

Forest Certification: Forging Novel Incentives for the Environment and Sustainable Forest Management

Proceedings of the International Workshop

Brussels, Belgium

6–7 September 2001

Markku Simula, Ewald Rametsteiner, Anni Blåsten,
Tim Green and Brita Pajari (eds.)

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Tim Green, Technical Editor
Brita Pajari, Events Manager

Editorial Office: European Forest Institute
Torikatu 34
FIN-80100 Joensuu, Finland

Phone: +358 13 252 020
Fax: +358 13 124 393
Email: publications@efi.fi
WWW: <http://www.efi.fi/>

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Foreword

The European Commission hosted an international workshop, arranged by Indufor and the European Forest Institute, in Brussels on 6–7 September, 2001, to examine the scope and options for possible validation or endorsement of certification schemes to enhance the effectiveness and efficiency of forest certification as a tool to promote sustainable forest management globally. The option of taking no action was also considered.

The purpose of the Workshop was to inform certification experts of Member States and the Commission personnel on the current state of forest certification and its novel applications. In addition, the Workshop offered an opportunity for stakeholders to exchange views and share experiences on the implementation of forest certification.

The Workshop was also a contribution to the on-going international dialogue on exploring the need for, and possible mechanisms of, mutual recognition between certification schemes. The Workshop built on the results of the FAO-GTZ-ITTO Seminar on ‘Building Confidence among Forest Certification Schemes and their Supporters’ (Rome, February 2001), the CEPI Seminar on Mutual Recognition of Credible Forest Certification Systems (Brussels, November 2000) and the PEFC/EU Technical Seminar on the Requirements of Mutual Recognition between Sustainable Forest Management Certification Schemes (Brussels, June 2000). The Background Paper by Rametsteiner and Simula was sent to participants before the Workshop, and formed the basis for further lively discussion during the event. Some of the contributions presented at this meeting were PowerPoint presentations. These contributions are also included in this Proceedings.

The specific issues raised during the workshop were:

- What new applications are emerging for forest certification;
- Whether there is a need for action at international level to address the issue of several parallel market-based certification schemes;
- What needs and opportunities does forest certification create for governments and how to link it with other instruments;
- How far could existing elements serve for validation or evaluation of forest management standards and certification systems;
- What minimum requirements could or should be set for forest certification systems;
- What lessons can be learned from assessment of forest certification systems;
- What needs and options exist for international institutional arrangements for validation of certification standards and systems;
- How could modalities for a further dialogue be developed (e.g. how to involve all stakeholders and build mutual confidence and ownership of the international dialogue).

The Workshop had a total of 61 participants representing governments, international organisations, and various stakeholder groups including forest owners, forest industry and

trade, buyers of forest products, and non-governmental organisations. Four participants came from developing countries.

Finally, I would like to thank the speakers, moderators, rapporteurs, participants and all those involved in the organization of this event and in the publication of this Proceedings.

Helsinki, October 2001

Markku Simula

Workshop Report

Moderators' Closing Remarks

The following Moderators' Closing Remarks provide an overview of some of the main points raised in the Workshop. While the participants discussed and commented on the draft summary and their comments have been taken into account, the text still remains the Closing Remarks of the Moderators (Markku Simula and Ewald Rametsteiner). It should not be seen as expression of a consensus view of the participants and it should be read in conjunction with the summaries of the reports of the Group Work (see later in this publication).

1. In mid-2001 close to 82 million ha of forests have been certified to be well or sustainably managed. About 60% of the certified area is located in Europe, and only about 10% is located in developing countries. The area is growing fast under different certification schemes.
2. There is a potential to enhance the role of forest certification in promoting sustainable forest management (SFM) and to broaden the range of application, but proactive action is required to tap this potential. Forest certification might be used together with, or as a means of assisting, other instruments such as public procurement, eco-labelling, verification of carbon sinks and other environmental services of forests, enforcement of government regulation, implementation of tariff preferences, and development cooperation. However, operational links with these instruments would require careful assessment and definition of what 'credible' or 'acceptable' forest certification means in practice in order to ensure that the goals of certification are not compromised.
3. Certification offers opportunities to promote SFM and the use of timber, and to gain public support for forestry. Experience points to the importance of involving stakeholders in the process and trying to reach consensus before making decisions. Governments can act as a facilitator in this process.
4. Voluntary certification schemes are likely to raise fewer concerns than mandatory ones when used as a means to promote trade of products from sustainably managed forests. They are less likely to be seen as an unnecessary non-tariff barrier to trade. However, views vary between countries on how to interpret WTO rules affecting voluntary certification schemes based on standards for non-product related processes and production methods (PPMs). Furthermore, there is some uncertainty regarding standard setting activities that affect trade. There are also different views on the central governments' responsibility *vis-à-vis* local governments and non-governmental bodies as regards certification. Questions have been raised on the central governments' obligations regarding bodies such as retailers and local and regional governments, which make it mandatory that products purchased must be certified. Further guidance on these issues could facilitate the design of forest certification schemes.

5. There has been insufficient, but increasing awareness on social problems in forestry and how they should be addressed in certification. Human input into forest management, sharing of benefits, participation and conflict resolution were singled out as the three most important components of the social dimension of forest management. A number of ILO Conventions and other ILO texts offer a useful common basis for minimum social criteria for SFM and they are already included in some certification standards.
6. There is a strong demand for information about the different certification schemes and their characteristics. In spite of several efforts to benchmark or compare forest certification schemes, there is still insufficient information on their substantive differences. Further research and discussion on this subject was encouraged. There is also lack of clarity on terminology and definitions. Internationally accepted specifications should be used as far as possible.
7. Stakeholders have different views on minimum requirements of certification standards and schemes, but they also share many common elements. As forests are valued differently by stakeholders, there are difficulties and controversies in determining a globally acceptable definition for SFM and forest certification standards. Further open dialogue involving balanced participation of all stakeholder groups was called for to build confidence and to clarify why some stakeholders cannot accept some systems.
8. Some of the key concerns of stakeholders on certification schemes are related to environmental and social performance, lack of trust between actors, participation, transparency, subsidiarity, conflict between property rights and demand for forest services by society, ownership of schemes, legitimacy, possible monopoly, lack of net economic benefits for forest owners, and mutual recognition between schemes.
9. Participants suggested that there is a need or desire to have an agreed set of clearly defined evaluation criteria to assess forest certification standards and systems. The main users of such criteria would include developers of certification schemes, buyers and consumers, forest owners, industry, other stakeholders, and governments. Such criteria could help users to make informed decisions on how to develop, evaluate or choose between schemes, or how to assess credibility of claims and labels.
10. Elements to be covered by such criteria could include contents of the standard, standard setting, chain-of-custody, and labelling. The latter two could be considered separately from forest certification. As regards conformity assessment bodies (certification and accreditation), the available international guidance should be used as much as possible. The most sensitive issues are related to the procedures of standard setting and certification as well as governance.
11. A clear need was identified by most participants for an institutional arrangement to validate/evaluate forest certification schemes and a number of options were considered. Such a validation/evaluation system should apply agreed minimum requirements for forest certification schemes, it should preferably be managed by an appropriate independent international body (existing or new), and it should involve the participation of all stakeholder groups.
12. The establishment of multilateral arrangements between existing certification schemes, possibly through a multilateral facilitating body, was also seen as a potentially useful option. One integrated single scheme to be applied globally using a common standard and a common label/trademark was considered, but a number of reservations were expressed which would need to be addressed in order to make this option an appropriate arrangement to cater for all situations. Further analytical work towards the development of tools for the assessment of individual certification schemes was seen as a useful complementary effort.

13. Several suggestions were made concerning a body that could facilitate the work towards international arrangements for a validation/evaluation system, including establishing a new body or forum, or using existing bodies. It was emphasised, that any such body or forum should be neutral and acceptable to interested stakeholder groups. However, not all participants agreed that a body would be needed for facilitation.
14. A phased approach should be promoted to enable producers, especially in developing countries, to participate at an early stage in the certification process. Such an approach would involve specific milestones toward a full certification status and external verification of their achievement. Further work is needed to define a suitable approach, which could possibly be linked with concessionary financing and other support. Due to their prevailing constraints in human and financial resources and institutions, developing countries should be provided with support for capacity building in order to implement certification.
15. The Workshop participants felt that there was a need for immediate follow-up action to continue the dialogue at the international level, involving balanced participation of all stakeholder groups from the beginning. This dialogue should aim at building confidence and addressing open issues related to different aspects of certification. Most participants felt that there is also urgency to develop evaluation criteria to assess certification systems and to find out how these criteria could best be put into practice.

Organisation of the Work

The work was carried out in four sessions focusing on: (i) a number of key issues including novel applications of forest certification, the role of governments, the interpretation of international trade rules and social aspects in forest certification; (ii) evaluation/validation criteria to be used to assess forest certification standards and systems; (iii) an international arrangement for implementing a validation/evaluation system; and (iv) conclusions and recommendations.

Dr. Markku Simula and Dr. Ewald Rametsteiner acted as moderators. Two group work sessions were organised in four groups. The reports from each of the groups for both group work sessions are presented after the papers and presentations in this Proceedings.

Opening

The Workshop was opened by Mr Christoph Bail who explained the Commission's expectations of the workshop and emphasised the international policy aspects of certification. The Commission is committed to promote credible certification as one tool for promoting sustainable forest management. The Commission does not want to establish an EU forest certification scheme, but there is an increasing need to develop a common understanding on what credible forest certification is, and to find ways for how various stakeholders can work to this end. This would help the Commission to promote certification with its various instruments in a number of policy areas, including environment, internal market, trade, development Cupertino and rural development. Mr Bail expected an exchange of cutting-edge information and the development and evaluation of feasible options through active engagement, creativity and tolerance of the workshop participants.

In his welcoming remarks, Mr Nicolas Hanley reiterated the importance of forests to the Commission's environmental policy and programmes, in particular the Biodiversity Action Plan. Certification can be one instrument to monitor changes in the environment on the ground. While various references to certification are made in the EU policy documents, it has become necessary to define what, for example, 'encouraging' and 'credible' mean in practice.

Novel Applications and Key Issues

In his introductory remarks, Mr Markku Simula (Indufor) presented an overview of the certification situation in the world and explored novel potential applications of certification, such as verification of carbon-sinks and other environmental services, certification of legal compliance and specific forest management requirements as well as risk mitigation and facilitation of access to financing of SFM. The needs for future action to define 'credible' certification derives not only from trade, but also from potential benefits of linking certification with other instruments (tariff preferences, eco-labelling, public procurement, promotion of wood, development cooperation, etc.).

Mr Stuart Goodall (UK Forestry Commission) explored the opportunities offered by certification to governments. He noted, *inter alia*, that there has not yet been sufficient will or external pressure to persuade stakeholders to reach an international consensus on certification. In the UK government's engagement with certification, there is a need to define credible certification and the Government will work with experts and stakeholders to achieve this. In the discussion, several clarifications were made on the situation in the UK.

Mr E. Wijkström (WTO) addressed the issue of the relationship between the WTO rules and forest certification. He noted that, in the context of discussions at the WTO, countries have diverging views on the applicability and consistency of the TBT Agreement on certain labelling issues. For example, the issue of the applicability and consistency of the TBT Agreement *vis-à-vis* non-product related process and production methods (PPMs) is one point of discussion. Also so is the nature of the TBT Agreement's applicability to non-governmental voluntary standard setting activities. The basic disciplines contained in the TBT Agreement require that technical regulations and standards affecting imported products should apply equally to imported products irrespective of their source, and furthermore, that they should require the same of similar products produced at home (most-favoured nation treatment and national treatment, respectively). The TBT Agreement also requires that such regulations not create unnecessary obstacles to trade. Mr Wijkström noted that it was particularly important that concerns from developing countries – some of whom hold the view that certification tied to labelling could have the effect of unnecessarily restricting their exports – be taken into account.

