Malaysian certification system and the role of the Government in the process. The Malaysian Timber Certification Council (MTCC) was set up and funded by the State. The primary goal was to develop and operate a voluntary and independent national timber certification scheme.

The standard currently used for certification is the Malaysian Criteria, Indicators, Activities and Standards of Performance for Forest Management Certification (*MC&I* 2001). It is based on the 1998 International Tropical Timber Organization Criteria and Indicators (ITTO C&I) for Sustainable management of Natural Tropical Forests. Meanwhile a multi-stakeholder National Steering Committee developed *MC&I* 2002, based on FSC Principles and Criteria, to be submitted to FSC for endorsement. MTCC became a member of PEFC in November 2002, and is preparing to submit its scheme for endorsement and for inclusion in the PEFC framework of mutual recognition. Generally, the MTCC is seeking approval from all international certification schemes.

Mr. Tham explained that MTCC has a phased approach towards timber certification, suggesting that this might be the most appropriate approach for other tropical countries as well. If accepted by timber-consumer countries, such as Germany, the phased approach would encourage efforts towards achieving sustainable forest management. In conclusion, Mr. Tham pointed out that the Government had played a significant role in forest certification. However, certification had not yet achieved its goal for most tropical forests. He said that Governments should continue encouraging mutual recognition between schemes, technical support between countries and the overall process of certification at local and regional level.

2.8 Technical regulation and harmonization authorities' perspective

Mr. Serguei Kouzmine, Secretary of the UNECE Working Party on Regulatory Cooperation and Standardization Policies, presented the views of the Working Party on the role of Governments in forest certification. Governments, he said, should not intervene in or discriminate between schemes. But since their objective is to promote sustainable forest management, it could be appropriate for them to use public procurement as an instrument facilitating the implementation of sustainable forest management. Mr. Kouzmine raised some possible issues for further discussion: (a) is there a need for a code of conduct for forest certification? (b) what are the possible elements of such a code, taking into account the WTO principles? and (c) what role could UNECE play in this process?

2.9 Tropical producer country's perspective

Mr. Ben Donkor, Manager, London office, Ghana Forestry Commission, presented the common problems of tropical countries in applying forest certification using as an example the situation in Ghana. With less than 5% of the tropics certified, in general the tropical forests have stagnated in achieving forest certification. This could be partly explained by the fact that government forest concession operators are mainly small and medium-sized enterprises (SMEs), which cannot bear the certification costs or by the fact that Governments are unable to develop National Certification Standards due to lack of recognition by Environmental Non-Governmental Organisations ENGOs. Certification is converging on two main schemes – PEFC and FSC. If tropical producers do not follow them, they might not be able to access the markets. Therefore, a key question arises as to whether these two schemes are appropriate for the different and more difficult conditions in the tropics. And if they are not, will the public procurement policies in the EU eventually impede free trade?

In Ghana, the forest industry is fragmented and has serious liquidity problems. In the short to medium term, forest areas may not qualify for certification because of the lack of management plans, even for those forests, which are legally operated. For the few that do meet certification standards, the small-scale owners are unable to afford to join a scheme. Therefore, the role of governments could be to address common problems within the various SFM regional processes through active engagement with environmental and trade NGOs in the process of development of harmonized National Standards. They could cover the full cost of certification for the first five years, although this would exert extreme pressure on national budgets. And last but not least, they could set up reliable national systems to control possible dilution of certified products with non-certified fibre.

2.10 "International Standardization Organization's perspective"

International standards can be a successful substitute for or support to technical regulations. That is why promotion of their use is one of the main points in the strategic plan drawn up by the International Organization for Standardization (ISO). The Deputy Secretary-General of the ISO

Central Secretariat, Mr. Kevin McKinley, presented the plan at the Forum. In discussions about forest certification, the issue of standards for forestry management practices is frequently raised. ISO has the stakeholder base and the technical capacity and expertise to develop globally relevant international standards and requirements for forestry management practices, or for the assessment of conformity to such standards. The Organization has done so before for environmental management systems and for timber classification. Such standards could facilitate the trade of forest products and services, the elaboration of public procurement policies and more generally would be in support of a sustainable world. Other than preparing a Technical Report providing guidance on the use of ISO 14001 in forest management, ISO has not yet worked on such sustainable forestry management standards. Mr. McKinley concluded his presentation by adding that ISO was open to considering proposals from regulators or other stakeholders.

2.11 "International timber trader's perspective"

Mr. Erik Albrechtsen, Head of the Forestry and Environment Department, Dalhoff Larsen & Horneman A.S. (DLH), Denmark, presented the potential roles of Governments in forest certification from the perspective of a private company trading forest products internationally. He said that public procurement policies can help companies such as DLH to move in the right direction towards promoting sustainable forestry management, but only as long as they are prudent. If procurement policies are too rigid, however, they can result in substitution and have an adverse effect on SFM implementation in the tropics. It would be better if at the beginning there were a lower threshold for natural forest tropical wood, starting with "verification of legal origin". Governments should ensure that their procurement policies are designed in such a way as to have a real practical impact.

Governments can start by establishing credible legal system in some producer countries, and certification could follow as the next step. It is a problem that in some tropical countries it is easier to get permission to clear a forest to start farming than to get an approval for a forest management plan. Governments can make sustainable forest management legislation simpler and easier to implement and control, thus making sustainable forest management and forest certification more attractive. He pointed out that his company needs workable solutions at global level. He proposed that Governments take the process of sustainable forest management and the role of certification to the United Nations, the European Union, the G8, WTO or the Association of Southeast Asian Nations (ASEAN). There had, he said, been too much reliance on trade instruments as a solution of all problems, but these had not been successful. He concluding by saying that DLH needs actively involved Governments.

3. SUMMARY OF DISCUSSIONS

The Forum offered countries and organizations an opportunity to discuss the issues raised by the speakers, including the roles of Governments in the certification of sustainable forest management. The comments made, the questions raised and the responses are summarized below.

3.1 Country viewpoints from discussions

Brazil

Ms. Maria Rita Fontes Faria, of the Permanent Mission of Brazil, informed the Forum that her Government plays the following roles in forest certification:

- It initiates the certification process
- It informs society about the positive and negative aspects of certification
- It helps to build the capability of local communities to develop and implement schemes
- It ensures the participation of civil society and all stakeholders in discussing and developing certification schemes.

Brazil has advanced environmental legislation, and together with the Amazon Treaty countries is building a comprehensive certification process. However, many other developing countries do not have this institutional and administrative capacity and have failed in their efforts to introduce certification. International cooperation is therefore important for financing and building capacity, and for transferring technology to the developing countries. Brazil believes that all Governments have a role to play in assuring sustainable forest management. Certification can be an important tool to this end.

France

Mr. Alain Chaudron, in charge of International Timber Affairs, Ministry of Agriculture and Fisheries, France, presented his Government's position on forest certification. In France 100% of State forests, 38% of communal forests and 12 % of private forests are certified. The total certified forest area is 25%. Forest certification is a voluntary private initiative complementary to public policies for sustainable forest management. The role of the Government includes drawing up procurement policies. More precisely criteria have been developed for public purchases of timber, which include requirements for sustainable forest management and for the resources to have a legal origin. He said that the Government had set a goal of 50 % of its timber purchases to meet the criteria by 2006, and that until 2010 the requirements should apply to all public procurement. He pointed out, however, that these objectives were valid only for the central government and they imposed no obligations on regional and communal authorities. Additionally the State has a role in supporting private initiatives for certified timber trading, by providing information for the certification schemes but without making any evaluation or recommendation. It also supports development of certification schemes in Africa (PAFC). A document recently issued by the French Ministry of Economics, Finance and Industry gives information on the tools for promoting sustainable forest management in the public procurement of wood and wooden products.

Austria

Mr. Ingwald Gschwandtl, Director of Forest Policy and Information Division, Federal Ministry for Agriculture, Forestry, Environment and Water Management, Austria, informed the Forum that the country has a significant export-orientated forest sector, 80% of which is small-scale ownership. Two schemes are in place, PEFC and FSC, but only a small portion of the

forestland is certified by the second scheme. The Government does not interfere in certification activities. Its role is confined to setting up the appropriate legal framework, and providing the information necessary for guiding management and certification. Certification is market orientated and is best carried out by the private sector and business community. However, the government is attentive to the markets: no monopoly, unbalanced market conditions and distortion of trade are permissible. The authorities should build capacity for forest certification as long as this does not lead to market distortion.

Forest certification should be a subject for the State forests as well, otherwise public and private forest products will not have the same treatment in the markets. Public procurement applies to certification but policies depend on Governments, which consider the requirements of an open market, and the environmental needs and conditions in every country. Austria is trying to establish an environmentally oriented procurement policy but it is difficult because of the many conflicting interests involved.

Finland

Dr. Heikki Pajuoja, Managing Director, Metsäteho Oy, Finland, and Chair of the Policy Forum, expressed agreement with the comment from the representative of Austria. Forest owners should be allowed to choose whether or not to be within a scheme. If the role of government increases, this might lead to legislation that private owners do not want and which contradicts the original voluntary nature of forest certification as an instrument.

However, when Governments use forest certification as a tool in their procurement policies to define the source as legal and sustainable, the development should not lead to a situation, where various certification schemes have been interpreted differently in different countries. If so, then companies supplying to those markets will consider forest certification as a technical barrier to trade. Measures are thus needed to harmonize the approach that Governments take to the requirements for legality and sustainable forest management - especially within the EU's Common Market.

Norway

Mr. Arne Ivar Sletnes, Senior Adviser, Department of Forest and Natural Resources Policy, Ministry of Agriculture and Food, Norway, listed five points for potential and desirable roles of Governments in forest certification:

- Preparing public procurement rules
- Ensuring the compliance of SFM standards with laws and regulations
- Governments' intervention in forest certification by setting national or international frameworks.
- Governments support financially the process of developing forest certification, including the development of SFM standards.
- Governments should help in domestic capacity building and offer development assistance to other countries for capacity building.

With regard to the third point above, in Norway, for example, national forest performance level standards were developed through the Living Forest project. The standards were a result of a consensus among a broad range of stakeholders, NGOs and government representatives. The latter had the role of promoting the Criteria and Indicators of the Ministerial Conference on the Protection of Forests in Europe (MCPFE) as a reference for national standard setting to ensure that forest certification in Norway would be in accordance with the sustainable forest management

policy developed at European level, as well as nationally, and thus reflect a balance between ecological, economic and social aspects.

Latvia

Mr. Arvids Ozols, Deputy State Secretary for Forest Ministry of Agriculture, Latvia, spoke on the situation in his country. Concerning the role of Governments as forest owners, Latvia has accepted a private scheme to certify its State forests. Faced with deciding on which certification scheme to choose, the State Joint Stock Company "Latvijas valsts meži" (Latvian State Forests) decided to first identify who Latvian timber export customers were. The main export markets of the country are in United Kingdom, where the preferred scheme is FSC. Therefore, in order to keep its market share and English customers, Latvia chose the FSC certification scheme.

According to the definition of public procurement, the Government should buy only legal wood that conforms to government policy for sustainable forest management. Criteria for the procurement policy should not be those of a particular certification scheme. They should be drawn up by the State and only if a scheme matches the government criteria should it be used as an additional tool for sustainable forest management. As the Government is a stakeholder, the Ministry of Agriculture has been invited to participate in Latvian FSC meetings. Additionally the Government of Latvia has the role of supporting research and educational activities towards achieving sustainable forest management because certification does not bring sustainability, it is only a tool that verifies that forest management is sustainable.

Canada

Mr. Jeffrey Serveau, Manager, Canadian Forest Service, Natural Resources Canada, informed the Forum that in Canada the issue of forest certification was no longer considered to be so pressing, as it had been a number of years ago. Federal Government views certification as a business decision, the cost of which is to be borne by the industry as part of the cost of doing business or to be passed to the consumers. The provinces own approximately 70% of the Canadian forestland and they take different approaches to certification. Three of them have either policy in place or are considering certification requirements. The remaining seven provinces leave the matter to individual companies. The majority of Canadian forest-products companies have either obtained or are in the process of obtaining some form of certification. As a result, Canada is a world leader in forest certification, with more than 115 million hectares of land certified by one of the three systems in place in the country. These systems are: the Canada Standards Association (CSA) Sustainable Forest Management System; the FSC; and the Sustainable Forest Initiative. The Forest Product Association of Canada (FPAC), whose members produce about 90% of Canada's forest products, has made as a condition for membership that by 2006 each company must have its forest land certified by one of the three schemes.

About the issue of public procurement, Canada is currently drafting such a policy. As in other countries, the federal Government is under pressure from various stakeholders to include or not to include certain requirements. In the end the policy is likely to include reference to certified products but not to particular systems.

Mr. Sylvain Labbe, Chief Executive Officer, Quebec Wood Export Bureau (Q-WEB), Canada, stated that forest certification has been failed to achieve its original objectives. Certification was initially intended to prevent deforestation in the tropics, but it has developed mainly in Europe and North America whereas in the tropics the certified forests are under 1 %. He asked for the opinion of his German colleagues about the matter and which role the German government played, apart from the one in its own country, in fighting deforestation.

Germany

Mr. Johann Georg Dengg, Deputy Head of Division "Timber Markets, Sales Promotion, Wood Use", Federal Ministry of Consumer Protection, Food and Agriculture, Germany, responded to the questions as head of the German delegation. He agreed that the main objective of certification was to combat deforestation and that had not yet been achieved. But to do nothing in the consumer countries was tantamount to supporting deforestation indirectly. The NGO boycott did not bring results. Negotiations on a legally binding instrument, the Global Forest Convention, which had been running since 1992, had not been successful. Certification as a voluntary market-driven instrument was expected to accelerate the process as a bridging element between consumer and producer countries. After ten years of discussions the impact on markets was still negligible. This was partly due to the competition between the certifiers, which undermined the credibility of the process. Other reasons were the lack of effective installation of chain of custody certificates and the lack of information for consumers.

He said that several things could be done to improve the situation. Governments should accelerate the process to help certifiers, traders, and other market drivers overcome the obstacles. They should support schemes to reach mutual recognition and encourage research, for example in the area of genetic printing, in order to make the traceability of products possible. The State could adopt a procurement policy to send a signal to the public, or it could participate actively in the EU FLEGT programme. Both international cooperation and discussion of the item with partners in bilateral meetings at governmental level should be intensified.

Czech Republic

Mr. Richard Slaby, Senior Officer, Department of External Relations and Consultancy, Czech Republic Forest Management Institute introduced his overview by stating that forests in central Europe have been managed sustainably for hundreds of years and forest certification is now almost unnecessary. In the Czech Republic, forest certification is a private business and the Government has no role in it. However, the situation differs in every country. In Western Europe, the role of Governments is to start the process, to establish common rules and to observe. The new EU Member States and Eastern Europe are only starting the process now. One of their main roles is to encourage forest owners to join forest certification.

In the Czech Republic, the Forest Management Institute started the process of forest certification and when PEFC was born the Institute became one of its first members. Its main roles are to provide forest owners with information and to encourage them to take part in forest certification. The Government does not support a particular scheme and it is interested in promoting mutual recognition between schemes.

Russian Federation

Prof. Eduard L. Akim, Head of Department, Saint Petersburg State Technological University of Plant Polymers, Russian Federation, stated that the role of the Government in the certification process is essential for the Russian Federation, where new forest legislation has not yet been adopted and most forests are under government control. When making decisions about the future, Prof. Akim believes that it is important to examine certification issues more closely than is being done at present. Currently, publications usually begin treating certification issues with figures: e.g. how many hectares of forest are certified. But in general terms there is no information available on how the certified forests are used; how much sawnwood and plywood are derived from certified forests; how certification modifies prices; or on whether buyers and wood manufacturers win or lose from it. Therefore, Prof. Akim suggested that in the future work of the Timber Committee the scope of the research into certification issues should be broadened and monitoring should be

carried out not only in terms of the number of certified hectares, but also of the volume of certified wood products manufactured and traded.

United Kingdom

Mr. Robert Andrew, United Kingdom Department for Environment, Food and Rural Affairs, informed the Forum about their Government's experience in procurement policies. He recommended that Governments should adopt timber procurement policies even if they did not buy much timber or timber derived products because this would encourage the demand for more legal and sustainable products. Adoption of procurement policies was also part of the EU FLEGT action plans, he said. There remained widespread confusion about how the public sector could use certification schemes and eco labels to purchase timber within the WTO rules and European procurement directives. There was a need for clarity and agreement on what could and could not be done. The United Kingdom Government had made its own interpretation of how the rules apply but that differed from other countries' interpretations. In particular, the Government understood that it was not permissible to include social criteria related to indigenous peoples' rights and customs as part of its contract requirements for sustainable timber. The EU procurement directives required that contract specifications and conditions were restricted to relevant matters such as the final product's production process. The extent to which social criteria were relevant to timber supply contracts was open to interpretation and this was causing confusion.

Mr. Andrew made some recommendations based on the United Kingdom's experience in developing procurement policies. It was important that the buyers and suppliers in the market understood what was being demanded and what assurance was acceptable. The Government had begun to clarify which schemes met its standards for credible assurance by assessing five major certification schemes. That work was undertaken by a central point of expertise on timber, which would continue to assess all forms of evidence submitted and provide a helpline service for the public sector. He suggested that other Governments might consider similar actions to help their market players understand what assurance of sustainable and legal timber origins was acceptable. For legal and practical reasons, public bodies should not favour only one certification scheme, he said. Also, the Government had set a minimum requirement for legal timber. He suggested that demanding legal timber was a good starting basis; but if that was difficult for Governments to implement immediately, they should require their suppliers to track and identify the source of their timber. Domestic NGOs and trade organizations should also be involved in the process. Finally, Mr. Andrew made one personal suggestion: the partnership agreements formed under the EU FLEGT Action Plan will require partner countries to develop their own definitions of legally-produced timber for trade licensing, and it is worth considering the use of these standards to define legal timber for government procurement purposes as well.

3.2 Intergovernmental and non-governmental organizations' viewpoints from discussions

International Tropical Timber Organization

Dr. Steve Johnson, Market Specialist, Economic Information and Market Intelligence, International Tropical Timber Organization (ITTO), proposed changing the question from "Why did forest certification fail in the tropics" to "Why does forest certification appear successful in plantations?" Tropical countries are able to certify their plantations but not their natural forests for exactly the same reason why there are so many certified forests in Europe and North America: it is cheap, and it is possible. Certification tries to internalise all the costs of sustainable forest management into the timber. However, in tropical forests there are many goods and services besides the timber that are not valued highly on the world markets. Until the actual value of forests is realized there will be more and more countries following the example of Brazil – moving to

production and export from plantations, and forgetting or converting their natural forests. Here the role of Governments could be to attach appropriate values to the forest goods and services that are not yet certified or valued.

Also Dr. Johnson pointed out that over 10 years after the beginning of the certification process it is still not known how many cubic metres of certified wood are traded on world markets. Governments could play a role in monitoring this by accounting for the value or volume of the trade of certified wood. Precise trade data could send a positive message to producers and increase the incentives for forest certification.

At the end of the discussion, he added another comment and made a proposal. He told the Forum that for some tropical species there is already a system for international legality certification under the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES) umbrella. But there are difficulties and discrepancies with reporting as a result of infrastructural weaknesses within countries. Therefore, cooperation between buyers and producers should be improved. Dr. Johnson proposed the expansion of CITES as part of the phased approach for certification in the tropical forests.

Union of Foresters of Southern Europe

Mr. Christian Pinaudeau, Secretary General, Union of Foresters of Southern Europe (USSE), said that it was a paradox that is should be buyers who want certified timber whereas it was the owners who have to pay for that by joining a certification scheme. This was a handicap for timber producers, while other non-sustainable commodities and wood substitutes such as oil, metal and plastics did not require certification for sustainable production. Wood, which is the most environmental-friendly material, was thus placed in a weaker competitive position than other materials. Such an approach was not compatible with sustainable development and with the EU policy for promoting wood as an eco-material. Mr. Pinaudeau strongly criticized the fact that wood was not being adequately promoted as the most environmentally friendly material. He was also astonished by the silence of NGOs regarding certified products of sustainable forest management. NGOs, he said, on the contrary, should support the promotion of such products.

International Technical Association for Tropical Timber

Mr. Paul Huet, General Secretary of the International Technical Association for Tropical Timber (ATIBT), commented that tropical forests, particularly in Africa, were complex and had specific elements, which caused the delay of forest certification. One such element, for example, was the small-scale ownership with reduced financial possibilities. Also, much of the export went to China, where there was no interest in forest certification. Producers, therefore, had no incentive to certify their wood products. He said that those specific features should be looked at first before starting certification. Not wanting to get involved in the war between schemes, African countries had found another way – the Pan African Forest Certification (PAFC) scheme. This scheme developed criteria and indicators adapted to each country according to their specific elements and conditions. Gabon was an example of a country participating in PAFC. Products from Gabon under the PAFC umbrella are expected to come successfully onto the market in 2006.

World Wide Fund for Nature (WWF) International

Mr. Duncan Pollard, Head of the European Forest Programme, WWF International, expressed doubt as to whether it was possible for Governments to avoid having any role in forest certification. There were three areas in particular that need their participation. First, he said, Governments should support small-scale forest owners and help them solve the problems they face in certification. Governments should act as a central facilitator and catalyst in the certification process. Second,

although mutual recognition between schemes would not happen, there were other ways for bridging the gap and bringing the schemes closer, namely through standards-setting processes. Governments could deliver standards to which every scheme should adhere. Third, countries members of the Organisation for Economic Co-operation and Development (OECD) could play a role for combating deforestation. They could develop programmes for the countries where deforestation was happening and where the Governments did not have the capacity to address the problem.

Programme for the Endorsement of Forest Certification Schemes

Mr. Ben Gunneberg, Secretary General of the Programme for the Endorsement of Forest Certification Schemes (PEFC), pointed out that forest certification was not only a market tool, but also embodied other values. It was an educational tool that taught the forest owners and other actors about what sustainable forest management meant.

It was also an important communication tool. It allowed meaningful communication with an increasingly urban population whose knowledge of rural skills and competencies was decreasing and provided them with independent assurances about forest products from sustainable forest management. Governments were responsible for developing standards for public procurement and as forest owners they should also certify their forests as other forest owners did.

In the past, Governments had been reluctant to become involved in forest certification, claiming it was a market-based tool. But they were nonetheless becoming increasingly involved in forest certification and were increasingly aware of its multiple benefits. He said that Governments needed to be aware that there was no such thing as a perfect market and that they themselves have always had to play an important role in setting the framework for markets to function. They therefore also had the responsibility for collectively agreeing on and setting the frameworks to ensure that forest certification was not used as a trade barrier for political or other reasons. The PEFC representative concluded by applauding the development of public procurement policies, while at the same time stressing that the procurement policies must be harmonized so as not to create barriers to trade.

Pan African Forest Certification

Ms. Rose Ondo Ntsane, President of Pan African Forest Certification (PAFC), stated that the role of Governments in forest certification was vital. Governments were expected to establish the necessary conditions for the implementation of certification – closing the gap in the forest management legislation, combating illegal logging and corruption, developing standards, financing technical education, ensuring the participation of all interested parties in the process, including workers and local people, and establishing supervising mechanisms. It was up to Governments, she said, to build up a system for tracing forest products and to achieve agreements on regional levels for harmonizing countries' policies for the export and import of wood products.

3.3 Questions to the panellists

Confederation of European Paper Industries

Mr. Bernard de Galembert, Forest Director, Confederation of European Paper Industries (CEPI), asked Ms. Andersson (Sweden) whether there were governmental mechanisms for monitoring and enforcing the implementation of the targets set by the National Forest Process in Sweden and what happened, if the targets were not met by the forest owners.

Secondly, Mr. Galembert drew attention to the EU Directive on public procurement, which also referred to forest certification. He wondered how the Swedish Government was setting up its procurement policies in line with the EU directive, especially if it had decided not to get involved in certification. To illustrate his question, he gave an example from the Board of the EU Eco-label. The Board submitted a document on eco-labelling of graphic and printing paper where there was a score of 4 points given for paper with FSC certified input. The document was from the Swedish Standardisation Institute (SIS). Therefore, he asked if the position of the Government was not to some extent contradictory?

Ms. Andersson's response

Ms. Andersson replied that Swedish forest policy had no enforcement mechanism. The fulfilment of targets depended on the level of responsibility of the owners. If one target had not been achieved, policy makers should find out what the reasons were and how the National Forest Process could be improved to get better results.

Confederation of European Paper Industries

Later in the discussion Mr. Mikko Ohela, Vice President, Public Affairs, Metsäliitto Group, asked Dr. Bick and the German delegation three questions concerning the German public procurement policy and the "Blue Angel" mark. First, were there requirements for the "Blue Angel" mark for paper products in the German procurement policies? Second, what were the "Blue Angel" criteria for forest certification? And third, if the mark was required in public procurement, was there an equal treatment to the other ecolabels such as EU flower and the Nordic Swan?