Dr. Peter Poschen (ILO) pointed out that social sustainability has only relatively recently been recognised in its full extent in the SFM context. Social criteria tend to be site specific, and therefore, their harmonisation is difficult. The ILO Conventions and other ILO texts provide a useful basis for minimum standards for social aspects in forest certification standards.

Mr Wolfgang Schopfhauser (CEPI) presented the on-going work to revise CEPI's Comparative Matrix of Certification Schemes which has been a widely used source of information on the subject. The revision process will involve extensive consultations along the various comments and views received so far. The approach is resource intensive and costly, but it responds to strong demand for information on individual schemes. Stakeholder views will be incorporated.

Criteria to Assess Certification Standards and Schemes

Mr E. Rametsteiner (European Forest Institute/University of Agricultural Sciences, Vienna) presented the results of the review of available guidance on certification standards and systems. Due to the complexity of certification systems, they should be broken down into components and evaluated separately based on common criteria. Forest management standards cannot be harmonised at the international level due to the heterogeneity of local situations, but a common framework for SFM can, and indeed should, be defined. Many components, such as conformity assessment procedures and bodies, are well defined in the existing guidance documents of ISO.

Four stakeholder representatives expressed their views on minimum requirements of credible forest certification. Ms Saskia Ozinga (FERN) stated that NGOs have had problems in their participation in the workshop and definition of its agenda. She emphasised the importance of confidence building and pointed out that it is too early to develop common criteria for certification systems. Lack of trust between stakeholders has meant that progress has been slow. Europe is the testing ground for what kind of minimum criteria will be adopted for certification schemes. As forests have different values for different people, it has proved to be difficult to define SFM in practice. She also presented FERN's criteria for credible certification systems. Improved tools for assessment of schemes are useful, but the problem remains why various assessments yield differing results although using a common framework. Further open dialogue owned by all participants is needed.

Mr Joseph Crochet (Confederation of European Forest Owners, CEPF) emphasised the importance of the agreed provisions of the Rio Declaration and Agenda 21 that provide a holistic integrative bottom-up approach required to reach sustainable development through a democratic process, and not through segregation of interests into artificial chambers. Certification initiatives should be based on political processes, which ensure that legal requirements are respected. Forest managers and owners are responsible for handing over the natural heritage to future generations. Therefore, their viewpoints and concerns are crucial. The principle of subsidiarity in carrying out SFM is important and should be the core of certification initiatives. Consequently each country should develop its own certification standards based on internationally agreed criteria and indicators for SFM. Certification should not lead to any discrimination of small-scale forest owners. Certification should neither lead to any discrimination of small-scale forest owners nor should it build up non-tariff barriers to trade. Certification should equally not be a potential threat for privatisation processes or lead to an infringement of property rights.

Mr Hannu Valtanen (Finnish Forest Industries Federation), representing the International Forest Industries Roundtable (IFIR), presented IFIR's Mutual Recognition Framework, which includes criteria to be set for acceptable certification systems. The IFIR members see that diversification among certification systems is needed on one hand, but on the other hand, there is a need to establish a network of credible systems through mutual recognition. The IFIR model includes an institutional arrangement and nine criteria to be set for the scope and contents of standards. Accreditation is an essential component and should be organised through legitimised bodies. There is a question mark whether single-issue labels will have a long-term future.

Mr Max von Abendroth (German Magazine Publishers' Association, VDZ) explained that German magazine publishers generally demand certification of SFM. He presented the seven criteria, which VDZ defined already in 1998 for acceptable certification schemes. Currently FSC and PEFC are considered to meet these criteria. VDZ advocates mutual recognition of certification systems.

The group work tasks requested participants to consider the need for validation/evaluation criteria to assess forest certification standards and schemes as well as their coverage and contents. The reports of the group work are presented later in this publication.

Institutional Arrangements for a Validation/Evaluation System

Mr Kees Bosdijk (Keurhout Foundation) provided an overview of the market situation of certified timber and presented the Keurhout system for the verification of forest management certificates based on the minimum requirements of the Dutch Government. The Dutch Government is in the process of revising their minimum requirements. Fitting the system into national accreditation structures is under consideration. Several practical aspects relevant to applying the 'Keurhout formula' outside the Netherlands were also discussed. It was pointed out that this approach could be a solution to the 'tribal warfare' between schemes and their supporters.

Mr Simula gave an introductory presentation on a range of options that are available or have been proposed for recognising or validating certification standards and schemes. These options were then analysed in the group work. The reports of the group work are presented later in this publication.

Closing Session

The first draft of the Moderators' Closing Remarks was presented and preliminarily discussed. It was agreed that participants will have an opportunity to review and comment on the second draft after which the final version (the first section of this Executive Summary) was prepared by the Moderators.

The Workshop was informed on the forthcoming workshop on certification to be organised by ITTO during the first quarter of 2002 which will offer one opportunity to make progress in the international dialogue. FAO has offered to collaborate in the organisation of the Workshop.

In his closing remarks, Dr. Dieter Schöne remarked that forest certification has not yet reached its full potential. The results of the Workshop will contribute to tapping this potential. He reiterated that the purpose of the workshop was to provide the EU Member states and the Commission staff an opportunity to learn about the state-of-the-art and key issues related to the implementation of certification, thereby assisting the European Commission to implement its mandate in promoting forest certification and integrating it with other policies.

Mr Nicolas Hanley reiterated the importance of lessons learned in multifaceted action related to certification and the need to involve all stakeholders in the process as is taking place in the case of development of other EU policies. The results of the Workshop will be carefully analysed when the EC is planning its next actions.

Other Contributions

After the Workshop, the WWF representative wished to put on record that WWF would offer to participate in a follow up dialogue. WWF could even consider hosting such a discussion with the EC or other stakeholders (forest owners), taking into consideration all stakeholders' perspectives.

**Background Paper for Workshop on Forest Certification:
Forging Novel Incentives for Environment and
Sustainable Forest Management**

Brussels, September 6–7, 2001

Ewald Rametsteiner¹ and Markku Simula²

¹EFI Regional Project Center, Vienna, Austria

²Indufor Oy, Helsinki, Finland

List of Abbreviations and Acronyms

AF&PA	American Forest & Paper Association
AFFA	Department of Agriculture, Fisheries & Forestry of Australia
APEC	Asia-Pacific Economic Cooperation
ATO	African Timber Organization
C&I	criteria and indicators
CEC	Commission of European Communities
CEPI	Confederation of European Paper Industry
CIB	Congolaise Industrie de Bois
CIFOR	Center for International Forestry Research
CoC	chain of custody
COM	Commission Interpretative Communication
CSA	Canadian Standards Association
DFID	Department for International Development (UK)
DIS	Draft International Standard
EA	European Cooperation for Accreditation
EAP	Environment Action Programme
EC	European Commission
EEC	European Economic Commission
EFTA	European Free Trade Association
EMAS	Eco-management and Audit Scheme
EMS	environmental management system
ENGO	environmental non-governmental organization
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FM	forest management
FMU	forest management unit
FSC	Forest Stewardship Council
FTAA	Free Trade Area of America
GEN	Global Ecolabelling Network
GSP	General System of Preferences
GTZ	Gesellschaft für Technische Zusammenarbeit
IAF	International Accreditation Forum
IEC	International Electrical Commission
IFF	Intergovernmental Forum on Forests
IFIR	International Forest Industry Roundtable
IFOAM	International Federation of Organic Agriculture Movements
ILAC	International Laboratory Accreditation Co-operation
ILO	International Labour Office

IOAS	International Organic Accreditation Service Inc.
IPF	Intergovernmental Panel on Forests
ISEAL	International Social and Environmental Accreditation and Labelling
ISO	International Organization for Standardization
ITTO	International Tropical Timber Organization
LEI	Lembaga Ekolabel Indonesia (Indonesian Ecolabeling Institute)
LULUCF	Land-Use, Land-Use Change and Forestry
MCPFE	Ministerial Conference on the Protection of Forests in Europe
MERCOSUR	Southern Cone Common Market
MFCS	Mandatory Forest Certification System
MR	mutual recognition
MRA	mutual recognition agreements
MSC	Marine Stewardship Council
NAFTA	North American Trade Agreement
NGO	non-governmental organization
NTCC	National Timber Certification Committee (Malaysia)
P&C	FSC Principles and Criteria
PCIV	Principles, Criteria, Indicators and Verifiers
PEFC	Pan-European Forest Certification
PfA	Plan for Action
PPM	processes and production methods
SADC	Southern African Development Community
SFI	Sustainable Forestry Initiative
SFM	sustainable forest management
TBT	Technical Barriers to Trade
TR	Technical Report
UK	United Kingdom
UNCED	United Nations Conference on Environment and Development
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNFF	United Nations Forum on Forests
US, USA	United States of America
WTO	World Trade Organization
WWF	World Wide Fund for Nature

PART I: State-of-the-Art and Novel Applications of Forest Certification

1. From Market Solution to Potential Market Problem

Forest certification emerged in the early 1990s as a market-based response to address consumer concerns related to deforestation and quality of forest management in areas where traded wood products are sourced from. After a slow start spearheaded by the Forest Stewardship Council (FSC), the situation has radically changed when other schemes became operational.

Certification is currently driven by a variety of interests. For example, it is an instrument for environmental marketing for industry and trade. For buyers and consumers, it provides information on the impacts of products that they purchase. For forest owners and managers, it is a tool for market access, gaining market advantage, or perhaps capturing price premiums. For the environmental movement, it is a means to influence how forests are managed and to promote conservation. For governments, it is a soft policy instrument to promote sustainable forest management (SFM), sustainable consumption patterns as well as a variety of environmental and social goals. For investors, it can help in risk mitigation. Others may see additional benefits or interests in forest certification.

It needs to be recognized that developed countries, countries in transition and developing countries are in quite different situations with regard to their needs, possibilities and resources to make use of certification. For the last two groups of countries, certification is mainly perceived as yet another market requirement imposed by importers that is difficult to meet, and therefore, risks becoming a barrier to trade rather than helping these countries to promote their exports.

Forest certification is currently one of the most contentious issues in international forest policy as it is a trade-related instrument and countries feel that it could influence their competitiveness and market access. In particular, tropical timber producers are afraid that their difficulties in achieving certification status would increase their costs and take time to reap market benefits. This conclusion is supported by the fact that most of certified forests are found in industrialized countries.

Certification standards have been largely developed outside the established standard setting bodies, and schemes and programmes are operated by private bodies. Views differ on the desirable level of public regulation of such schemes ranging from leaving it to the market to decide which schemes will survive to a situation where governments should have a certain role with regard to schemes and the standards they apply in order to ensure that certification brings added value and truthful communication to consumers. Certification can also be implemented under government control as a mandatory requirement.

The crux of the international debate centres on credibility criteria for certification schemes and whether or how cooperation between individual schemes should be arranged (if any). More deeply, it is a question about who should define forest management standards and how this takes place.

Mutual recognition has been proposed as one of the solutions to the problem of proliferation of national certification schemes. If each scheme used their own label in international trade, it would be difficult for producers, buyers and consumers to establish which ones should be considered reliable. If left to competition alone, many producers with certificates issued by their national schemes, particularly in developing countries, would have insurmountable difficulties in defending their market position. Buyers cannot be expected to make an assessment of the credibility of certificate as the task is complex and requires expertise and information they do not usually have.