Mr. Ohela commented that it was extremely difficult for companies to operate in multiple countries with their different rules for procurement, especially when these rules did not relate to the product itself but to the processing of raw material.

Dr. Bick's response

Dr. Bick informed the Forum that "Blue Angel" had not yet been adopted in the German federal procurement policies. But should this happen, requirements for this paper mark would not impose barriers to trade because "Blue Angel" was internationally accepted.

Mr. Dengg

Federal Ministry of Consumer Protection, Food and Agriculture, Germany, responded to the second question stating that "Blue Angel" should comply with the requirements for sustainable forest management.

United States of America

Mr. Thomas Westcot, Trade Policy Coordinator, Forest and Fishery Products Division, U.S. Department of Agriculture addressed a question to Dr. Bick. He asked at what stage the implementation of the German procurement policy was and whether Dr. Bick would like to give some more details about the policy itself.

Dr. Bick's response

Replying to the first question, Dr. Bick pointed out that the federal procurement policy was not yet adopted. Criteria and indicators for procurement had been developed and compared with FSC and PEFC requirements, but had not yet been turned into law. Since up to the present public

procurement policies had not been adopted, they had not yet had an influence on trade. However, in the future, there might be some impacts on the market.

Canada

Mr. Jeffrey Serveau, Manager, Canadian Forest Service, Natural Resources Canada, addressed a question to Mr. Albrechtsen as well. Countries carry out phytosanitary controls when wood transits from one country to another. It could be possible to organize also mandatory legality controls for wood at the borders. If all Governments agree on that, it would be easy to implement and the positive impact on trade could be quite high. But he said that for industry it would certainly be considered harassment. Mr. Serveau then asked for the opinion of Mr.Albrechtsen, as a manager of a trade company, whether a legality control at the level of national borders similar to phytosanitary control, would be a major annoyance to the trade.

Mr. Albrechtsen's response

Mr. Albrechtsen agreed that the legality aspect was important. For some countries and regions where it was difficult to implement certification, simple systems for verification of legality should be gradually introduced, which could easily be done in cooperation with Governments. DLH was currently working on that with some of its suppliers as first steps towards certification. Mr. Albrechtsen believed that legality control was a good idea and that it could be done.

European Forest Institute

Mr. Tim J. Peck, Honorary Chairman, European Forest Institute (EFI) directed a question to Mr. Albrechtsen and to the Secretariat of the Policy Forum. Mr. Albrechtsen in his presentation had mentioned that forest certification was currently not taking account of the 'external costs' of bringing a product to the consumer. External costs were, for example, the cost of fuel for transporting products across long distances. Mr. Peck asked whether it was desirable to think of possible follow up to the discussion to give greater consideration to the need for life-cycle analysis of timber products in drawing up viable certification schemes. He believed that in the long term it would perhaps be necessary.

Mr. Albrechtsen's response

Mr. Albrechtsen admitted that DLH tended to simplify the analysis. The reason why other environmental aspects apart from the origin of the wood, its legality and sustainability, were not taken into consideration was not to unduly complicate the matter. The cradle-to-grave analysis of timber products was not yet a sensible alternative. On the other hand, Mr. Albrechtsen feared that at the present time DLH was running the risk of oversimplifying the matter by forgetting the other environmental aspects. The company had some customers who preferred to use substitutes such as aluminium or plastic instead of wood, because they felt unable to satisfy the specific requirements for wood products.

4. CONCLUSIONS FROM THE POLICY FORUM

Participants in the Forum agreed on the following general conclusions:

A. "All Governments may have a role with regard to forest certification, although the nature and extent of the roles varied widely between countries, according to their circumstances and politics. Examples of roles played by Governments include:

   a. Forest owner
   b. Buyer/consumer of forest products
   c. Contributor to capacity building in the field of certification
   d. Support, including finance, to drafting national standards and putting in place the necessary institutions
   e. Moderator between competing schemes
   f. Ensuring a level playing field in international trade and on domestic markets

B. Governments should endeavour to remain neutral between competing schemes.

C. Governments and other stakeholders should refocus on the commonly shared objective of promoting sustainable forest management, and especially combating deforestation. Certification is only one tool for achieving this objective.

D. Certification offers an opportunity to promote the sound use of wood: this opportunity should be grasped, by Governments and other stakeholders.

E. There is growing concern among Governments and industry over the ongoing fierce competition between schemes, which is seen as weakening the image of wood as an environmentally friendly material. Industry representatives also expressed concern over emerging differences between public procurement policies in different countries, leading to possible distortion of competition and negative effects on trade.

F. The lack of information on production, consumption and trade of certified forest products hampers policy makers, analysts and market actors.

The Committee suggested that the next UNECE/FAO policy forum should address the issue of public procurement policies, with the emphasis on market aspects. Topics could include the use of public procurement policies to promote sustainable forest management (domestic and in other countries), the principles and practice of public procurement, avoiding discrimination and market distortion, while achieving policy objectives. The forum will be organised in Geneva, in cooperation with FAO, in connection with the sixty-fourth Timber Committee session".

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Annex 2 Background Paper: "Roles of Governments in Forest Certification". Note by the secretariat

Objectives of the paper

Do governments have a role in forest certification or not?

This paper is intended as a background document for discussions at the policy forum. It does not recommend one strategy or another, nor does it examine in detail the advantages or disadvantages of specific options. Rather it provides an overview of the wide range of roles, which governments may play in forest certification, in order to clarify the issues under discussion during the policy forum.

Introduction

Since UNCED 1992, most countries have subscribed to the concept of sustainable management of their forests (SFM). They have developed nine regional processes and initiatives, which have set criteria and indicators to monitor the progress of SFM. At the global level, within the IPF, the IFF and subsequently the UNFF, governments have undertaken a policy dialogue on SFM and developed over 300 "Proposals for action" for its implementation.

Forest certification has been intensively discussed in these intergovernmental fora because of its potential implications for trade and SFM:

- IPF urged countries to support the application of concepts such as:
  - non-discrimination on the basis of type of forests, forest owners, managers and operators
  - credibility
  - transparency
  - cost-effectiveness
  - involvement of all interested parties, including local communities
  - SFM
  - non-deceptiveness
- IFF urged countries to enhance international comparability and consider equivalences, taking into account the diversity of national and regional situations, and to ensure consistency with international obligations so as to promote SFM and avoid creating unjustifiable obstacles to market access.

Civil Society has developed forest certification as a voluntary, market-based tool to promote SFM. Basically, forest certification aims to monitor and provide information on an intangible characteristic of wood products - the quality of the forest management regime in place during the production process of the raw material.[4] Basically, this is done by providing consumers with information that will enable them to distinguish between those products, which have been made from wood produced sustainably and those, which have not. Compliance with the standards is audited by accredited certifiers and proven through labels on the products. Forest certification is not the only way to promote SFM, but may be an important tool in a broader package of instruments.

To define certification as an exclusively voluntary, market-based instrument might seem to imply that there is no specific role for governments. However, over the years, some governments have become involved in a wide range of issues relating to forest certification. This is because the multiple roles and responsibilities of governments have led them to reflect further on the issue rather than to ignore it. Not only do they have an overall commitment to promote sustainable forest management (inside and outside their own country), they also own and manage forests themselves, procure goods

[4] At a later stage, transport and processing were included and the concept of "chain of custody" (CoC) was developed.

and services according to agreed rules, set the rules for international trade and provide a legal framework for domestic trade, standardization, technical regulation and consumer information.

It is for individual governments to decide which of these roles to play. A more detailed description of the various possible potential roles is given below:

Government policies have a wide variety of objectives and instruments

Government policies have many different objectives, including poverty reduction, economic growth, rural development, conservation of biological diversity, inter-generational equity, security of energy supply, and many others. An increasing concern is reconciling and harmonizing policies to achieve these ends, as policies serving different objectives may duplicate or even contradict each other on occasion. Governments also have many instruments: laws and regulations, fiscal incentives, subsidies, guidelines, extension and training etc. In considering their role in forest certification, governments should consider whether forest certification is an appropriate tool to achieve the above-mentioned objectives, and whether it is the most effective and efficient approach.

Governments promote sustainable forest management

- Definition of standards through national laws and verification of legality

Since UNCED, most governments have adopted as a policy objective the promotion of sustainable forest management, through a wide variety of instruments such as laws, national forest programmes, regulations, extension services, etc. Implicitly or explicitly, through these instruments and their application, they define what they mean by sustainable forest management in their national context. Increasingly, national instruments refer to internationally agreed texts, such as criteria and indicators of sustainable forest management, the Pan European Operational Level Guidelines, etc.

As certification schemes all insist upon adherence with national legislation, governments thus define at least the minimum requirements for all certified forest products. Governments could also provide guidance on interpretation of prescriptions stipulated in laws, rules and regulations for practical, cost-efficient and consistent auditing of forest certification.

- Promotion of comparability and equivalence among certification schemes and standards

The lack of full comparability and equivalence among certification schemes and standards may hinder consumers' understanding of and interest in forest certification.

Governments may promote enhancement of comparability and equivalence among certification schemes e.g. by developing national performance standards compatible with several certification systems, or by promoting dialogue, at the national or international levels between schemes.

- Institutional capacity

The institutional capacity of each country constrains its ability to apply and benefit from certification. Particularly for developing countries, enhancement of institutional capacity is a fundamental condition for successful implementation of forest certification. Without enhancing institutional capacity in the society as a whole, it is difficult to prevent potential illegal activities such as bribery and false reporting only by auditing. If a country is unable to establish such credibility, the certification initiative will find it difficult to establish the reputation of their products in the marketplace.

Governments may take the initiative in improving the situation with respect to capacity building.

- Government involvement in developing national certification schemes

Government may be proactive in promoting the development of national certification initiatives, and desirable quality levels of forest management. Experience has shown that setting up a certification scheme in any one country (standard writing, stakeholder consultation, institution building etc.) is a long, complex and expensive process. The process can be strengthened by a relatively powerful institution taking the lead. In some cases, a public or quasi-public entity, often in cooperation with other stakeholders, has played this role.

Another role for governments could be to promote coordination between competing schemes as regards requirements, so that forest owners are not faced with difficult choices about management measures which may be acceptable to one scheme but not to another. If the requirements of the different schemes coincide, forest owners can certify their management with two different schemes, while having only one set of management rules. This strategy also avoids any damage to the image of forest products that may arise from the vigorous competition between certification schemes.

- Non-discrimination against small-scale forest owners

Within the context of promoting sustainable forest management through certification, a special question concerns the ability of small-scale forest owners to bear the costs of forest certification, which are normally heavier, on a per hectare basis, than for large forest holdings. Also, economic, social, environmental and procedural criteria required by forest certification standards can create disadvantageous conditions for small owners.

Could governments, in the interest of equity, play a role to encourage good management by the many millions of forest owners, e.g., in Europe? Issues include: small owners' contribution to environmental services in broader areas; economic efficiency; comparison with government support to small-scale producers in other sectors; and relevant international trade obligations.

- Balance between certification and other policy

Governments may have a role to play in evaluating the balance between certification and other policy instruments and promoting a mix of instruments that fit the country conditions, in dialogue with the civil society.

Governments provide the framework for efficient, safe and equitable markets

Governments have a number of responsibilities in the establishment and maintenance of efficient, safe and equitable markets for all products. These include such areas as consumer safety, consumer information, anti-trust, occupational safety and health etc. (such requirements are set by governments in mandatory technical regulations which are respected by all market players, both local and foreign/importers). One principle underlying much of the legislation in this area is that of non-discrimination, as well as keeping to the minimum necessary level of government intervention. The government also has the role of ensuring "fair play" on the market: in the area of forest certification such a role might be to ensure that there is no abuse in labelling or that there is no misleading consumer information/labelling (for example, requiring a manufacturer to indicate if a particular label is a trade mark or a certification mark).

Governments agree on the rules for international trade

The international trade regime developed over the past 60 years, through GATT and then WTO, has been a key factor in the rise of global prosperity. Two key principles underlying this regime are the progressive removal of all barriers to trade (tariff or non-tariff barriers) and non-discrimination (e.g. between suppliers or on the grounds of production processes), except in very precisely defined

circumstances. However, the core purpose of certification of sustainable forest management is to enable consumers to distinguish between wood products by providing information on how they are produced. It is generally understood that, as long as the certification of wood-based products is voluntary, it is not in contradiction with WTO/ GATT rules. Non-governmental bodies are not subject to WTO jurisdiction, although the Technical Barriers to Trade Agreement contains provisions for certification systems of non-governmental bodies. In general, the relations between WTO rules and the provisions of multi-lateral environmental agreements (MEAs), all being intergovernmental agreements, are subjects of negotiation.