There is, therefore, a pressing need to have clarity about which certificates and labels related to forest management quality can be considered 'reliable'/'credible'/'acceptable' to assure consumers that certified forest products are sourced from areas which are managed in an environmentally and socially sound way. Boycotts or discrimination of tropical timber are constantly looming. Some local governments in Central Europe require that timber products can only be used in their projects if they are certified while others have more blunt measures to restrict tropical timber use (Belgium, Germany, the Netherlands and the UK). The Buyers' Groups of the Global Forest Trade Network, representing a market factor in about a dozen countries, have made commitments to buy only certified products. These commitments have not been possible to meet due to lack of available supply. It is unclear whether these groups will accept certificates issued by national schemes, or on what conditions it could take place.

Eco-labelled products (covering environmental impacts over the entire life cycle) often represent a limited part of a certain product market: European eco-labelled products normally represent less than 20% and, in some cases, less than 5% of the product markets (CEC COM/2001/274)¹. Labelling in such a situation is clearly a promotional tool. In the case of single-issue forest certification and related labelling, the situation appears to be quite different. Most committed buyers (or their groups) want to have all their supplies from certified sources. If (or when) this is achieved, certification would no more be a promotional tool in the market.

In addition, the complexity of the supply chains of wood and paper products makes it difficult to apply certification as a promotional instrument only by the best environmental performers (5–20% of the product market). In many products, different types of wood raw material are combined in varying proportions in different phases of processing (primary, secondary, tertiary) depending on the physical and visual characteristics and changing price ratios. This complexity has led to the application of 'percentage-based' claims (related to the share of certified materials in the total) which easily makes claims too blurred to be readily understood by consumers. Therefore, from the viewpoint of trade and industry, it is feasible to promote certification as a mainstream instrument, not limited to niche markets. This would also make certification effective in improving forest management on a global scale.

Certification originated as a market-based solution for promoting improved forest management. Given the current situation in the market, there is a risk that the instrument becomes an obstacle for the promotion of forest-based products as similar requirements to provide information on sustainability of resource use are not imposed on substitutes.

2. Current Situation in Forest Certification

The total worldwide area of certified forests is currently estimated at 82 million ha (Table 1). It has been growing fast over the last two years. There are currently two international

¹ Commission interpretative communication on the Community law applicable to public procurement and the possibilities for integrating environmental considerations into public procurement.»

Table 1. Certified forests ('000 ha) in the world (August 2001).

	FSC	PEFC	Other	Total ^{a)}	% of total forest area
EU	12 050.9	36 849.6		48 900.5	33
Russia	184.5			184.5	0
Other Europe	4 183.7			4 183.7	7
Sub-Total	16 419.1	36 849.6		53 268.7	5
North America	3 028.4		17 942.7 ^{b)}	20 576.5	5
Latin America	2 804.2			2 804.2	0
Africa	990.4		1 150.8 ^{c)}	2 141.2	0
Asia & Oceania	763.4		2 189.0 ^{c)}	2 950.9	1
World	24 005.5	36 849.6	21 282.4	81 664.5	2
Market share %	29	45	26	100	

^{a)} The total column excludes double counting of forests certified under two schemes. The table does not include ISO 14001 EMS certifications if not coupled with certification of performance standards.

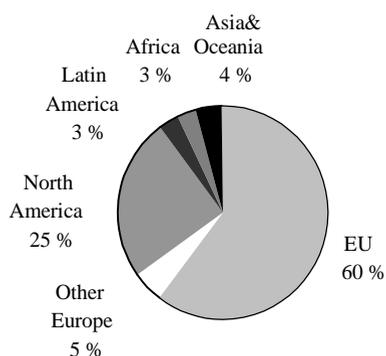
^{b)} CSA and SFI. Includes those ISO 14001 certifications that also verified the SFI standard. Excludes the verifications/certifications of American Tree Farm System.

^{c)} Includes mainly Keurhout declaration/verification forests.

Sources: Websites of individual schemes, Indufor files

organizations (FSC and PEFC) working to promote and harmonize forest certification. They endorse national forest certification initiatives or standards that meet their specific minimum requirements. These two schemes have many similarities but also structural differences. Another interesting approach is the Dutch Labelling Scheme Keurhout, which allows products certified according to any scheme approved by the Keurhout Foundation to use the Keurhout-label in Dutch markets (Bosdijk 2001).

Most certification initiatives have taken place in Europe or North America, but Brazil, Indonesia, Malaysia and Ghana are examples of developing countries where national schemes are in operation or are expected to be operational soon. At present only about 10% of the certified area is found in developing countries (Figure 1).

**Figure 1.** Certified forests in the world by region (August 2001).

There are about 24.0 million ha of FSC-certified forests, of which 68% are located in Europe (including the European countries in transition). A large majority of these forests are owned by the state (3.8 million ha in Poland) or large forest industry corporations (8.9 million ha in Sweden). The progress in the FSC certification of small-scale private forest owners has been relatively slow when measured in terms of area due to the system's requirements to certify at the forest management unit (FMU) level.

PEFC's 36.8 million ha make it the largest scheme in the world accounting for 45% of the total certified forest area. PEFC can endorse both European and, in principle, also non-European schemes. The PEFC-certified forests are located in five countries (Austria, Finland, Germany, Norway and Sweden). The French, Latvian and Czech schemes have recently been approved by PEFC. The national schemes of Belgium, Spain, Switzerland and the UK have applied for endorsement by PEFC, which would bring the total number of PEFC schemes to twelve.

Over 30 countries worldwide are working on, or have completed national standards, or have built up their own schemes for forest certification, or are engaged in such processes. The Sustainable Forest Management System Standard of the Canadian Standards Association (CSA) has already been widely used for certification (5.35 million ha). The Sustainable Forestry Initiative (SFI) of the American Forest & Paper Association (AF&PA) has recently included an independent verification protocol, and the independently verified area covers about 12.6 million ha. It has been used for certification assessments, often combined with the ISO 14001 audits. SFI's application has spread to Canada (about 4 million ha of the total SFI area) and is foreseen to be used by AF&PA's member companies operating elsewhere in the world. SFI does not yet include a chain of custody system. The breakdown of certified forests by certification scheme is illustrated in Figure 2.

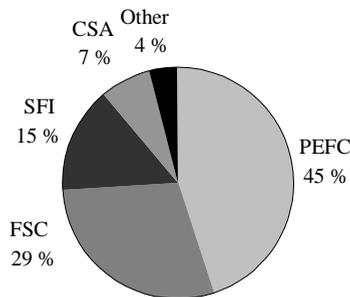


Figure 2. Certified forests in the world by scheme (August 2001).

The information on actual supply of, and demand for, certified timber is not available. However, it is apparent from the above figures that most certified timber is produced in the boreal and temperate zones. The demand is largely confined to environmentally sensitive markets in developed countries, particularly in Europe, but it is expected to become an element in all major markets, including in advanced developing countries. The supply chains of wood and paper products are often long and extensive, and therefore, demand requirements in one big market area tends to influence most countries involved in international trade of wood raw material or primary and further processed products.

The lack of clarity on the future arrangements related to recognition at international level has made it difficult for non-European schemes, particularly in developing countries, to make progress in their arrangements. New players are still emerging: for example, the African Timber Organization (ATO) is promoting the development of a regional Pan-African certification

scheme. National and regional initiatives are shadowed by the uncertainty about who will recognize them in the market place, on what basis, and how it will be organized. As one solution, the Indonesian (LEI) and Malaysian (NTCC) national schemes have been undergoing a process of obtaining recognition by FSC. The outcome of these efforts is still unclear.

3. Value-Added of Forest Certification

The direct value added of forest certification is derived from: (i) the impact on the ground of the standards used; and (ii) the respective information that can be communicated to the customer.

The impact on the ground is further derived from two main factors: (i) the standard requirements; and (ii) enhanced control. The standard requirements are, by definition, not below regulation as all the existing certification schemes (in the same way as the C&I for SFM) make reference to complying with the law. Most standards have elements that represent a higher than legal performance requirement for forest management. Standards may incorporate silvicultural or logging guidelines (such as for reduced impact logging), which may be the authorities' recommendations but are not mandatory, or they may pinpoint specific aspects in the management that are critical for environmental and social impacts in local conditions.

The other important feature in the certification standards is their broad scope addressing labour relations, occupational safety and health, resource use rights, employment, etc. These elements are parts of sustainability that, in the past, have been considered issues to be managed separately, but have increasingly been considered to form integral parts of sustainable forest management in international forest policy since the early 1990s. Certification standard represents a holistic approach for managing a forest area sustainably.

Certification has introduced third-party auditing to forest management. This has brought along improvements in internal auditing and monitoring in forest organizations, but it also provides an impartial external view to forest owners on the management status of their forests. This is particularly important for those owners who are not themselves managing their forests (Baharuddin and Simula 2001).

In spite of the fact that certification is not intended *ipso facto* to verify legal compliance, there is potential for governments to differentiate supervision and control intensity between certified and non-certified forests (see for example Vogt et al. 2000). This issue still needs careful consideration and only in rare cases would it be justified to replace government control by third-party certification (see Part I Section 4.2).

In spite of the fact that forest certification adds value to end products, through informational means, the market has been reluctant to pay for it. Indeed, in Europe certification has not produced the price premiums for products from forest under certified management that some owners had initially expected. Instead, big retail chains for wood products have used certification as part of their 'green marketing' strategies and appear to be the main beneficiaries for the time being. On the other hand, market analyses have shown that tropical forests and developing countries could benefit from price differentials and better market access through certification. It is, however, uncertain whether such premiums could be obtained in the long term when the volume of certified supplies matches the respective demand. At present, the availability of supply is said to continue to be a major constraint.

Apart from the above sources of value added resulting from certification, a number of other potential benefits have been suggested by various authors (Bass and Simula 1999; Vogt et al. 2000; Bass et al. 2001; Elliott 2000). The list in Box 1 attempts to capture most of these sources of additional benefits for which promoters of certification tend to put different

Box 1. Potential benefits from forest certification.**Forest management/economic**

- improved performance standards
- enhanced control of resources
- improved management systems, including internal mechanisms of planning, monitoring, evaluation and reporting
- reduced regulatory control
- permanent economic viability, opening of new markets
- improved market access and occasional higher prices
- improved enterprise image and business ethics

Social

- poverty alleviation
- addressing environmental and social concerns of the public in forest management
- balancing the objectives of forest owners, other stakeholders and the society
- empowering the poor and less-favoured
- community participation

Environmental

- environmental conservation
- biodiversity management

weights. It is also emphasized that developed and developing countries are in different situations in making use of the potential benefits.

The benefits do not come free as certification adds costs and the standard requirements can lead to foregone benefits for forest owners. Of particular concern has been the cost implication for small-scale private forest owners and producers in developing countries. The latter have suffered from loss in market share as they have not been able to increase certified area according to market demands.

To what extent potential benefits can be achieved in practice and how cost impacts can be minimized will vary from local situation to another, depending on how certification is promoted and implemented. Indeed, there is a need to carefully consider whether certification is a feasible instrument to promote SFM as a number of preconditions have to be in place before it can work, particularly if it is promoted as a market-based instrument (Simula 1999; Bass et al. 2001; Markopoulos 2001). These preconditions include such aspects as access to markets that appreciate certified products, compatibility with national policies and regulation, government's positive attitude, possibility to organize broad-based participation for standard setting, and that the expected benefits exceed the costs.

4. Certification as a Novel Incentive for Environment and Sustainable Forest Management

Certification has broader applications than those targeted at market communication. A tentative typology of such situations is given in Box 2 where five main types have been identified. These are discussed below in view of new potential applications of certification.

Box 2. Tentative typology of certification/verification services applicable in the forestry sector.