Governments are forest owners

In cases where governments (or government owned agencies or companies) own and/or manage forests, they also have to consider whether to seek certification of their forests by private institutions. Does seeking such certification imply that the laws and regulations governing public forests, or the practice of public forest managers, are inadequate? Is it acceptable for private certifiers to judge whether public forest managers are achieving their stated objectives? In a situation where publicly owned forests are in fact being managed in a sustainable way, what is there to gain from certification?

In most tropical countries, governments are the largest owners of forests, although they are often managed by the private sector. As the forest owners, governments could decide to support these processes in their countries, they could even wish for more integrated participation in the rule-making process.

Governments are buyers of wood products

It is estimated that governments account for a significant part of the total wood consumption worldwide. The influence of public procurement on timber markets is therefore very strong. All governments have public procurement policies, aimed for instance at avoiding corruption and cartel activity through transparent procedures: there are international agreements and codes of practice in this area. It is a relatively new, and possibly controversial5 development, however, for public buyers to set conditions regarding the way in which the wood they purchase has been grown. When public procurement policies require a proven sustainable origin of wood, this may be an important signal to producers, which is expected to have a positive influence on forest management.

Such public procurement policies promoting sustainably produced forest products, are of increasing importance in many countries of the UNECE region as instruments of governments to promote sustainable forest management, both domestic and abroad. Denmark, Germany and United Kingdom have developed sets of rules for wood product procurement by public institutions, which typically refer in some way to certification as one means of ensuring that wood comes from a sustainably managed forest. Even though their policies are already well developed and implemented, their development has been more complex than expected and many questions are still unanswered.

Questions that are still under discussion are, for example, which certification schemes public procurement managers may refer to when seeking assurance that the wood has been grown in a sustainably managed forest, and the minimum requirements which non-certified wood products procured by public agencies (if any) should fulfilled. It seems to be commonly agreed that wood should at least be of legal origin. Which documentation, permits, deeds of ownership, etc., can be accepted is still unclear.

An issue complicating the development of public procurement policies promoting sustainable forest management is that procurement officials must adhere to transparent and open processes, which usually forbid favouring one supplier over another for any other reason than performance or price: this

[5] The systems set up by some governments to guide public procurement managers to purchase only sustainably produced wood products have not yet been legally tested, for conformity with WTO rules.

makes it difficult to specify one certification scheme rather than another, or, indeed certified timber over non-certified. Some governments have decided not to develop any procurement policies involving forest certification elements, arguing that public procurement should only follow free market rules.

Governments are not part of the governance of international certification schemes.

Despite the complex interaction of government activities with certification issues governments have not, until now, been stakeholder members of the international certification initiatives. One reason for this is the need for these schemes to be "voluntary and market based", both objectives which might appear to be compromised by the presence of governments in the governance of certification schemes. Another is the fear that their presence could unbalance the dialogue between economic, environmental and social stakeholders.

In a survey among EU member countries there were different opinions on the appropriate degree of governmental intervention in private certification programmes. A majority of 54% of respondents from governmental institutions supported interventions comprising rules of conduct for certification systems and setting accompanying measures, such as encouraging and supporting private bodies in their efforts to build efficient and fair systems. Another 38% thought that the role of government would be fulfilled by setting accompanying measures. A majority of the non-governmental interest groups (66%) found that the role of government should be confined to setting accompanying measures. From a governmental point of view, a central question is whether it is more desirable to install a monopolistic organization and endow it with sufficient resources to operate, to support more than one institution in order to induce competition, or simply not to take any position at all.

Conclusion

The brief overview above of the roles governments may play in relation to forest certification does not pretend to be exhaustive, still less to provide guidelines on what role should be played by governments. Rather it is intended to stimulate discussion at the policy forum, by presenting a broad outline of some of the (possible) interactions between government actions and forest certification.

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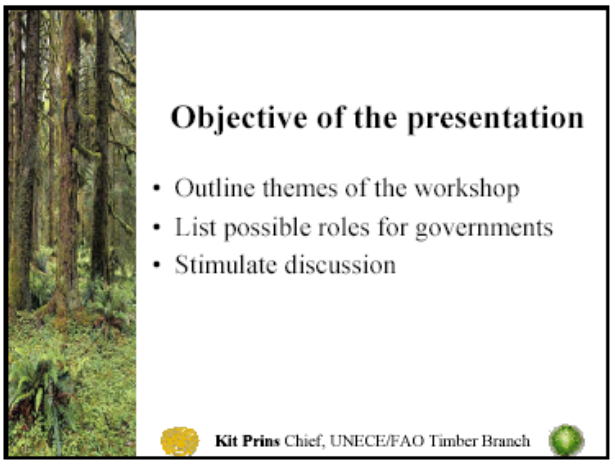
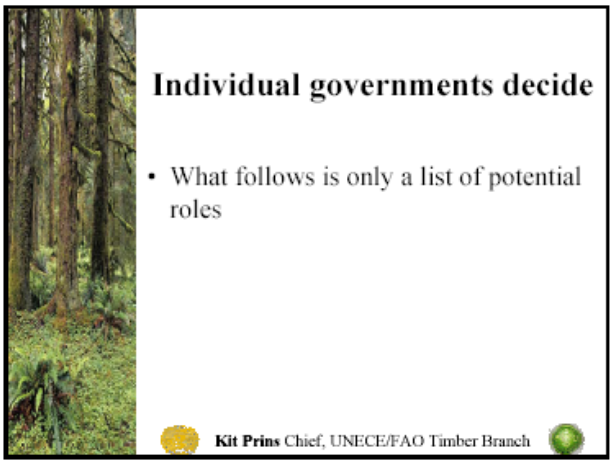
Segura, G. (2004): Forest Certification and Governments: The real and potential Influence on regulatory Frameworks and Forest Policies. Forest Trends.

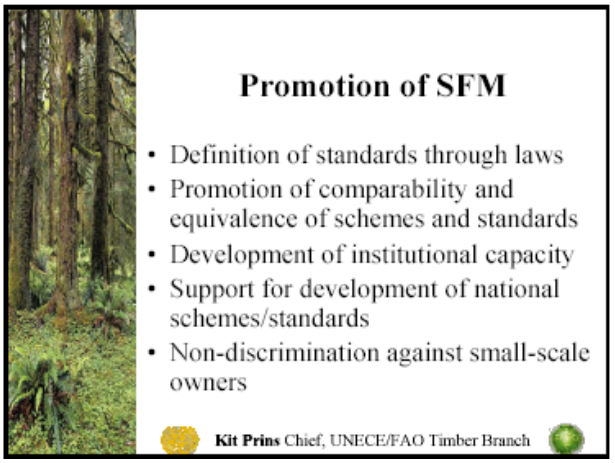
Tarasofsky, R.G.; Mechel, F.; Sprang, P. (2005): Public Procurement and Forest Certification: Assessing the Implications for Policy, Law and International Trade, Draft Report, Ecologic, Institute for International and European Environmental Policy, Berlin.

Annex 3 Presentations from the policy forum

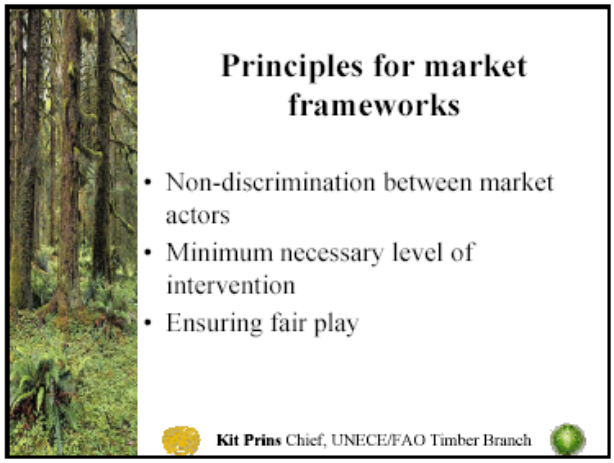
Kit Prins, Presentation of the background paper








Framework for efficient safe and equitable markets
– Consumer safety
– Consumer information
– Anti-trust/competition
– Occupational safety and health
Kit Prins Chief, UNECE/FAO Timber Branch

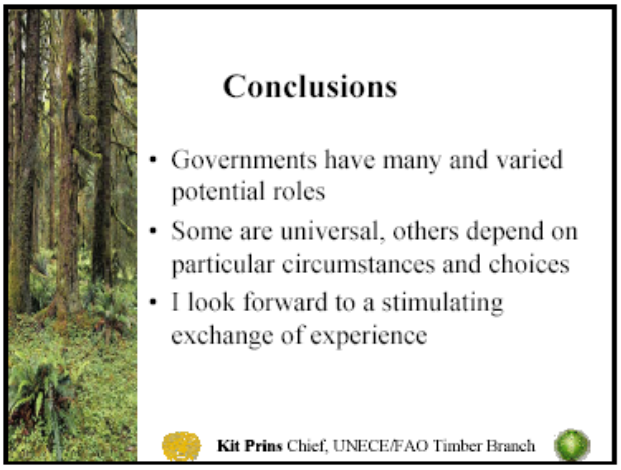

Principles for market frameworks
• Non-discrimination between market actors
• Minimum necessary level of intervention
• Ensuring fair play
Kit Prins Chief, UNECE/FAO Timber Branch


Rules for international trade: principles
• Progressive removal of all barriers
• Non-discrimination between suppliers
• Negotiations between WTO and MEAs
Kit Prins Chief, UNECE/FAO Timber Branch


Governments as forest owners
• Should public forests seek certification?
• Public forest organisations have the capacity to lead certain stages of the certification process e.g standard writing
• In most tropical countries (and in CIS), governments are largest forest owners, and have huge influence in deciding whether or not certification should be sought
Kit Prins Chief, UNECE/FAO Timber Branch


Governments as buyers of wood products
• Public procurement influences timber markets
• Clear international rules on procurement: transparency, non-discrimination etc.
• New: requirements that wood purchased come from sustainably managed forests
• Does this imply certified products, and if so, which ones?
• Who decides? Same rules in all countries?
• A rapidly developing debate!
Kit Prins Chief, UNECE/FAO Timber Branch


Governments in governance of international certification schemes
• Governments are not officially present in decision making, despite their many possible roles, and this is generally welcomed
• How should governments interact with the schemes?
Kit Prins Chief, UNECE/FAO Timber Branch


Conclusions
• Governments have many and varied potential roles
• Some are universal, others depend on particular circumstances and choices
• I look forward to a stimulating exchange of experience
Kit Prins Chief, UNECE/FAO Timber Branch


Thank you for your attention
Kit Prins Chief, UNECE/FAO Timber Branch

Ulrich Bick, "Germany's experience"

Forest Certification
Do Governments have a Role?

Ulrich Bick
Federal Research Centre for Forestry and Forest Products,
Institute for World Forestry
Germany
bick@holz.uni-hamburg.de

BFH

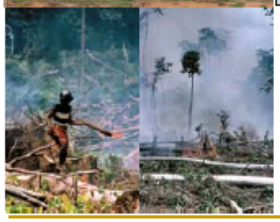
29.09.2005 UNECE/FAO Policy Forum:

Forest Certification

29.09.2005 UNECE/FAO Policy Forum:

Forest Certification



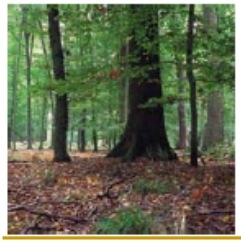
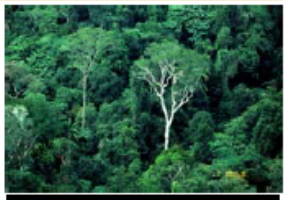
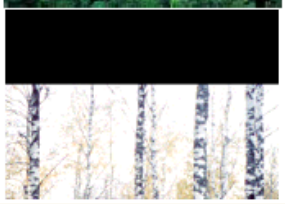


Should governments have a role ?

29.09.2005 UNECE/FAO Policy Forum:

Forest Certification

..... for all types of Forests

29.09.2005 UNECE/FAO Policy Forum:

Forest Certification

- Developed as new approach because the boycott of tropical timber promoted by Environmental Non-Governmental Organisations (ENGOs) in the 80s failed.

Based on:
- UNCED Conference 1992, Rio de Janeiro
- Ministerial Conference 1993, Helsinki (Management of European Forests)

Definition:
- A procedure to assess the quality of forest management in relation to a set of standards of a certain forest certification system.
- Implemented as a market driven tool.

Objective:
- to support the sustainable management of all types of forest.

29.09.2005 UNECE/FAO Policy Forum:

Certification Schemes for timber and products in Germany

FSC

EcoTimber International

PEFC

Holz

Gütezeichen RAL Spanplatten

Naturland

29.09.2005 UNECE/FAO Policy Forum:

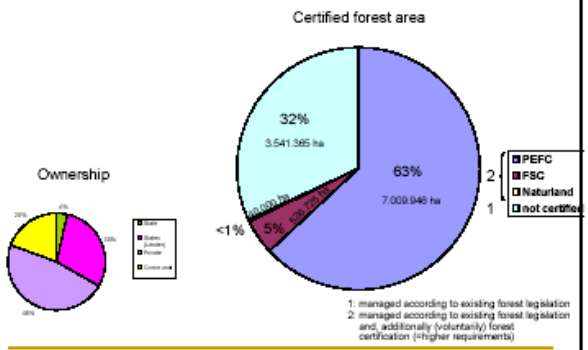
Active Certification Schemes for Forest Management in Germany

FSC since 1995 | PEFC since 1999 | Naturland since 1996

Today, forest certification is dominated by FSC and PEFC.

29.09.2005 UNECE/FAO Policy Forum:

Forests in Germany



29.09.2005 UNECE/FAO Policy Forum:

Governments role at international level

- UNCED Conference (1992), Rio de Janeiro
- Ministerial Conference (1993), Helsinki (Management of European Forests)
- International Conventions & Commitments (e.g. CITES, ILO, ITTA, CBD)
- Donors (GTZ etc.)
- .....

29.09.2005 UNECE/FAO Policy Forum:

Governments role at national level Legal Framework for Forest Management

- Federal Forest Act (2004)* & State Forest Acts (latest from 2005)
- Directives for Forest Management Planning
- Federal Hunting Act (1952* (amendment announced for 2005))
- Federal Nature Conservation Act (2002)*
- International Conventions (e.g. CITES, ILO, ITTA, CBD)

* Legal framework

29.09.2005 UNECE/FAO Policy Forum:

Governments role in Forest certification (national)

- Forest manager
  responsibile for the achievement of sustainable forest management in Federal owned Forests
- Stakeholder
- Moderator for the implementation of international agreements

29.09.2005 UNECE/FAO Policy Forum:

Governments role in Timber consumption

Public timber procurement

- Regulation for timber and timber products (but not yet implemented)
- For paper "Blue Angel"
- **Implementation through:**
- Coalition agreement (2002, between Social Democrats and Green Party)
  (Management of Federal Forests and **Public Timber Procurement** according to German FSC Standards)

29.09.2005 UNECE/FAO Policy Forum:

Development of a procurement standard or "why not simply take FSC or PEFC?"

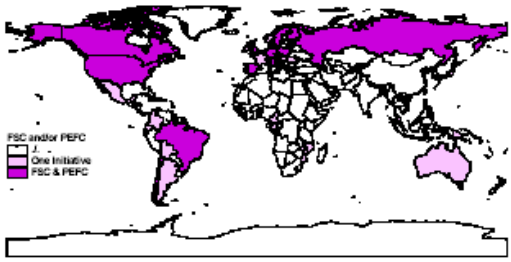
No doubt

- Timber produced in Germany is *"legally produced"*.

Question

- However, are all wood products dealt in Germany originating from SFM?

Forest Certification global overview



Public timber procurement standard (for Federal level) Paradigm for other public sectors

- **Part A: Procedural requirements**
  - Accreditation
  - Certification
  - Participation
- **Part B: Non procedural requirements**

Issues/topics
- Technical and Economic
- Social
- Ecological
- Plantations

} not yet adopted !

Public timber procurement standard (draft) Example

Criterion 1.3: A management plan exist and implementation is initiated. Periodical update of planning is performed

Indicator 1.3.1: Short- and long termed management objectives, tools for implementation and the integration in regional development schemes are identified

FSC — International level — PEFC

Principle 7: Management plan

➢ A management plan - appropriate to the scale and intensity of the operations - ***shall*** be written, implemented, and kept up to date. The long term objectives of management, and the means of achieving them, shall be clearly stated.

Criterion 1.1c:

➢ Management plans or their equivalents, appropriate to the size and use of the forest area, ***should*** be elaborated and periodically updated. They ***should*** be based on legislation as well as existing land use plans, and adequately cover the forest resources.

Public timber procurement standard (draft)

Criterion 1.3: A management plan exist and implementation is initiated. Periodical update of planning is performed

Indicator 1.3.1: Short- and long termed management objectives, tools for implementation and the integration in regional development schemes are identified

FSC — National level — PEFC

Criterion 7:

➢ A management plan - appropriate to the scale and intensity of the operations - shall be written, implemented, and kept up to date.

➢ The long term objectives of management, and the means of achieving them, shall be clearly stated.

Guidelines for sustainable Forest Management (annex III)

➢ Management plans appropriate to the scale and intensity of the operations shall be written

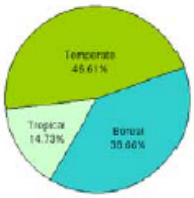
Guiding rule I

➢ Forest enterprise with a scale of more than 100 ha ***should*** prepare a management plan.....

Forest Certification Role of Governments

Did Forest Certification achieved its objectives ?

here: FSC



Certified area (FSC 01.08.2005)

World: 57,26 mio. ha (65 countries)
Europe: 31,26 mio. ha
Germany: 0,53 mio. ha

Certified area (PEFC 29.08.2005)
World: 122 mio. ha (18 countries)
Germany: 7,0 mio. ha

What are the reasons ?

An example from the Tropics: Brazil

Forest certification started in 1998

Forest area	543,905 mio. ha*
Forest plantations	4,982 mio. ha*
Certified forest area	3,415 mio. ha* (FSC) 0,220 mio. ha** (CERFLOR)

Certified Forest Type

Natural	38%
Planted	62%

However!

Annual change of forest area (1990 – 2000)	- 2, 309 mio. ha*

* FAO/State of the World's Forests, 2005, ** COFO 2005

29.09.2005 UNECE/FAO Policy Forum:

An example from the Tropis

Conclusion I

- In several developing countries SFM and/or Forest Certification objectives failed until now due to the
- Lack of adequate legislative and institutional framework

Thus,

- Governments interference should be strengthened.

29.09.2005 UNECE/FAO Policy Forum:

Forest Certification
Do Governments have a Role?

Conclusion II

- In Germany government has a role at
  - Legislative level
  - Forest management level
  - Timber consumption level
- Government's interference is essential for the international achievement of Sustainable Forest Management.

29.09.2005 UNECE/FAO Policy Forum:

Malin Andersson, "Sweden's experience"

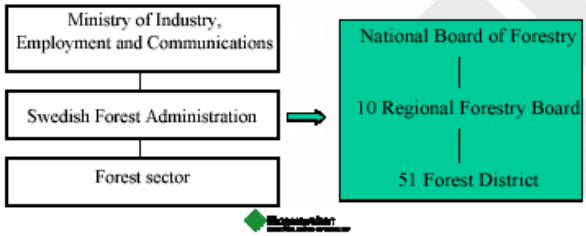
Forest Certification- Do governments have a role?

- Sweden´s experience

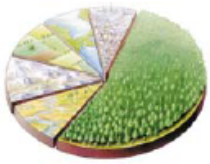
Ms Malin Andersson
National Board of Forestry

The Forest Administration

Shall work for development of the forestry sector in line with the forest policy decided by the Government and the Parliament



Certified forest in Sweden



Forestland: 22,7 milj ha

- FSC: 10 milj ha
- PEFC: 6,6 milj ha
- Certified forest: 13,1 milj (58 %)

Forest Certification- Does the Swedish government have a role?

Forest certification is a voluntary, market-based instrument to promote sustainable forest management

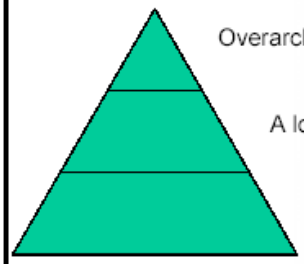
Governmental work in Sweden

- **New forest policy and law, 1993**
  - Timber production and environmental aspects are equally emphasised
  - Less regulating forest law
  - Freedom with Responsibility
  - Reduction of subsidies

Governmental work in Sweden

- **National Forest Process**
  - Implementing the forest policy
  - Develop targets for forests sector
  - 2005, third generation of targets
  - Involve all stakeholders- the National sector council

National Forest Process



Overarching political objectives

A long term target frame

Interim targets 2005-2010,
- Forest production
- Environmental values
- Multiple-use and social values

National Forest Process

- Precise targets and matching indicators

Pre commercial thinnings
By the year 2010 the area with an acute need for pre-commercial thinnings in the country should be less than 700 000 ha.

Long term protection of forest land
A further 900 000 hectares of forest land of high conservation value will be excluded from forest production by the year 2010

National Forest Process

Conclusion

- Forest certification- a voluntary and market based process
- National forest process- our way of implementing the forest policy
- Sweden's national forest process is parallel to the certification process
- Interactions between the processes

Carrie Denise Ingram, "United States' experience"

Forest Certification: Do Governments Have a Role?

UNECE/FAO Policy Forum
29 September 2005
Palais des Nations, Geneva

Introduction

- Perhaps answer a different question:
  - How does certification play a role as a tool for governments to address SFM?

What is the relevance of certification for forest owners, timber producers, and managers?

Forest Certification in the United States is:

- a reflection of the diversity of forestland tenure, resource use and governance structures
- a contemporary tool for SFM that reflects resource trends in forest management and wood market demands
- a complement to the existing state and local forest management and conservation guidelines
- an additional tool for filling the gaps of enforcement and public acceptance of production forest management and its outputs – e.g., adherence to domestic governance requirements and international laws

Forest Certification Serves Key Groups Differently

Wood suppliers	Environmental marketing, protecting market access and communicating standards – less attractive for price-takers
Buyers/consumers	Information on the environmental impact of purchases – raises questions on current forest management
Retailers/wholesalers	Environmental stewardship, corporate leadership, and price-point differentials - increased handling costs and liabilities
Communities/engos	Additional means to influence the accounting of forest management
Public agencies	Ranges from a soft policy instrument to direct investment in SFM – landowners' conflicts over use rights

Certification and Related Developments in the United States

- *Article X of Lumber Code of the National Industrial Recovery Act in 1930s (eventually found unconstitutional), with forest practices rules → private sector, voluntary use towards forest conservation*
- Tree planting efforts from 1940s
- Public discourse on forests to validate good management, build public confidence and reflect changing paradigms in 1980s
- Private, voluntary forest-specific certification in the 1990s
- Sub-national government forest-specific certification efforts

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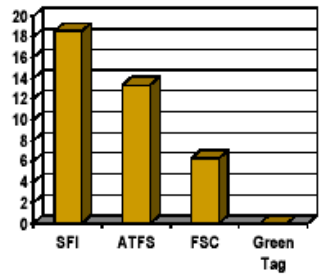
Forest-specific certification, by system, the United States (million ha), 2005



Sources: The Pinchot Institute for Conservation, 2005.

Certification and Related Developments in the United States

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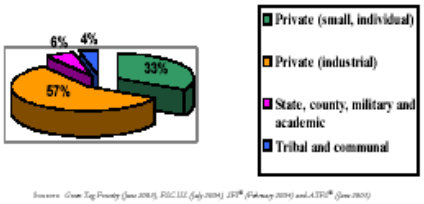
Proportion of 3rd-party, Forest-specific Certified Land in the United States, by Ownership



Sources: Green Tag Forestry (June 2005), FSC.UU (July 2005), SFI® (February 2005) and ATFS® (June 2005).