1. Market oriented certification of forest management quality
Voluntary, independent certification of defined forest areas against criteria for improved/sustainable forest management, which have been defined through a broad participatory process involving key stakeholder groups
 - Aimed at market communication, often involving labelling of forest products and thereby certification of the chain of custody.
2. Certification of carbon sequestration and other environmental services
Independent verification of provision of environmental services produced in a defined forest area against an agreed set of criteria and a baseline situation which may be related to such aspects as carbon sequestration, water retention, erosion control, biodiversity, etc.
 - Can be market-based, regulatory-based, or project-based, and therefore, often likely to be undertaken in conjunction with performance-based certification of SFM.
3. Verification/certification of legal compliance
Independent mandatory verification to monitor observance of the regulatory requirements of (i) forest management and (ii) chain of custody.
 - A measure to improve law enforcement to ensure that forest management regulations have been observed and/or to control illegal harvesting and trade of forest produce.
4. Certification/verification of specific forest management requirements
Independent certification/verification of the quality of one or several aspects of forest management on forest estates (e.g. state-owned lands), or 'projects' (e.g. community-based forestry, joint forest management arrangements and farm forestry) against an agreed set of requirements related to environmental conservation and social and economic development.
 - To verify the achievement of particular forest management goals or particular developmental outcomes, or effectiveness of external support to forestry activities; this may be a complementary instrument of monitoring and evaluation of development programs and projects focusing on outcomes on the ground.
5. Certification of environmental management systems
Independent certification of environment management system (ISO 14001/14004 standard or equivalent) or EMAS registration as a measure to build up, and demonstrate necessary capacity in forest organizations (both private and public) to manage and control the environmental impacts of their operations.

Note: Individual certification schemes may cover more than one area of the above services.
Source: Adapted from Bass and Simula 1999.

4.1 Certification of carbon sinks and other environmental services

4.1.1 Carbon sinks

Independent verification/certification of carbon sinks will be relevant to the implementation of the flexible mechanisms of the Kyoto Protocol. The outcome of the Conference of Parties in Bonn, July 2001 opens application for emission trading, the Clean Development

Mechanism, and joint implementation. The EU Workshop on “Developing Synergies between Carbon Sinks and Sustainable Development through Forest Certification” (Brussels, April 5–6, 2001) concluded that certification of sinks and forest management have several areas of potential synergies that need to be explored (Box 3). Linking the two instruments, or applying them in parallel in a coordinated way would reduce costs and help position carbon sink maintenance and enhancement within the SFM framework even though separate audit protocols would be applied. The same data on forest inventories and harvesting levels will be used for both purposes.

Box 3. Synergies between certification of forest management and carbon sinks.

Areas of potential synergies between certification of forest management (FM) and carbon sequestration that need to be explored, may include:

- a) Whether common methodologies, definitions and concepts can be developed;
- b) The building of capacity, which is required for both instruments;
- c) Whether FM certification and other management tools could contribute towards the preparation of accurate inventories through the provision of data relating to land-use changes and changes in the growing stock;
- d) Whether FM certification, further developed, may verify the implementation of measures or lack of those, both positive and negative, affecting sinks;
- e) Whether auditing procedures could be complementary for FM and sinks certification even if both instruments require separate protocols and accreditation;
- f) Whether general procedures of existing accreditation bodies (e.g. for ISO 9000 and 14000 series standards) could also be applicable – just as for FM procedures – for sinks validation, verification and certification systems, after having been augmented to specifically deal with sinks projects;
- g) How group certification may reduce barriers (e.g. costs) for individual (small) forest owners to implement FM certification schemes and facilitate the implementation of (bundled) sinks activities; and
- h) Whether and to what extent any sinks credit return may provide additional financial support to the private sector for also implementing FM certification schemes (e.g. cap management), or the reverse, where FM certification may give added value and marketing advantages to carbon sequestration.

Source: Developing Synergies ... 2001.

As forest certification verifies that a forest is under management, the respective changes in the carbon storage are human induced. Forest certification does not directly verify carbon stocks and flows in the forest, but it can verify land use changes and changes in the growing stock. Forest certification can also verify the implementation of positive and negative management measures having an influence on sinks.

General procedures of existing accreditation bodies for ISO 9000 and 14000 series standards or products are likely to be applicable for forest and sink verification. Small-scale private forest ownership represents a challenge for both types of audits. Appropriate group certification approaches, which are already in place for forest certification, can help address this issue.

The Sixth Conference of Parties of the Kyoto Protocol in Bonn, July 2001, agreed to include sinks in the Clean Development Mechanism for the first commitment period (2008–2012).

Afforestation and reforestation will be the only eligible Land-Use, Land-Use Change and Forestry (LULUCF) activities. They will also have to contribute to biodiversity conservation and sustainable use of natural resources (<http://www.unfccc.int/resource>). Forest management certification has potential to demonstrate and verify that this condition is complied with.

Forest certification has potential to assist in addressing some issues related to sinks and their verification:

- permanence: sustainability assessment, FMU/group level commitment can be arranged to maintain/increase carbon storage as part of SFM goals;
- leakage: carbon as an SFM output can reduce incentive for leakage; regional group certification incorporates large areas under schemes but deforestation remains an issue in developing countries;
- additionality: SFM could offer a possible baseline in managed forests;
- uncertainty and risks: accurate inventories benefit both SFM and carbon verification; SFM criteria address fire and other damage; regional certification represents a lower risk level than individual holdings if they are small;
- biodiversity impacts which are a concern for sink enhancement are incorporated in SFM criteria;
- transaction costs: economies of scale can be achieved through combined auditing; group certification can access sink benefits for smallholders.

Finally, another potential area of synergy can be identified in harvested wood products (accounting of carbon storage/flows). The chain of custody certification, which is part of forest certification-based labelling, verifies the origin of traded products. This could help improve reliable inventory data on carbon in harvested wood products and it could also enable joint labelling of sustainability and carbon neutrality of products (including bioenergy-based electricity and heat).

The accumulated experience on forest certification can provide useful lessons for developing sink verification procedures. Strong potential synergies exist between the two instruments. These synergies can assist in reducing transaction costs and addressing open issues in the application of the UNFCCC and the Kyoto Protocol. However, several details would have to be worked out before forest certification and sink verification can be effectively combined, including policy issues and technical problems.

4.1.2 Other environmental services

Independent verification of environmental services, other than carbon sequestration, produced in a defined forest area is a potentially powerful tool to raise new sources of funding for forest management. Such services include water retention, erosion control, biodiversity, etc. In these cases, certification/verification activity can be market-based, regulatory-based, or project-based, and therefore, often likely to be undertaken in conjunction with performance-based certification of SFM. The focus is establishing a baseline and measuring the project's impact on the selected outputs. It will probably often also be market-oriented verifying the quantity and quality of services produced. This could help in converting environmental benefits of forests into marketable services.

Certification or verification of environmental services is still in the initial stages of conceptual development, but it can be expected that this vacuum is going to be filled. Costa Rica has been spearheading the process and other countries are expected to follow. If in the same area verification is needed on the quality of forest management and the quantity of environmental service provided, assessments should preferably be combined to make them cost-efficient.

The driving force will be the need to clearly channel the payments for environmental services to those who verifiably produce them. The current practice prevalent in many countries, where the funds collected from the use of natural resources through taxes or fees, are mostly channelled to public authorities or projects may not be adequate as the main delivery mechanism in the future.

4.2 Verification/certification of legal compliance

The government may also institutionalize certification and even make it mandatory to verify compliance with the legal requirements using independent third-party auditors. Many countries have made considerable progress in developing forest laws and regulations, improving the knowledge and planning of the use of forest land and resources. However, they have often been less successful in controlling and monitoring of implementation and in addressing the fundamental problems of land tenure and poor governance.

Traditional government 'command and control' through direct public involvement is still the rule in many tropical countries, despite the inherent weakness of using civil services for control of forest operations. They all too often lack proper expertise, resources, and appropriate management systems, and they frequently have a low level of cost-efficiency. The absence of a clear separation between (a) approval of concessions and management plans, and law enforcement on one side, and (b) verification of compliance on the other side, creates conflicts of interest and the potential for rampant corruption. To improve such situations, verification services can cover a range of aspects, such as forest land occupation and conversion, management practices, logging and wood transportation and trade. These services could include land use control, forest surveillance, forest management auditing, timber flow control, etc. depending on the case. They could be implemented as separate exercises where voluntary certification for market communication purposes could be complementary (de la Rochefordière and Mitchell 2001).

For the time being, there is only one country in the world with a mandatory certification approach: the Russian Federation. The respective law stipulates two Government bodies, the Gosstandart and the Federal Forest Service, to organize and implement the entire forest certification process, called Mandatory Forest Certification System (MFCS). It was developed by the forest authorities, together with scientists and some non-governmental organizations, taking into account the international experience on forest certification schemes, the ISO Standard 14001, and the local conditions (Strakhov and Miettinen 2000). MFCS is still in the pilot phase and its value added is yet to be established.

Mandatory certification of legal compliance could be a useful tool for enforcement in conditions where corruption is common and illegal operations are rampant. Mandatory certification could also be extended to the control of timber flows (chain of custody from processing plants and export ports). This practice is likely to expand in spite of relatively high costs involved as the obtainable benefits can easily outweigh them. However, if incentives for illegal practices are not removed, enforcement measures alone are not likely to be sufficient.

Some countries have considered incorporation of voluntary SFM standards into their legal requirements. This could lead to mandatory certification and eventually contracting out enforcement. Such an arrangement would have major policy implications that remain to be duly analysed.

For the time being, it appears that voluntary market-based and mandatory certification could be complementary to each other as it is unclear whether mandatory certificates will be acknowledged by the market. Independent certification could reduce the need for enforcement control measures, be it implemented either through a mandatory or voluntary approach.

4.3 Specific forest management requirements

Forest managers, particularly of publicly owned forests, are increasingly called on to make credible demonstrations on how forests are managed and for whose benefit. This has been in response to the varying concerns of society. It has led to certification of state owned forest lands, e.g. in the USA (Pennsylvania, and New York) to assure the public that the government is doing a proper job in managing the lands under their jurisdiction. This was also one of the reasons why the Belgian authorities decided to certify Soignes Forest near Brussels (Zwaenepoel, personal communication, 2001). In many countries, there is a lack of trust in government authorities as custodians of forests which can be addressed through an independent assessment to a predetermined standard.

In the non-market context, certification of forest management performance can be an instrument for defining procedures for developing and agreeing location-specific goals and principles of forest management, as well as for verifying that these are implemented in practice. For example, in the case of participatory forest management agreements, the emphasis might be on ensuring access by the rural poor to means to produce food, fodder, fuelwood, timber, rattan, medicinal plants and other non-wood products. Through the independent certification/verification of forest management performance, the communities and state agencies can guard against excessive exploitation of forests. Certification/verification of specific forest management requirements is still in the initial phase, but for example, in India joint forest management has been subjected to external verification (Bass et al. 2001).

Donor agencies and development financing institutions have shown interest in using certification for ensuring that their forest-related projects meet sustainability criteria. The German GTZ Forest Certification project targeted at capacity building is motivated by this argument (Saile 2001). The UK Department for International Development (DFID) has also seen certification as one of the ways of contributing to improved livelihoods of poor people through sustainably enhanced production and productivity of forest resource systems.

4.4 Risk mitigation and access to finance

Forest investments, particularly in natural forest management, are notoriously perceived high-risk ventures due to their inherent nature and lack of sectoral knowledge among potential investors (Moura Costa et al. 1999). On the other hand, there is a growing interest among the financing community to diversify their portfolios and prioritize 'green investments'. The emergence of sustainability assessment of the publicly quoted shares of companies will also place new requirements for information on resource use and environmental and social impacts.