SFM Activities, Tools and Approaches in the United States

- *Collective laws, regulations, directives for natural resources management*
- Criteria and indicators initiatives – federal and state assessment of forest trends
- National Forest Sustainability Roundtable of stakeholders, including by federal, state, county and local government participation
- State level best management practices and sustainable management by private landowners

SFM Activities, Tools and Approaches in the United States

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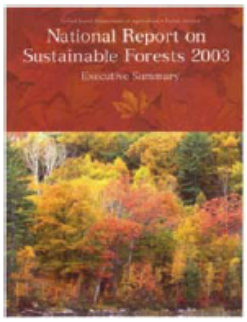
One Indication of Progress



First U.S. national report on sustainable forests

C&I principles are part of the guidelines for national forest planning

Forest Service Research & Development addressing such issues as how to measure C&I

Over 25 States have produced reports using portions of the C&I framework

University curricula are reflecting principles of C&I

SFM Activities, Tools and Approaches in the United States

- Collective laws, regulations, directives for natural resources management
- Criteria and indicators initiatives – federal and state assessment of forest trends
- National Forest Sustainability Roundtable of stakeholders, including by federal, state, county and local government participation
- *State level best management practices and sustainable management by private landowners*

Current Policy on Forest Certification of National Forests

- The United States believes it is appropriate for countries to build capacity to assess and develop the legal and institutional frameworks as the foundation for SFM; *inter alia*, the development of best management practices.
- The USDA Forest Service does not, itself, seek private 3rd-party certification of National Forests, nor act as a standard-setting or accreditation body for forest certification
- The Forest Service does not favor, nor show preference for, any one forest-specific certification system
- Non-public entities can elect to bear the cost of certifying NF lands from which they source raw material, with access to public information and data, as needed
- Two National Forests have had outside groups certify portions of their forest areas – Allegheny NF and Pisgah NF
- Currently gathering information to assess the potential benefits and costs of the possible application of third-party certification to portions of the National Forest System lands

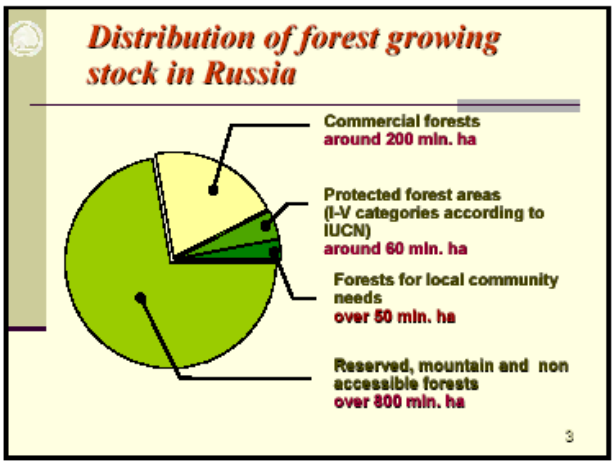
Federal Regulations on Environmental Management Systems

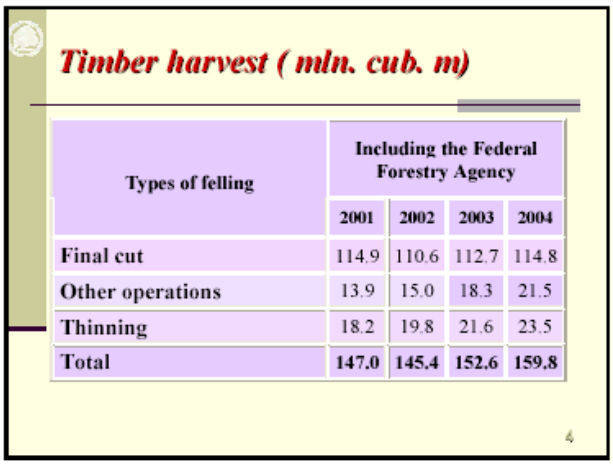
- Executive Order 13148 of 2000 on environmental management systems (EMS) for federal facilities
- 2005 Forest Service Planning Regulation for EMS conformance with ISO 14001 standards in land management process

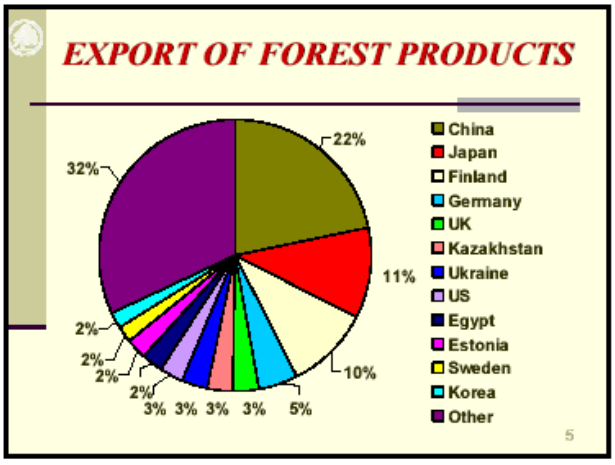
In Conclusion

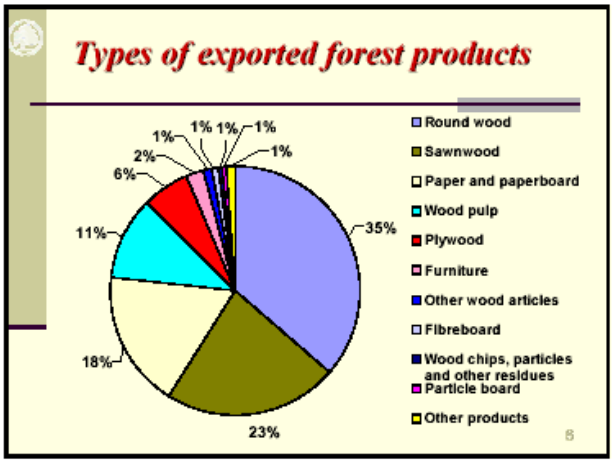
- Implementation of E.O. 13148 and 2005 planning regulations under the National Forest Management Act
- Complete forest-specific certification assessments (tests) of FS requirements aligned with SFI and FSC
- Continued assessment of certification issues with regards to federal responsibilities and roles in sustainable forest management
- Evolution and implementation of criteria and indicators of sustainable forest management and conservation of forest resources on national and sub-national levels

Rudolf Sungurov, "Russian Federation's experience









Role of forest certification

- State – an effective mechanism to transfer to sustainable forest management
- Forest business – keeping and expansion of its products markets
- Society – an arrangement to affect social commitments of forest business

7

Development of forest certification international schemes in Russia

- compliance to ISO – 9000 and ISO – 14000 standards
- under FSC principles and criteria
- under PEFC standards

8

FSC system

- the process initiated by big pulp paper mills and saw mills and managing companies exporting forest products
- 20 certificates have been issued for forest management and 34 for chain of custody
- total certified forest area is 6.4 mln. ha
- additionally about 30 forest companies are undergoing certification process their total area amounts to 7,8 mln. ha
- 20 forest companies on 3,6 mln. ha are at preparation stage for the certification

9

Development of national voluntary forest certification system

- initiated by Russian National Forest Certification Council
- in accordance with PEFC requirements the Working Group prepared documents package for operation and registration of the national voluntary forest certification system
- standards investigation process has been completed in forest management units and big logging companies
- harmonization of national voluntary forest certification standards to FSC principles and criteria is under way

10

Stages of national voluntary forest certification system development

11

Forest certification challenges

- incompliance of effective legislation and certification requirements
- reluctant involvement of local communities and indigenous people in planning and forest management
- conservation of ecosystems biodiversity
- identification and protection of high conservation value forests (HCVF)

12

Priority regions for forest certification development

13

Role of State in forest certification development

- to support the certification as a mechanism to provide sustainable forest management
- to promote FLEGT and forest certification interaction
- to support export of certified forest products
- forest certification priority in legal acts
- to inform stakeholders involved in forest relations about certification processes
- to provide conditions for training in sustainable forest management and forest certification
- to involve civil society in decision making on environmental and social problems

14

State encouragement of forest certification development

- national initiatives in forest certification
- innovative sustainable forest management projects
- forest companies in:
  - solution of sustainable forest management problems
  - establish mechanisms to trace products along chain of custody
  - priorities in long-term woodlot lease
- local communities in forest management planning and its practical implementation

15

IMPROVEMENT OF RULES AND LEGAL PROVISIONS THAT REGULATE FOREST RELATIONS IN TIMBER REMOVAL, LOGGING, TRANSPORTATION, PROCESSING AND EXPORT

Sing Khow Tham, "Malaysia's experience"

mtcc

BRIEFING ON
MTCC TIMBER CERTIFICATION SCHEME

Certification Forum, UNECE Timber Committee

September 2005

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mtcc

INTRODUCTION

MALAYSIAN TIMBER INDUSTRY

- Contributes significantly to the economy (4.3 % to GDP in 2004)
- Major source of foreign exchange
- Timber exports = Euros 3.3 billion in 2004
- Provides employment - 337,300 persons (3.5 % of total employment) (2003)

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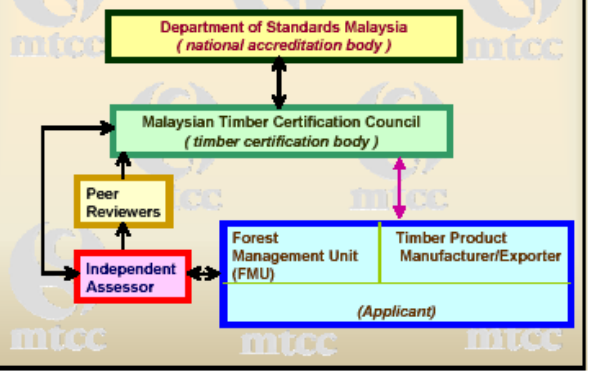
mtcc

ESTABLISHMENT OF MTCC

- MTCC started operations in January 1999 to develop and operate a voluntary and independent national timber certification scheme
- Governed by Board of Trustees - representatives from timber industry, academic & research institutions, non-governmental organisations and government agencies

MTCC TIMBER CERTIFICATION SCHEME



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mtcc

OVERVIEW OF MTCC SCHEME

MTCC

- Receives and processes applications for certification
- Arranges for assessments to be carried out by registered independent assessors
- Decides on all such applications, based on report of assessors
- Peer review needed for forest management certification
- Provides an appeals procedure for parties not satisfied with its decisions

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mtcc

OPERATION OF SCHEME

- MTCC Scheme started operation in October 2001 using phased approach
- Standard currently used for certification is the *Malaysian Criteria, Indicators, Activities and Standards of Performance for Forest Management Certification (MC&I 2001)*
- Based on the 1998 ITTO *Criteria and Indicators for Sustainable Management of Natural Tropical Forests*

OPERATION OF SCHEME

- 2005 - MTCC will use new standard (*MC&I 2002)* developed using Principles and Criteria of Forest Stewardship Council (FSC) as template
- Standard for chain-of-custody (or timber tracking) is *Requirements and Assessment Procedures for Chain-of-Custody Certification (RAP/COC)*

MTCC CERTIFICATES

Two types of Certificates are issued:

- *Certificate for Forest Management* for Forest Management Units (FMUs) (9 Certificates issued - 8 FMUs in Peninsular Malaysia & 1 FMU in Sarawak) (4.73 million ha)
- Certificate provides assurance that permanent forest in FMU is sustainably managed to requirements of *MC&I(2001)*, and timber is harvested legally

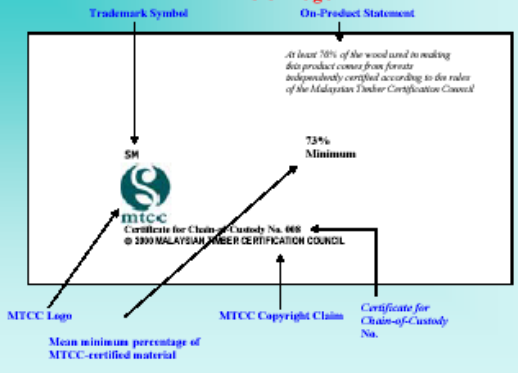
MTCC CERTIFICATES

- *Certificate for Chain-of-Custody* (CoC) for timber product manufacturers or exporters (66 Certificates issued)
- *Certificate for Chain-of-Custody* provides assurance to buyers that MTCC-certified timber products supplied by these companies originate from certified FMUs

MTCC CERTIFICATES

- All Certificate holders allowed to use MTCC logo to provide assurance that material used in the product originates from forest certified by MTCC

Key Elements to be Included on A Label Bearing the MTCC Logo



EXPORTS OF MTCC-CERTIFIED TIMBER PRODUCTS

First shipment - July 2002

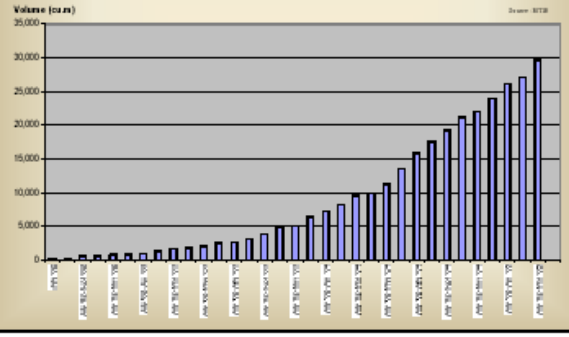
- At end March 2005 – 29,612 cubic metres exported to The Netherlands, United Kingdom, Belgium, France, Germany and Australia
- Result of promotion programmes - interest by authorities and companies to accept MTCC-certified timber products
- Danish Government – inclusion of MTCC as an accepted scheme in its document *Purchasing Tropical Timber - Environmental Guidelines*