Forest certification can be used as a tool to reduce the exposure of forest industries and their customers to environmentally related risks and liabilities. For example, poor management of forests can cause damage to hill slopes, trigger mudslides, pollute local streams and rivers and damage fisheries. This can leave companies open to legal action by local people, and may require costly remedial action. Additional benefits include reduced financing and insurance costs due to lower risk profiles, pre-empting increasing regulations and reducing the liability exposure of the board of directors (Crossley and Points 1998). Certification is also obviously a safeguard against bad publicity.

The World Bank/WWF Alliance on Conservation and Sustainable Use of Forests has identified certification as one of its focal target areas. Access to international development finance may become in some cases conditional to certification. The Overseas Private Investment Corporation (US) is already an example of a financing institution that identifies

certification as a requirement for forest investments in which they can participate. These, together with many investment funds, are just a few examples in the financing community on early action to use certification as a risk mitigation instrument. The ‘bad publicity’ risk is likely to encourage expanded use of certification as a tool to manage environmental and social impacts of internationally operating forest industry corporations.

5. Need for Action

5.1 International level

Most of the past developments in forest certification have focused on market-oriented schemes, both performance-based (such as FSC and PEFC) and management system-based (such as ISO 14001/4 standards/EMAS, which have been applied to many forest organizations worldwide). This is likely to change when independent certification/verification of forest management is expanding to new areas and applications that are targeted at other than market communication purposes. For each use, the protocols and procedures may have to be tailored, but the generic similarities and synergies offer possibilities for rationalizing implementation and keeping costs under control. The role of an independent verifier or auditor will remain essential in most applications. Certification is an existing and well-developed instrument with established governance structures and accumulating experience that provides a solid basis to expand the scope of applications beyond market communication purposes. However, further development work will be needed to tailor it to different applications such as verification of legal compliance, environmental services, or to risk mitigation.

The emergence of several market-oriented schemes has led to a situation where their relationships need to be addressed. There is a risk of confusion among consumers, producers, and buyers of forest products if a large number of labels is in use. National schemes in various countries are concerned about how their certificates could be recognized in export markets in order to avoid multiple certification procedures.

The existence of alternative schemes provides an opportunity to choose among them by buyers and consumers. Potential problems related to a monopolistic situation, where one single label is used, are also eliminated. Immense diversity of forests, sites, markets, and ownership structures are difficult to capture in one scheme. On the other hand, too many different certificates and labels will be unhelpful in educating consumers. The issue is related to the efficiency and effectiveness of the instrument, and it also has an equity dimension, as not all countries and producers have similar access to various schemes.

The private sector has tried to solve the problem of proliferation through setting their own minimum requirements for acceptable certification schemes. The members of the Global Forest and Trade Network, supported by WWF, tend to be committed to FSC or “equivalent schemes”, but it is not clear what equivalence means and how it should be established.

Another dimension of the problem of parallel independent schemes is that the primary and secondary processing industries relying on different raw material sources are experiencing serious problems when they have to manage wood and fibre flows, which carry different certification status. This leads to extra costs and sometimes paradoxically even to increased emissions when certified fibre has to be transported over long distances in order to meet certain threshold values in products where certified and uncertified materials are combined. The problem has encouraged the Confederation of European Paper Industry (CEPI) and the International Forest Industry Roundtable (IFIR) to promote increased comparability and mutual recognition between schemes (CEPI 2000; IFIR 2001).

The development of public procurement policies is putting yet another type of pressure to finding a solution to the issue of which schemes can be considered acceptable. The most far-reaching government procurement decisions relating to SFM have for the time being come from the UK. The UK policy is to require, as far as possible, that Government bodies purchase sustainably produced timber, for example by specifying in orders and contracts that suppliers must provide documentary evidence that the timber is derived from lawful and sustainably managed sources. This documentary evidence may take the form of a certificate issued under a credible, preferably independent, verification scheme or other documents that demonstrate the timber producers are conforming to internationally recognized principles (for Europe, these principles should correspond to those elaborated under the Pan-European Forest Process; outside Europe, the UNCED Forest Principles and regional C&I processes, ecosystem approach, precautionary principle). However, the policy is new and its operation in practice still needs to be reviewed. Similar action is under preparation in other European countries. Another example is Denmark where, in June 2001, the Parliament passed a law on the use of tropical wood in public procurement requiring certification.

The link between life-cycle-based eco-labels and single-issue forest certification is another action area to be addressed in the future. A key issue is how criteria and indicators of sustainable forest management should be dealt with in this context; opinions differ on this issue. Some bodies consider such criteria to be outside the boundary of the life-cycle inventory (CSA 1996). In contrast, the EU eco-label award scheme has adopted an approach where general requirements for SFM are included in the criteria for fibre origin from renewable resources. Life-cycle based eco-labelling schemes can thus establish links with performance-based certificates of forest management or respective labels, recognizing them as credible means of demonstrating environmental impacts related to forest management, with the aim of avoiding duplicate assessments on resource use.

5.2 European Union level

The Fifth Environment Action Programme (EAP) of the European Union (1999) foresaw the importance of a comprehensive policy relating to consumer products if market mechanisms were to help human behaviour towards the environment. This is provided through the Integrated Product Policy, which aims to improve the environmental performance of products throughout their entire life cycle. The Sixth EAP (2001) recognized five priority areas of strategic action which included working closer with the market and taking account of environment in land-use planning and management decisions, both of direct relevance to certification. The EU Biodiversity Action Plan for the Conservation of Natural Resources (Commission Communication of 27 March 2001) recognizes eco-labelling and eco-auditing as tools to reverse the current trend of biodiversity loss across the whole territory.

A number of the EU policy instruments are, or could be, related to certification to improve their effectiveness. The following list identifies the most important ones:

1. The European forestry strategy (Council Resolution (1999/C 56/01)) seeks, *inter alia*, to promote the use of wood as an environmentally friendly, carbon-neutral product and as a carbon pool. This will apparently be feasible only if wood products demonstrably originate from sustainably managed forests.
2. The General System of Preferences (GSP) of the EU includes a clause to reduce tariffs for forest products from developing countries that can show that they “effectively apply domestic legislation incorporating the substance of internationally acknowledged standards and guidelines concerning sustainable forest management and which provide

information on any forest management certification system, where such systems are used in that country". However, no indication is given which definitions of SFM will be considered credible. Instruments have not yet been defined how this could be verified, and therefore, the clause cannot be applied.

3. Paper products which carry the EU Eco-label (Regulation (EC) No 1980/2000) must contain fibre from sustainably managed forests. In the case of the three product groups under the scheme (copy paper, kitchen rolls and toilet paper) reference is made to Resolution H1 of the Ministerial Conference on the Protection of Forests in Europe, and to the UNCED Forest Principles for states who have not adopted the Helsinki Resolution H1 (e.g. Commission Decision 96/467/EC, Annex, Criterion No 4). At present, mere 'statements', 'declarations', or 'code of conducts' about the fibre's origin without independent authentication suffice as proof. Incorporating forest certification as an Eco-label prerequisite could enhance the effectiveness of this EU instrument.
4. The Regulation (EC) No. 761/2001 established revised provisions for the Community eco-management and audit scheme (EMAS) which makes it applicable to forestry organizations. Most forest certification schemes cover elements of the management system. Clearly, forest certification and EMAS overlap and can synergistically complement one another. There is, however, lack of definition in this respect.
5. The Commission has identified public procurement as an area that has considerable potential for 'greening' the market through public procurement using environmental performance as one of their purchase criteria. The Commission Interpretative Communication (COM/2001/274) on the community law applicable to public procurement recognizes the possibility to refer to eco-labels in technical specifications of the subject matter of contracts. Labels identifying timber as being the product of sustainable forestry are referred to as an important group of private eco-labels.

These examples emphasize the urgent need to define and incorporate certification of forest management and related labelling within the context of EU policies.

It may be concluded that the certification schemes, their supporters, forest industry and trade, and forest owners should find a broadly accepted solution to the issue of what constitute the elements of such certification schemes that can be recognized in public procurement policies and are credible to buyers. Institutional arrangements for such a validation/evaluation system should also be considered. The rest of this paper will address these two aspects of the problem.

PART II: Evaluation/Validation Criteria for Forest Certification Systems and for Forest Certification Standards

1. Introduction

Any validation system requires two main elements: (i) criteria set for the validation of certificates, certification schemes or elements of such schemes; and (ii) procedures and institutional arrangements needed to perform validations. This part of the discussion paper will cover the first of the two parts of a validation system.

It is of utmost importance to clearly define the purpose of a validation mechanism and its exact scope. It is further important to establish clear boundaries between different parts of a certification scheme. Unclear objectives and blurred boundaries have in the past led to confusion and misunderstandings. Discussions at recent meetings related to the topic have furthermore had the tendency to drift towards political rather than technical aspects as setting forest management standards is essentially a political process involving value judgement in a situation with incomplete information.

This part is structured as follows: firstly the objective and scope of evaluation will be defined and their consequence on the selection of related criteria discussed. Secondly the key international reference material for sustainable forest management (SFM)² standards will be reviewed and a set of generic criteria/principle elements will be presented. Thirdly, the widely used international reference material for conformity assessment and certification systems will be reviewed, from which again a set of generic criteria/principle elements will be derived. Finally, the results will be discussed in regard to strengths and weaknesses of the approach taken and the criteria sets presented.

2. Objective and Scope of Evaluation

The objective of this part of the paper is first to provide a comprehensive and concise set of the most relevant reference materials available to evaluate or validate forest certification schemes by any party or body wishing to do such an undertaking. Secondly, this part of the paper attempts to identify a tentative generic set of core items integrating most elements proposed by relevant actors for this purpose.

² SFM standard is used here as a substitute for other expressions related to the quality forest management, such as standards for well managed forests, responsible forest management standards, etc.

The criteria outlined for sustainable forest management standards are intended to be able to identify those standards that recognize the basic principles and elements of sustainable or good forest management which are widely accepted on a global level. The criteria outlined for forest certification systems in this paper are intended to be able to distinguish those systems that are able to deliver, on a continuous basis, objective and verifiable audits of ground-level application of a SFM standard.

It is understood here that evaluations based on these criteria can be undertaken by any party for any purpose, be it unilateral, bilateral or multilateral evaluations by actors, stakeholders or observers. The scope of the criteria is for global application. The criteria could be further elaborated for regional contexts in terms of region-specific standards or norms. The criteria for certification systems only consider third-party certifications geared towards the labelling of forest products with a claim specifically related to the quality of forest management in a defined forest area or a forest management unit (FMU). Therefore, a range of other potential applications of certification are excluded, such as site registration, life-cycle based certification (eco-labelling), management system certification, self declarations or country certification. The definitions used related to certification systems and bodies are as defined by ISO.

3. Evaluation of Forest Certification Standards (SFM Standards)

SFM standards for forest certification programmes, as defined here, are characterized by a range of specific features:

- Forest certification is not a product certification, but may be linked with single-issue labelling of products;
- SFM standards are concerned with processes and production methods;
- SFM standards comprise performance quality and process/system quality aspects; and
- SFM standards require regional and local adaptation.

Standards for product quality certification programmes are usually solely concerned with product-related features. Production standards are, as the term says, standards that are concerned with the mode of production of goods. WTO refers to processes and production methods (PPMs) and defines these as the way in which products are manufactured or processed and natural resources extracted or harvested. Standards for forest certification are, in essence, standards related to the production process of forest products and they are non-product related (OECD 1997).

As already noted, SFM standards are a combination of performance and process standards. Performance standards establish quantitative and qualitative requirements against which assessment of forest conditions or management interventions can take place. Forest organizations apply different assessment systems, but their performance standards usually include ecological, economic and social elements. Procedural or process standards define the characteristics of the management system of which the environmental management system (EMS) forms a part. Forest management process standards are related to the ISO 9000 and 14000 series of standards for quality and environmental management systems, respectively. These standards do not prescribe the desired output of an operation, but the desired quality of the process to be applied. Within the ISO 14000 series for Environmental Management Systems (EMS), a Technical Report ISO 14061 has been adopted to aid forest organizations in applying the ISO 14001 standard. The EU-EMAS scheme has recently been revised and is applicable also for forestry organizations (see EC Regulation No 761/2001).

Due to different regional, national and local conditions of forests and forest management worldwide, forest management standards (performance and system requirements) have to be based on and adapted to the respective regional or local conditions, both in terms of ecological and socio-economic circumstances. Establishing equal global SFM standards appears, therefore, to be neither possible nor desirable. Nevertheless, a common global verification and recognition system for forest certification would need, as a core element, a solid basis for comparison of different standards against established quality criteria.

3.1 International reference material on SFM standards

A lot of work has been done on policy and research levels to achieve an international understanding of what constitutes SFM in theory and in practice. Similarly, a lot of effort has also been undertaken by organizations involved in certification of forest management to elaborate standards for assessing the quality of forest management and to devise field audit tools.

Over more than a decade, a range of concepts and terms have been used to operationalize the otherwise very abstract definitions of sustainable forest management. The most commonly used tools for this purpose are: 'principles', 'criteria', 'indicators' and 'verifiers'. However, definitions of these terms vary throughout the world. Some of these concepts have found wide global acceptance, such as criteria and indicators (IPF 1997; UNFF 2001; FAO 2001), while others are applied only by individual initiatives.

International reference material on SFM standards has mainly been developed under three different types of processes:

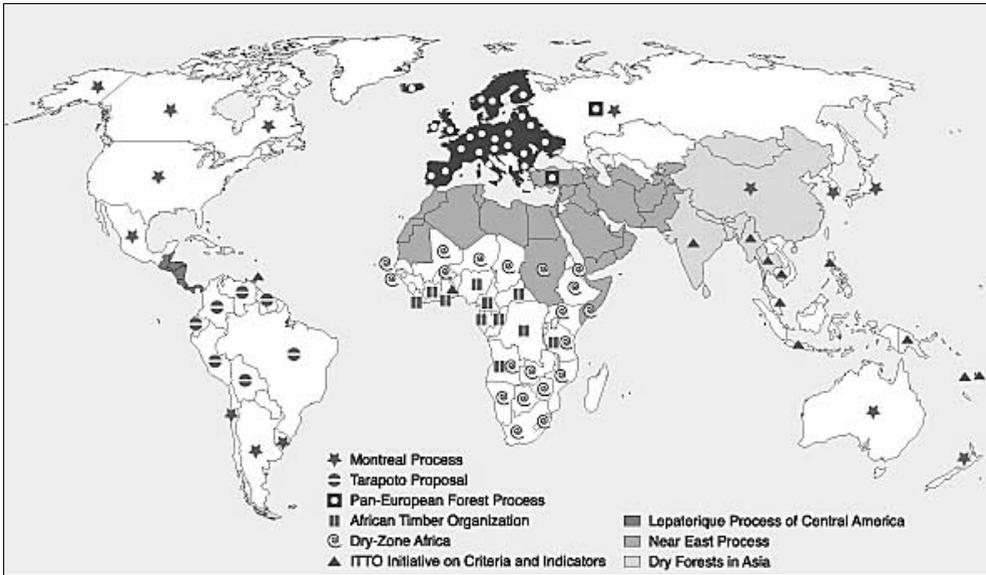
- Intergovernmental processes on general guidelines for SFM;
- Intergovernmental processes on national level criteria and indicators for SFM; and
- International non-governmental forest certification initiatives (regional and FMU level).

Furthermore, the Center for International Forestry Research (CIFOR) has elaborated a range of materials related to criteria and indicators for sustainable forest management. Most importantly, they have issued a Criteria & Indicators Tool Box series to assist practitioners to develop, test and select criteria and indicators.

3.1.1 Intergovernmental processes on forests

Intergovernmental processes on forests have in many cases initiated, guided or supported international governmental or semi-governmental processes on national level criteria and indicators for SFM. On a global level the "Forest Principles", and the forest related chapters of AGENDA 21, both adopted 1992 at the UN Conference on Environment and Development (UNCED), and the IPF/IFF Proposals for Action (115 a-f) adopted during the UNCED follow-up process, are the most relevant global frameworks to promotion of, and therefore, standards on SFM.

Regional intergovernmental processes or organizations, such as the International Tropical Timber Organization (ITTO) for the tropical region, the Central American Initiative or the Ministerial Conference on the Protection of Forests in Europe, have adopted guidelines or regional forest conventions on forest management. Each of these entities has in turn initiated a regional process for the elaboration of criteria and indicators for SFM.



Source: Castañeda 2000.

Figure 3. Participating countries in the various ongoing international processes on criteria and indicators for sustainable forest management.

Box 4. International processes on criteria and indicators for SFM.

1992	ITTO – Criteria and Indicators (updated in 1998)
1993	ATO Principles, Criteria and Indicators
1994	‘Pan-European C&I’ (MCPFE/’Helsinki C&I’)
1995	‘Montreal C&I’ (Montreal Process) Tarapoto C&I Dry Zone Africa
1996	Near East
1997	Lepaterique – Central America
1999	Dry Forest Asia

3.1.2 Intergovernmental Processes on Criteria and Indicators for SFM

The first international body to develop a set of criteria and indicators (C&I) for SFM was ITTO, which agreed upon a list of five criteria and 27 ‘possible indicators’ in 1992 and an updated set in 1998. To date, about 150 countries worldwide are engaged in one or more international processes to develop national level criteria and indicators for SFM (FAO 2001). Some of these initiatives are also developing or have developed sets of criteria and indicators for use at the FMU level, e.g. ITTO and ATO (FAO 2001). C&I were originally developed for monitoring of forest management (*ex post*), but they have started to affect setting of objectives and performance requirements (*ex ante*).

3.1.3 International Non-Governmental Forest Certification Initiatives

Among the voluntary market-driven initiatives, FSC offers the only existing global set of standards that was explicitly elaborated to function as a reference for certification of forest management: the FSC Principles and Criteria (P&C). As regards regional application, there are two: the Pan-European Forest Certification Initiative (PEFC) which uses the Criteria and Indicators as well as the Operational Level Guidelines of the Ministerial Conference on the Protection of Forests in Europe (see Pan-European Forest Process in Europe in Figure 3) as a reference against which compliance assessment of national standards is made. The second regional set is the African Timber Organization's Principles, Criteria, Indicators and Verifiers (PCIV) which are planned to be used as a common framework for a regional certification standard. The ATO PCIV includes specifications both for national and FMU level as in the case of ITTO's C&I. Due to the recent expansion of the application of the Sustainable Forestry Initiative (SFI) of American Forest & Paper Association (AF&PA) to certification of forests also in Canada, this scheme could also be regarded as an international reference (see Part I, Section 2).

In addition to these, several national initiatives have elaborated, or are in the process of elaborating, standards for national use. These comprise both initiatives that are linked with the FSC initiative or aim at FSC compatibility, such as the Malaysian and Indonesian national certification schemes, and others that were initiated by governments or by forest owners' organizations. There is also a range of standards that have been elaborated by certification bodies for situations where no nationally applicable standards exist (mainly accredited by the bodies).

The two biggest forest certification initiatives in terms of countries covered (FSC and PEFC), promote the national elaboration of SFM standards in line with their respective reference documents. Currently, FSC National Initiatives exist in 24 countries worldwide, with more than 50% in Europe. National FSC working groups, assigned to elaborate a national FSC standard, exist in ten countries worldwide. Again, more than two thirds of these groups are located in Europe. PEFC in turn has 18 members, all of which could be classified as national schemes that elaborate PEFC-compatible standards. In addition, PEFC has two non-European members.

3.2 Criteria for SFM standards

3.2.1 Criteria for performance standards

From the government-led initiatives targeted at C&I for SFM covering about 150 countries, a common set of seven national-level criteria has emerged which define sustainable or good forest management (Box 5). Although the wording, and at times the grouping of components within individual criteria, may differ from process to process, the criteria agreed upon are conceptually very similar in all of the processes and could be used as a common framework for SFM performance standard references.

These criteria, while partly following a different approach than the FSC Principles, are able to cover largely identical areas as nine of the ten Principles of FSC. The remaining FSC Principle 7 on the management plan is specified for the FMU level.

It is apparent that work done on national-level criteria and indicators, and in many regions on sub-national level, provides a solid basis for further work for establishing a common global understanding on what constitutes SFM. It can also be expected that the conceptual compatibility of various sets will further increase, thanks to their future development. Progress in this area will be highly important for regionally adapted yet globally recognisable certification programmes.

Box 5. Seven globally applicable criteria for SFM identified by intergovernmental processes for C&I.

1. Extent of forest resources
2. Forest health and vitality
3. Productive functions of forests
4. Biological diversity
5. Protective functions of forests
6. Socio-economic benefits and needs
7. Legal, policy and institutional framework

However, these criteria and indicators “*are assessment tools for monitoring status and trends*” and “*therefore they are no substitutes for minimum forest management standards which underpin certification*”. The European Union has also made this clear when it stated that:

It is important to recognize the differences between indicators for sustainable forest management and certification standards. While indicators are used to show the state of the art and to monitor changes with regard to relevant aspects of sustainable forest management (as defined by criteria), certification standards lay down a certain quality level or performance standard that has to be achieved.

Regarding performance levels for indicators, the current level of performance and the desired direction of change can be defined in local situations. However, it has to be stressed, that, due to the heterogeneity of local conditions, it is not desirable to specify common threshold specifications. Such specification would be best developed through a participatory process at a local or national level, taking into account an internationally agreed SFM framework as well as the work done by neighbouring regions in order to make the resulting standard internationally acceptable. This would allow taking into account the full range of forest values for society as well.

A danger and a misuse of the idea of certification as an instrument occurs if it is used as a tool to maintain the *status quo*. Therefore, the incorporation of continual improvement is important.

3.2.2 Criteria for process/systems standards

In the international C&I sets, process or systems aspects of forest management are explicitly or implicitly covered in the criterion on legal, policy and institutional framework (number 7 in Box 5). In Europe, this criterion is substituted by descriptive indicators that define applicable instruments. In the context of the FSC, Principles 7 (management plan) and 8 (monitoring and assessment) cover important management system aspects.

The most relevant references for management system or process standards, however, are the ISO 9000 series and the ISO 14001 standard on EMS. They require organizations to conduct their operations within a structured management programme designed to manage quality and environmental-related issues. Certification to ISO 14001 does not guarantee that the best environmental performance has been achieved, or that regulations are complied with. It does, however, mean that the basic elements of an EMS are in place. Furthermore, the ISO 9000/14000 standards establish the crucial principle for management systems of continuous improvement, together with compliance with legal requirements.

3.2.3 Criteria for standard setting

Apart from agreeing upon the issue of which elements of performance and process/systems should be covered, it is similarly important to have a common basis for the requirements of the standard setting process.

ISO has issued two related documents: ISO/IEC Guide 7:1994 on “Guidelines for drafting of standards suitable for use for conformity assessments”, which is currently under review, and ISO/IEC Directives, Part 3 “Rules for the structure and drafting of International Standards”. The latter specifies five general principles, largely designed to ensure the quality and consistency of standards elaborated within ISO/IEC. These five principles are related to the objectives, the homogeneity of standards in terms of terminology and style, the consistency of standards, the equivalence of official language versions, the fitness for implementation as a regional or national standard, and planning aspects (Box 7). The objective of an international standard is specified to define clear and unambiguous provisions.