EXPORTS OF MTCC-CERTIFIED TIMBER PRODUCTS

- Timber Procurement Policy of UK Government – MTCC scheme assessed and considered as providing assurance of legally harvested timber
- MTCC-certified timber therefore meets requirements of UK Government Procurement Policy as well as EU FLEGT process
- Hope that with use of *MC&I*(2002), MTCC scheme will be accepted as providing assurance of legally and sustainably sourced timber under UK Procurement Policy
- Discussions with Hamburg City authority – conditional recognition of MTCC scheme

EXPORTS OF MTCC-CERTIFIED TIMBER PRODUCTS

July 2002 – March 2005



MTCC-FSC COOPERATION

- MTCC-FSC cooperation since 1999
- *MC&I 2002* based on FSC Principles & Criteria developed by multi-stakeholder National Steering Committee (NSC)
- Development of *MC&I 2002* involved broad-based consultation between social, environmental and economic stakeholder groups through meetings of NSC, regional consultations in Sabah, Sarawak and Peninsular Malaysia

MTCC-FSC COOPERATION

- Action plan also adopted by NSC towards formation of an FSC National Working Group (NWG) to advance work of NSC by developing standard to be submitted to FSC for endorsement
- Regional consultations on formation of the NWG have been conducted

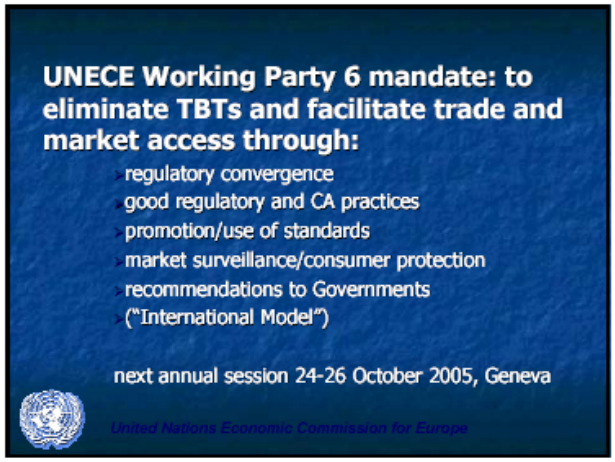
MTCC-PEFC COOPERATION

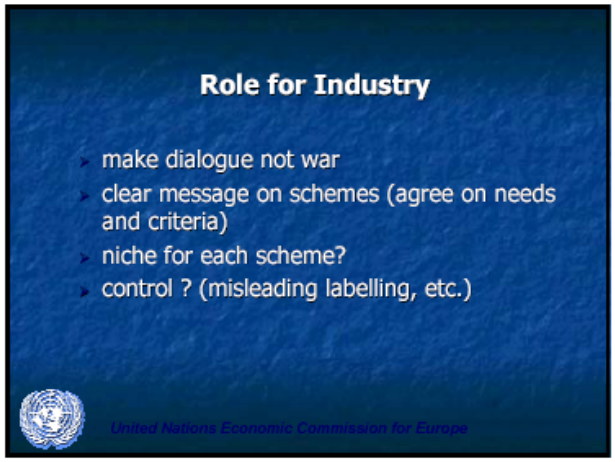
- MTCC became member of Programme for Endorsement of Forest Certification schemes (PEFC) in November 2002 and is now making preparations to submit its scheme for endorsement and inclusion in PEFC framework of mutual recognition

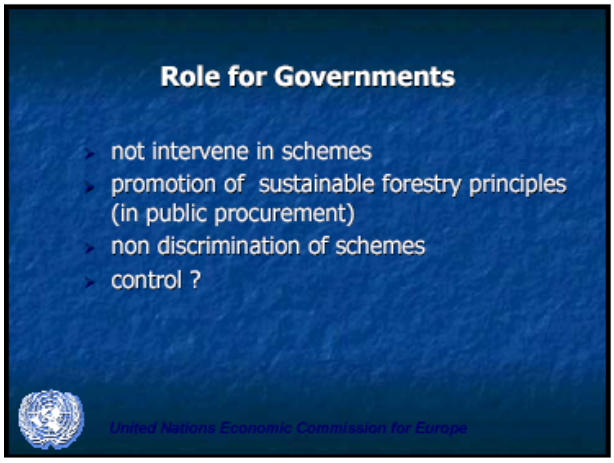
CONCLUSION

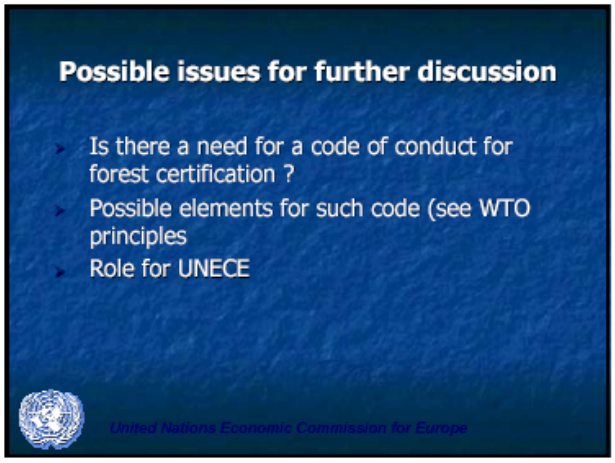
- Significant area of Permanent Reserved Forests independently assessed and certified - valuable information on current status of forest management - for improvement and further research
- Positive effect of timber certification towards achievement of sustainable forest management is acknowledged by various stakeholder groups
- MTCC-certified timber products, processed from legal and sustainable materials, now available
- Hope that markets looking for certified tropical timber products such as Germany, will accept and support phased approach taken by MTCC, in order to encourage efforts being made towards sustainable forest management in Malaysia

Christer Arvius, Serguei Kouzmine, "Technical regulation and harmonization authorities' perspective"






Role for Governments
not intervene in schemes
promotion of sustainable forestry principles (in public procurement)
non discrimination of schemes
control ?
United Nations Economic Commission for Europe


Possible issues for further discussion
Is there a need for a code of conduct for forest certification ?
Possible elements for such code (see WTO principles
Role for UNECE
United Nations Economic Commission for Europe


For more information contact
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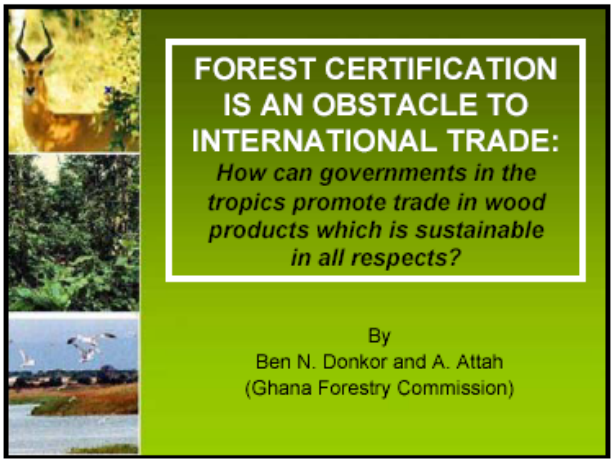
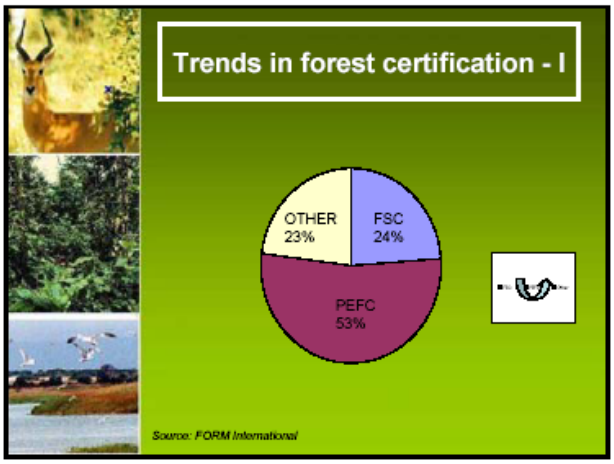
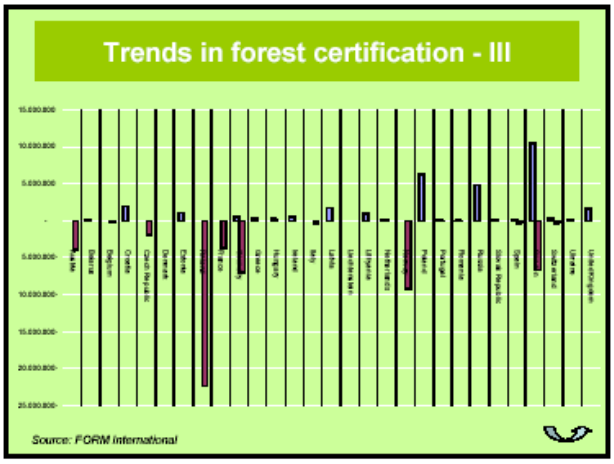
Tel. (41 22) 917 27 71
Fax (41 22) 917 0479/9170037
e-mail : Serguei.kouzmine@unece.org
United Nations Economic Commission for Europe

Ben Donkor, "Tropical producer country's perspective"







Certification: Situation in Tropical Areas

- Forest lands remain largely under Government control
- Government forest concession operators are mainly SMEs
- Governments stuck with National Certification Standards due to lack of recognition by ENGOs
- Tropical areas have become stagnant towards forest certification

Fundamental Bottlenecks to Certification in the Tropics

- Land tenure arrangement
- Structure of industry

Land Tenure Arrangement: (A case in Ghana)

- 1919 Land Administration Strategy:
  - 20% Government-controlled for reservation:
    - Timber production
    - Conservation
  - 80% Community-controlled for all other purposes:
    - Infrastructural development
    - Farming
    - Recreation

Ghana's Forest Reserves - I

Ghana's Forest Reserves - II

- Government manages on behalf of traditional authority
- Revenue sharing agreement 60:40 (Government to traditional authority respectively)
- Fringe community access rights to NTFPs by permit
- Pre-existing cash crop farms admitted in the reserves

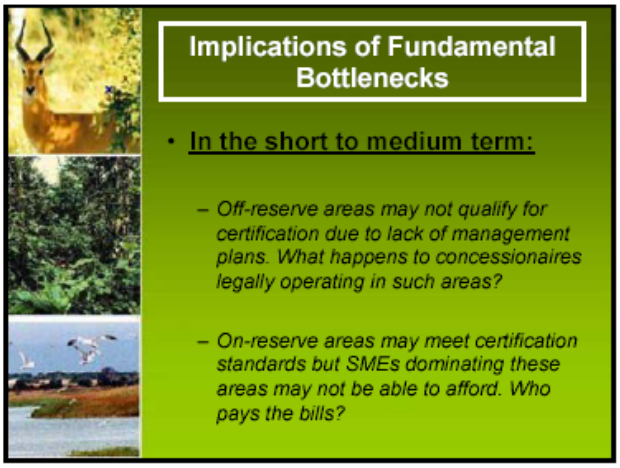
Ghana's Forest Reserves - III

Management Categories:

- Timber Production = 47%
  - *Timber Harvesting Purposes*
- Conversion = 24%
  - *Plantation Purposes*
- Protection = 22%
  - *Ecological, Wildlife, Watershed*
- Convalescence = 7%
  - *Recover Naturally from Exploitation*


Ghana's Off-reserve areas
• Under the control of traditional authorities
• Not under any specific management plan – i.e., used for all purposes
• Contained substantial amount of timber and accounted for more than 50% of industry's raw material until lately when extreme deforestation (*chainsawing/logging, fire, shifting cultivation, urbanization, etc*) limited that capability
• Accounts for about 10% of Ghana's 28% forest cover

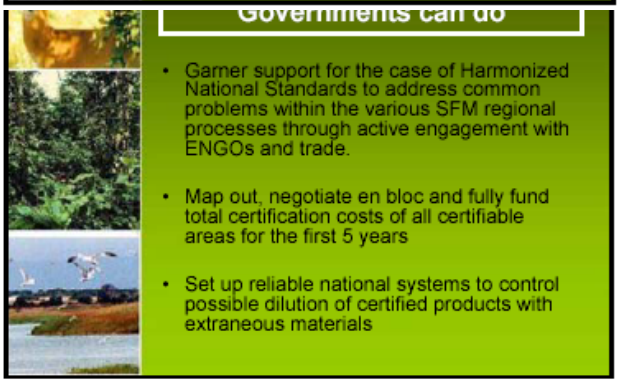

Situation of Industry
• Over-fragmented
• Dominated by SMEs of mainly natives who have greater portion of the forests
• Native SMEs are in serious liquidity problems
• Many companies have closed down due to raw material shortage and financial problems yet industry's overcapacity lingers.
• In spite of difficulties, native companies still prefer solitary existence whereas their foreign counterparts are grouping to enjoy economy of scale