A second main reference for the elaboration of standards is the WTO Code of Good Practice for the Preparation, Adoption and Application of Standards, which is annexed to the Agreement on Technical Barriers to Trade (TBT). Its relevant substantive provisions are listed (in short) in Box 8.

Box 6. Common principles and elements of environmental management systems (ISO 14001).

Principles of environmental management systems

1. Environmental policy
2. Planning
3. Implementation and operation
4. Checking and corrective action
5. Management review

Elements of the management system

1. Environmental policy
2. Environmental aspects
3. Legal and other requirements
4. Objectives and targets
5. Environmental management program
6. Structure and responsibility
7. Training, awareness and competence
8. Communication
9. EMS documentation
10. Document control
11. Operational control
12. Emergency preparedness and response
13. Monitoring and measurement
14. Non-conformance and corrective and preventive action
15. Records
16. EMS audit
17. Management review

Box 7. Five objectives for the contents of standards.

According to ISO, the standard shall:

1. be as complete as necessary within the limits specified by its scope;
2. be consistent, clear and accurate;
3. take full account of the state-of-the-art¹;
4. provide a framework for future development; and
5. be comprehensible to qualified persons who have not participated in its preparation.

¹ State-of-the-art is defined by ISO as: "developed stage of technical capability at a given time as regards products, processes and services, based on the relevant consolidated findings of science, technology and experience".

Box 8. TBT provisions for standard setting.

- Non-discrimination
- Avoidance of unnecessary obstacles to trade
- Use existing international standards
- National consensus on standards
- Preference to performance standards
- Published work programme
- Period for the submission of comments on draft standards, provide a copy of the draft standard, adopted standards should be published
- Take into account the comments received
- Make efforts to solve complaints

The two main international forest certification programmes, namely FSC (FSC National Initiatives Manual; First Secretariat draft September 1998, pages lxi-lxii) and PEFC (PEFC Framework Common Elements and Requirements – Technical Document and related Annex 5 “Guidelines on PEFC Standard Setting and Procedures for Endorsement of PEFC Certification Schemes”), specify the following provisions for the elaboration and endorsement of certification standards under their respective schemes.

There are similarities and differences among the provisions of the two largest certification schemes. In both schemes, the rules ensure that only standards/criteria that were elaborated within, or processed through, the institutional framework of these schemes can be submitted.

Six common criteria appear to be generally accepted for standard setting process (Box 10). However, being general by nature, they should be elaborated further to be effectively used in the assessment of specific standards.

4. Assessment Criteria of Forest Certification Systems

As certification systems are applied in a broad range of contexts, vast experience has accumulated on their general design. Much of this experience has found its way into internationally applied standards. The general rules and procedures for certification systems,

Box 9. Provisions for standards setting of FSC and PEFC.**FSC regional standard drafting requirements**

Compatibility with FSC's Principles and Criteria, local ecological, social and economic circumstances, similar and/or neighbouring regions;
Harmonization (compatibility with similar and/or neighbouring regions)

Adequate participation and representation;
Shared ownership of process

Working Group procedures (balance of interests, defined procedures);
Maintain transparency and accountability

Comprehensive consultative process

Fair decision-making processes

Clear grievance procedure

Mechanism for future revision

PEFC provisions for standards elaboration

Underlying elements: Pan-European criteria, indicators and operational level guidelines of the MCPFE, national laws and regulations. Seven core ILO Conventions have to be respected in the implementation of SFM in addition to any other relevant ILO Conventions

Invitation of all relevant interested parties

Steps of criteria development process to ensure transparency;
Public availability of results

Reasonable amount of time for consultative process prior to final decision

Consensus is the objective, but not a precondition
Documentation of views by interested parties, consideration of these views in an open and transparent way

Grievance procedures to be specified by national schemes for certification process

Periodic review of criteria in the light of new scientific knowledge and continuous improvement

Box 10. Common requirements for setting of SFM standards.

1. Use of internationally accepted standards and references, accordance with national legislation
2. Non-discrimination
3. Transparency
4. Adequate participation and representation
5. Clear rules for decision making process, including adequate consultative process
6. Clear complaints procedures
7. Public access to results

including as ISO 9000 or ISO 14000 type certifications, distinguish strictly between different functions within a certification programme in contrast to the approaches usually taken in forest certification schemes. Usually, different organizational entities are set up to fulfil the different functions, i.e. auditing, certification, accreditation and labelling. Auditing and certification often tend to be combined.

The following bodies, or divisions within bodies, constitute the elements of a general certification system:

- Certification body;
- Accreditation body; and
- Trademark owning body.

Certification bodies may engage separate inspection bodies to carry out auditing work. For each of these bodies or functions, general standards exist concerning required structures and procedures. Most existing forest certification schemes have been developed outside the ISO framework and they are gradually changing their systems and procedures towards higher quality (in terms of transparency, objectivity, etc.), i.e. towards a higher degree of conformity with the existing ISO standards or guides.

4.1 Certification systems in general

Reference material for certification systems falls into three broad categories:

- Internationally binding regulations or agreements;
- International standards; and
- International guidelines.

The first category concerns internationally binding regulations or agreements. There is only one reference that is relevant in the case of forest certification systems, namely the WTO “Code of Good Practice for the Preparation, Adoption and Application of Standards”. Even though this code is legally binding only for governmental bodies, it can be considered as a relevant global standard or guideline.

The second category of reference materials concerns standards set up by standardizing bodies. The most important general standardization organization is the International Organization for Standardization (ISO), which is a worldwide federation of national standards bodies. ISO has issued a whole list of standards for all major bodies concerned in conformity assessment and standards elaboration. In a brief overview, the most relevant in view of SFM certification are the ISO 9000, ISO 10000 and ISO 14000 series of standards.

The third category of reference materials are guides issued by standardization bodies or bodies closely related to standardization or conformity assessment. The boundaries between guidelines or guides and standards are not clear-cut. ISO is also the most important reference source for such guides, which are used worldwide as a reference for conformity assessments. By 1997, 18 ISO/IEC Guides were completed of which the majority is applicable for international aspects of SFM certification.

Other organizations providing guidance documents on a global level include the International Accreditation Forum (IAF) and the International Laboratory Accreditation Cooperation (ILAC). IAF is the international organization for co-operation between accreditors of certification bodies (limited to quality system certification). ILAC is concerned with co-operation between laboratories that test, measure and calibrate. Several of these guidance documents can be used as helpful reference and information material for the case of SFM certification systems. Further reference materials exist in different regions. The most

important European references are those elaborated by EA (European Cooperation for Accreditation), which is the umbrella organization of the nationally recognized accreditation bodies of EU and EFTA countries. EA covers all European conformity assessment activities.

Box 11. Relevant international guidelines and guides for certification systems.

WTO Code of Good Practice for the Preparation, Adoption and Application of Standards

ISO Guides for:

- general terminology
- conformity declaration
- conformity assessment, certification systems for product and quality systems, and accreditation
- conformity assessment of environmental management systems

IAF guides for:

- procedures for complaints
- multilateral agreements policies and procedures
- guidance on the application of ISO guides on certification systems and accreditation
- guidance on the application of or transition to ISO 9000 series

ILAC information and guides

- testing, certification and accreditation of laboratories and assessment related aspects

4.2 Forest certification schemes

Reference material for forest certification schemes has been elaborated by intergovernmental and non-governmental bodies. At the global level, the IPF and IFF Proposals for Actions provide general guidance for forest certification schemes (IPF Proposals 133 a–g, IFF Proposals 41 a-b address certification, IPF Proposal 133 c stipulates concepts to be applied in certification schemes).

A range of studies has been undertaken by various organizations to establish a basis for comparison or criteria for forest certification schemes. They do not often distinguish between different bodies involved in a certification scheme (inspection bodies, certification bodies and accreditation bodies), but rather they try to define attributes of an entire forest certification ‘scheme’.

The most important reference material on key attributes for forest certification schemes (Box 12) is available from:

- Intergovernmental Panel on Forests – Proposal for Action (IPF Proposal 133 c)³
- Study of the Department of Agriculture, Fisheries & Forestry – Australia (AFFA 2000)
- Confederation of European Paper Industry (CEPI) Matrix (Version November 2000)
- International Forest Industry Roundtable (IFIR) Criteria and Indicators for Credible SFM Certification Systems and Standards (Version March 2001)

³ The EU has referred to these IPF Proposals for Action in its EU Forestry Strategy (Council Resolution 1999/C56/01 of 15 December 1998 on a forestry strategy for the European Union *O.J. C 056, p. 0001-0004*).

Box 12. Main International References for Specific Attributes on Forest Certification Schemes

Attribute	IPF PfA	AFFA	CEPI	IFIR	GTZ	FERN
Operate in accordance with national legislation	✓	✓	✓	✓		
Non-protectionist	✓				✓	
Open access	✓	✓		✓		
Non-discriminatory	✓		✓	✓	✓	✓
Credibility and non-deceptiveness	✓				✓	
Cost-effectiveness	✓	✓			✓	✓
Participation	✓	✓	✓	✓		✓
Sustainable forest management	✓	✓	✓	✓	✓	
Transparency	✓	✓	✓	✓	✓	✓
Use of international standards	✓		✓			
Aim at consensus			✓	✓		
Aim at performance standards			✓			✓
Scientifically supported				✓		
Continual improvement		✓		✓		
Repeatability, reliability and consistency		✓	✓	✓		✓
Independence and competence		✓	✓	✓		✓
Wood flow accounting system		✓		✓		✓
Accreditation procedures		✓	✓			✓
Complaints procedure			✓		✓	✓
Adaptive			✓			
Product labelling		✓	✓			✓
Markets/consumers		✓				
Forest management unit preference						✓
Commitment by forest owner/manager						✓

Note: This table includes the main aspects covered by IPF Proposals for Action, AFFA 'critical elements', CEPI principal indicators, IFIR Themes and Criteria, the Principles/Criteria of the GTZ publication, as well as the criteria used by FERN.

- Institutional Requirements for Forest Certification – A Manual for Stakeholders (GTZ June 2000)
- Behind the Logo – An Environmental and Social Assessment of Forest Certification Schemes (FERN May 2001)

Both the FSC and the PEFC have specific documents against which applicants to their respective accreditation or recognition programmes are evaluated, such as the FSC Manual for Evaluation and Accreditation of Certification Bodies or the PEFC Technical Annex. These documents are further sources of reference. A comparison of CEPI, IFIR, PEFC and FSC has been produced by Oliver (2000).

4.3 Other Relevant International References

The International Federation of Organic Agriculture Movements (IFOAM), founded in 1972, is an organization representing the worldwide movement of organic agriculture and more than 700 member organizations in over 100 countries from around the world.

IFOAM Criteria for Certification of Organic Production and Processing and the IFOAM Basic Standards for Organic Production and Processing constitute the most widely accepted basis for national, regional and international organic standards throughout the world. The IFOAM Criteria together with the IFOAM Basic Standards establish the requirements for certification bodies seeking IFOAM accreditation. IFOAM accreditation is carried out by the International Organic Accreditation Service Inc. (IOAS), a US based company, which operates according to the relevant ISO/IEC Guide, with slight adaptations to organic production certification.

The International Social and Environmental Accreditation and Labelling (ISEAL) Alliance was formed in 1999 by organizations that share a common concern for the social and environmental criteria in product certification. Members include IFOAM, IOAS, FSC and the Marine Stewardship Council (MSC). ISEAL is in correspondence with the IAF regarding the formation of a separate chamber for international accreditation bodies. The first project being undertaken includes a standards comparison, a document screening and a trial peer review, in order to establish the mechanism by which the members recognize each other's work. No publicly available document has so far been issued.