Implications of Fundamental Bottlenecks
• In the short to medium term:
– *Off-reserve areas may not qualify for certification due to lack of management plans. What happens to concessionaires legally operating in such areas?*
– *On-reserve areas may meet certification standards but SMEs dominating these areas may not be able to afford. Who pays the bills?*

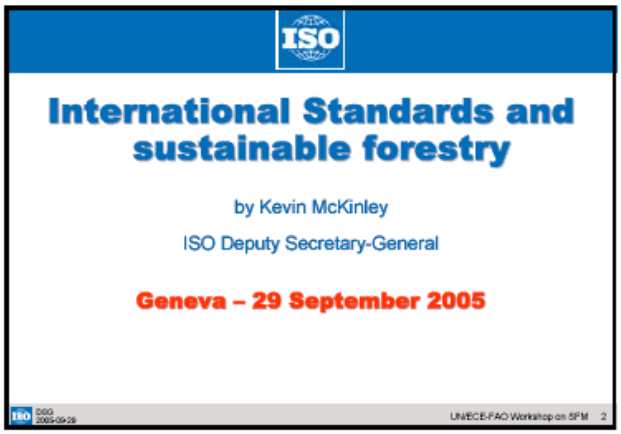

International and national initiatives in respect of certification
– FLEGT/AFLEG
– Voluntary Partnership Agreement
– Government Purchasing Policies
– International schemes and how they accommodate concerns of tropical
– National schemes and slow rate of acceptance – the case of the Malaysian Timber Council
– Independent monitoring and engagement of governments
• *Processes for consultation*
• *Engagement of trade in producer and consumer countries*
• *Pressure from NGO's in producer and consumer countries*

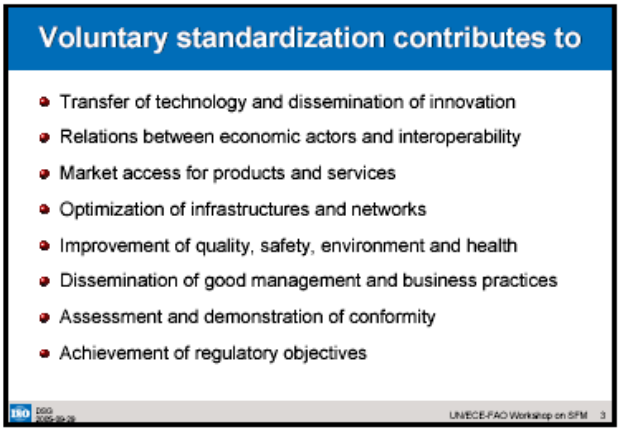

Benefits from Certification: – Tropical timber perspective
• Response to global demands
• Channel for forest fringe communities to influence policies
• Increased market share
• Image protection
• Induces further processing
• Facilitates administration of forest laws
• Sustainable Forest Management (SFM) of the resource

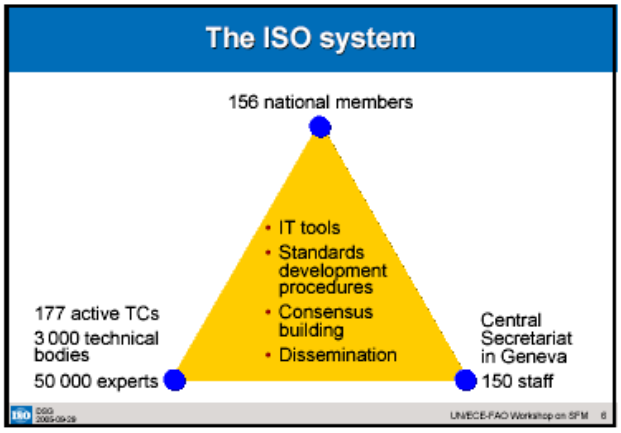

Constraints from Certification: – Tropical timber perspective
– Generalized stigmatization of tropical hardwoods
– Timber distributors' reactions to pressure of boycotts by ENGOs. *e.g., emergence of the Responsible Purchasing Policy (RPP) from buyers in the EU*
– Proliferation of policing mechanisms with potential to impede free trade
– Increased production cost will exacerbate domestic wood supply problems
– Exertion of extreme pressure on national budget in the short to medium term


Governments can do
• Garner support for the case of Harmonized National Standards to address common problems within the various SFM regional processes through active engagement with ENGOs and trade.
• Map out, negotiate en bloc and fully fund total certification costs of all certifiable areas for the first 5 years
• Set up reliable national systems to control possible dilution of certified products with extraneous materials

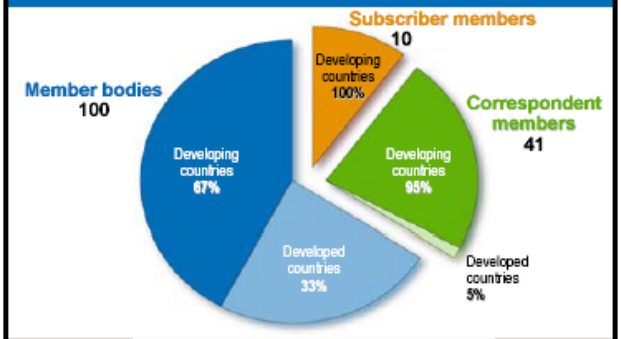
Kevin McKinley, "International Standardization Organization's perspective"







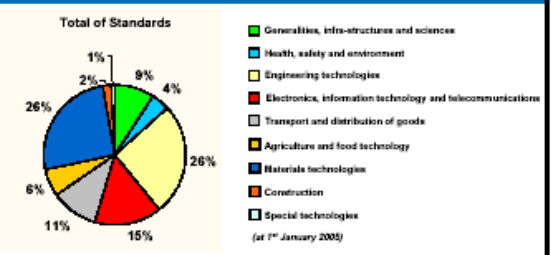
Developing countries in ISO



ISO and the international scene

- WTO: observer status and collaboration
- UN and UN agencies: CODEX, ILO, IMO, ITC, UN/ECE, UNIDO, WHO, WTO-OMT, FAO
- 580 liaisons with international organizations in technical work
- Links with six regional bodies (ACCSQ, AIDMO, ARSO, CEN, COPANT, EASC) and PASC
- Economic actors: CI, IAF, ICC, IFAN, ILAC, WBCSD, WEF

Overview of ISO's Technical Programme



- Currently more than 15 000 standards in catalogue
- Approximately 4 000 active standards development projects

Strategic Plan 2005-2010

1. Developing a consistent multi-sector collection of globally relevant International Standards
2. Ensuring the involvement of stakeholders
3. Being open to partnerships for the efficient development of International Standards
4. Raising awareness and capacity in developing countries

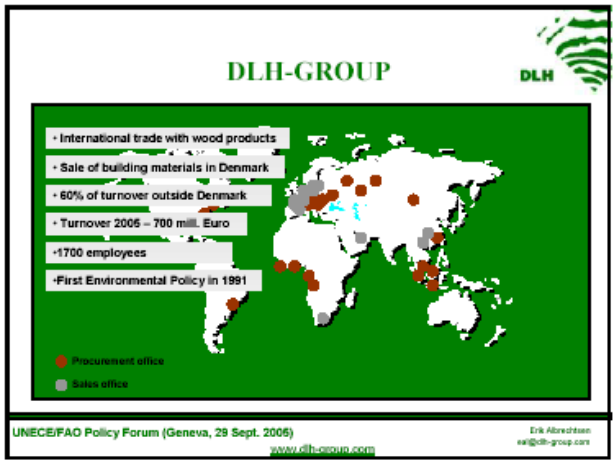
Strategic Plan 2005-2010 (cont.)

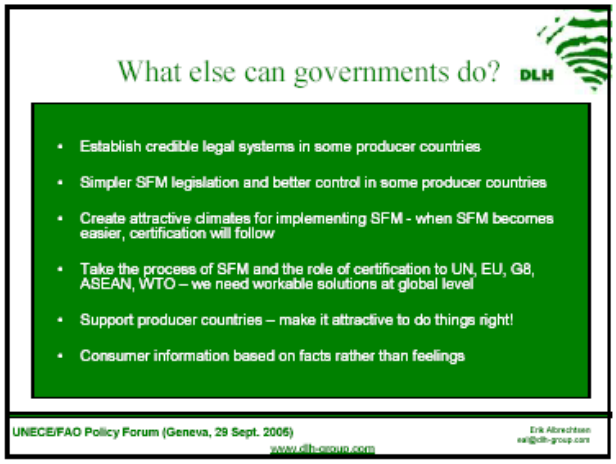
5. ***Promoting the use of International Standards as a substitute or support to technical regulations***
6. Being the neutral provider of a complete range of IS and guides for conformity assessment
7. Providing efficient procedures and tools for the development of a coherent and complete range of deliverables

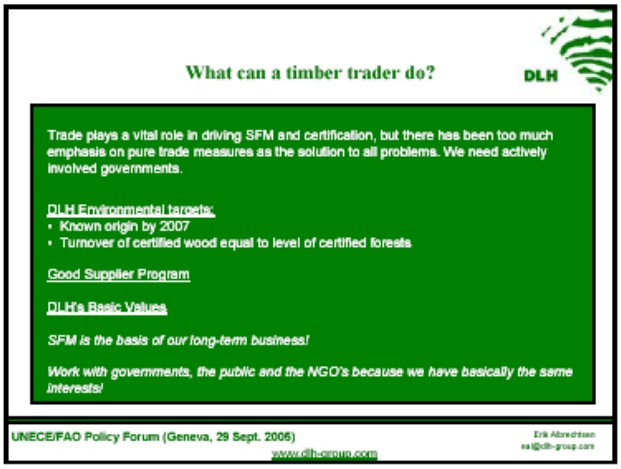
ISO work related to sustainable forestry

- ISO/TC 207, *Environmental management*
  - ISO 14001:2004 *Environmental management systems — Requirements with guidance for use*
  - ISO 14004:2004 *Environmental management systems — General guidelines on principles, systems and support techniques*
  - ISO TR 14061:1998 *Information to assist forestry organizations in the use of Environmental Management System standards ISO 14001 and ISO 14004*
- ISO/218, *Timber*
  - Terms, definitions, classifications, methods of sampling and testing for timber and timber products
- ISO member national standards
- Government interest in international sustainable forestry standardization

Erik Albrechtsen, "International timber trader's perspective"






What can a timber trader do?
DLH
Trade plays a vital role in driving SFM and certification, but there has been too much emphasis on pure trade measures as the solution to all problems. We need actively involved governments.
DLH Environmental targets:
• Known origin by 2007
• Turnover of certified wood equal to level of certified forests
Good Supplier Program
DLH's Basic Values
SFM is the basis of our long-term business!
Work with governments, the public and the NGO's because we have basically the same interests!
UNECE/FAO Policy Forum (Geneva, 29 Sept. 2006)
www.dlh-group.com
Erik Albrechtsen
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DLH
Thank You!
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Some facts about the Timber Committee

The Timber Committee is a principal subsidiary body of the UNECE (United Nations 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 UNECE and participate in its work. The UNECE 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 UNECE or the Timber Committee as being of priority, including the facilitation of sub-regional 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 complementarities 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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UNECE/FAO
Publications

Timber Bulletin Volume LVIII (2005)ECE/TIM/BULL/2005/3
Forest Products Annual Market Review, 2004-2005

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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 UNECE/FAO activities. The Discussion Papers do not represent the final official outputs of particular activities but rather contributions, which because of their subject matter or quality, deserve to be disseminated more widely than to the restricted official circles from whose work they emerged. The Discussion Papers are also utilized when the subject matter is not suitable (e.g. because of technical content, narrow focus, specialized audience) for distribution in the UNECE/FAO Geneva *Timber and Forest Study Paper* series. Another objective of the Discussion Papers is to stimulate dialogue and contacts among specialists.

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Further information about forests and forest products, as well as information about the UNECE Timber Committee and the FAO European Forestry Commission is available on the website www.unece.org/trade/timber. Information about the UNECE may be found at www.unece.org and information about FAO may be found at www.fao.org.

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