4.4 Criteria for conformity assessment bodies

The following ISO/IEC Guides are the main reference materials for all certification and accreditation bodies related to certification of products, quality systems or environmental management systems:

- ISO/IEC Guide 61: General requirements for assessment and accreditation of certification/registration bodies
- ISO/IEC Guide 62: General requirements for bodies operating assessment and certification/registration of quality systems
- ISO/IEC Guide 65: General requirements for bodies operating product certification systems
- ISO/IEC Guide 66: General requirements for bodies operating assessment and certification/registration of EMS

These guides have been used by virtually all bodies active in setting up international certification schemes, such as ISO 9000 or 14000 type certification, or organic farming certification. IAF guidance documents have been elaborated on the application of these ISO/IEC guides. They are used as the reference material also for the design of structures of conformity assessment bodies. The ISO Guides have also been used as a reference for the establishment of the two international forest certification schemes, FSC and PEFC.

As the overall requirements for certification, accreditation or other bodies involved in conformity assessment schemes are largely identical, the general criteria for evaluation outlined are applicable for all these bodies. It might be useful to establish a few specific requirements for the evaluation of each of the different bodies separately. Specific reference material exists for each of the different bodies or functions of a conformity assessment system.

Based on the ISO/IEC Guides, ten basic criteria can be singled out for the evaluation of conformity assessment bodies (auditing bodies, certification bodies, accreditation bodies) for both forest and chain of custody certification (Box 13).

Box 13. Criteria for conformity assessment bodies.

1. General requirements (legal entity, written agreements)
2. Clear responsibilities
3. Impartiality and objectivity
4. Resources and training
5. Non-discrimination and open access
6. Quality system
7. Documentation, documentation control and public access to information
8. Internal audit
9. Complaints procedures
10. Confidentiality

These ten basic criteria have to be further elaborated to cover the major elements established in more detail in the ISO/IEC Guides 61, 62, 65 and 66. Possible stipulations, covering the elements of the ISO/IEC Guides, are proposed in Annex 2 of this paper. Further reference on essential elements of credible auditing systems specifically related to forestry in tropical countries can be found in Baharuddin and Simula (2001).

4.5 Conformity assessment procedures

ISO has a series of standards related to auditing of quality management systems (ISO 10011 series), auditing of environmental management systems (ISO 14010-14012), as well as to environmental performance evaluation (ISO 14031). A new ISO standard (ISO 19011) is under development to supersede the ISO 10011 standards.

Closely following these standards, seven criteria can be proposed for the evaluation of the procedures used by conformity assessment bodies (auditing/inspection bodies, certification bodies, accreditation bodies) for both forest and chain of custody certification (Box 14).

Box 14. Criteria for procedures used by conformity assessment bodies.

1. Application procedures
2. Pre-audit and audit procedures, including sampling
3. Audit report and inspection record
4. Certification/accreditation procedures, decision and issuance of certificates
5. Surveillance
6. Sanctions
7. Appeals, complaints and notification of changes

As with the criteria for conformity assessment bodies (see Section 4.4), these seven basic criteria for procedures should be further specified by elements. Possible stipulations, again covering the relevant elements of the ISO/IEC guides, are proposed in Annex 3 of this paper. Further adaptation might be useful in relation to the type of assessment (e.g. certification or accreditation), as well as whether the object of assessment is a forest holding, a defined forest

area, or a company in the chain of custody. The latter requires different specifications, e.g. concerning the frequency of surveillance.

4.6 Group certification

There are strong economies of scale in forest certification. In individual certification of small holdings, costs become easily prohibitive. Therefore, specific arrangements and procedures have been developed to certify groups of producers or defined forest areas consisting of several holdings (regions). Technical provisions for group certification are rather straightforward. However, these require adequate organizational structures and systems involving those forest owners wishing to get themselves certified as a group. In practice, this has not always been easy, due to organizational and financial constraints of forest owners' organizations. In principle, group certification is largely identical to the certification of individual FMUs. It would help if a group can establish itself as a legal entity and build up a quality system. Assessment and surveillance are based on sampling.

Regional group certification poses a number of additional challenges, such as establishment of the commitment of participants to adhere to the certification standards, maintaining this commitment over change in ownership, and use of claims by participating owners in a certified region. These aspects require a more detailed consideration and are beyond the scope of this paper, which tries to outline the general criteria for certification systems.

5. Evaluation of Chain of Custody and Labelling Standards

5.1 Chain of custody standards

A product label, based on forest certificates, communicates to end users that the forest products they purchase are sourced from independently certified forests. Enterprises engaged in manufacturing and marketing these products must have a chain of custody (CoC) certificate according to appropriate standards. This designation requires businesses to establish management systems that provide a physical control of wood/fibre flows or to establish a paper trail demonstrating that certified materials can be separately monitored from non-certified materials, allowing reliable tracking to verify the chain of custody of timber and fibres throughout the manufacturing and distribution processes.

A variety of techniques are used to trace a forest product from the forest to its final point of sale. These techniques fall into three general categories: (1) document trails audit (material lists, financial documents, etc.); (2) mechanical methods (marking of pieces and products); and (3) physical sorting of products. Verification of the chain of custody involves auditing. This takes place through the review of documentation and accounts of sales and purchases of certified products, as well as physical checks in warehouses and industrial processing plants. Auditing results in a certificate or registration. Certificates are issued to the audited individual enterprises participating in the processing and distribution chain. Conformity assessment is somewhat different in quality depending on whether the input/output approach (documentary paper trail) or the physical segregation approach is applied.

International reference material for CoC standards is not as readily available as standards for conformity assessment. The most relevant provisions on the documentation of material flows are found in ISO 9000 type management systems, guides elaborated by IFOAM, as well as references elaborated by FSC (FSC Accreditation Manual) and PEFC (PEFC

Technical Annex 6) or individual certification bodies. Five basic criteria can be singled out as the cornerstones of chain of custody standards (Box 15). On each of these basic criteria, further specification is necessary to determine the respective requirements.

Box 15. Criteria for the evaluation of chain of custody standards.

1. Verification of source of the material
2. Inventory control
3. Documentation and record keeping system (purchase, stock, production, sales)
4. Verification of sub-contracted production
5. Integrity during transport

5.2 Labelling standards

Each trademark owning body related to a certification scheme elaborates rules regarding the use of the label or trademark that it awards. These rules are of crucial importance to determine the reliability of on- and off-product claims, especially in relation to percentage based claims.

5.2.1 International reference material for labelling standards

ISO currently provides the following reference documents for environmental labelling:

- ISO 14020 “Environmental labels and declarations – General Principles”
- ISO/DIS 14021 “Environmental labels and declarations – Self-declared environmental claims”
- ISO/DIS 14024 “Environmental labels and declarations – Type I Environmental Labelling – Principles and procedures”
- ISO/WDR/TR 14025 “Environmental labels and declarations – Type III Environmental Declarations – Guiding principles and procedures”

Furthermore, the ISO/IEC Guides 61, 62, 65 and 66 and the related IAF guidance documents on the application of these ISO guides outline rules for the use licences, certificates and marks of conformity.

Specifically related to forest certification schemes rules exist in all the internationally operational certification schemes for the use of the respective marks. FSC has laid down its logo usage specifications in its FSC Logo Policy Manual and the FSC Logo Guide for Certificate Holders, which form part of the accreditation contracts of FSC with certification bodies. FSC has also issued a specific document outlining the rules and procedures for percentage based claims which is once again undergoing a thorough internal evaluation. PEFC has laid down its respective rules in Annex 7 of the PEFC Framework on Common Elements and Requirements Technical Document.

In the case of FSC, the accredited certification bodies are responsible for issuing the logo and for approving, monitoring and controlling its use, while in the case of PEFC it is the PEFC Council, or the National PEFC Governing Body acting on its behalf, which issues the official licence for logo usage. Both bodies lay down requirements for on- and off-product logo use.

5.2.2 Criteria for labelling standards

ISO 14020 lays down nine general principles for environmental labels and declarations (Box 16). Based on these principles, four basic criteria for labelling standards may be identified (Box 17).

Box 16. ISO 14020 principles on environmental labels and declarations.

- Principle 1: Environmental labels and declarations shall be accurate, verifiable, relevant and not misleading.
- Principle 2: Procedures and requirements for environmental labels and declarations shall not be prepared, adopted, or applied with a view to, or with the effect of, creating unnecessary obstacles to international trade.
- Principle 3: Environmental labels and declarations shall be based on scientific methodology that is sufficiently thorough and comprehensive to support the claim and that produces results that are accurate and reproducible.
- Principle 4: Information concerning the procedure, methodology, and any criteria used to support environmental labels and declarations shall be available and provided upon request to all interested parties.
- Principle 5: The development of environmental labels and declarations shall take into consideration all relevant aspects of the life cycle of the product.
- Principle 6: Environmental labels and declarations shall not inhibit innovation that maintains or has the potential to improve environmental performance.
- Principle 7: Any administrative requirements or information demands related to environmental labels and declarations shall be limited to those necessary to establish conformance with applicable criteria and standards of the labels and declarations.
- Principle 8: The process of developing environmental labels and declarations should include an open, participatory consultation with interested parties. Reasonable efforts should be made to achieve a consensus throughout the process.
- Principle 9: Information on the environmental aspects of products and services relevant to an environmental label or declaration shall be available to purchasers and potential purchasers from the party making the environmental label or declaration.

Box 17. Criteria for labelling standards.

1. Established legal ownership and rights for marks/labels
2. Information on marks/certificates
3. Detailed documented procedures for issuance, use and withdrawal of marks and certificates, both on- and off-products
4. Detailed documented procedures for misuse, including remedial and legal action

These criteria prescribe that the body shall have documents that demonstrate its ownership or control of the mark, when such a mark exists. A certificate should state the standard(s) or other normative document(s) against which certification/accreditation is granted and the name of the body that issued it. The body should have documented procedures for the use of its mark, and for the procedures it is to follow in case of misuse, including false claims and false use of the mark. Incorrect references to the certification system or misleading use of licenses, certificates or marks shall be dealt with by suitable remedial actions.

6. Conclusions

The review of the general criteria for the evaluation of forest certification schemes and their elements revealed a few important points. Firstly, even though forest certification schemes are complex multifaceted instruments, they can be reviewed and evaluated based on common criteria/factors and broken down into functional elements. Secondly, abundant international reference material exists to establish widely applicable, basic criteria for evaluating the quality of a specific scheme and its individual components.

As regards to forest management standards, it appears to be broadly accepted that, due to different conditions of forests and forest management worldwide, the standards have to be based on, and adapted to, the respective regional or local conditions, both in terms of ecological and socio-economic circumstances. Establishing equal globally applicable standards for SFM appears, therefore, to be neither possible nor desirable. It seems more appropriate to define a general and accepted framework of elements that constitute SFM. Here, progress in existing fora, especially the regional intergovernmental initiatives on criteria and indicators for SFM, will be important to provide an independent global reference.

Although not accepted by all parties, the development of market-driven forest certification as a communication tool targeted at consumers, at least in Europe, will inevitably require a performance-based approach within a voluntary framework, which will include accepted levels of participation in the development of the standards. Otherwise, the resources invested in the establishment of a certification scheme will most likely be lost.

As regards the conformity assessment bodies, their minimum requirements could be relatively easily defined based on the existing agreed, well-established reference material. Requirements and possibilities of developing countries need special consideration to establish adequate conformity assessment bodies. While some adaptation of the general quality requirements seems to be inevitable in these countries, the basic system quality should always meet the defined minimum standards.

A special challenge will be how to address the possibilities and means of developing countries to set up the necessary elements of certification schemes in their specific conditions where there may be a lack of relevant institutional structures and human and financial resources. For these countries, a phased implementation approach has been proposed, which would allow applicants to make claims on their progress towards the full certification status. These claims would be based on external verification. Such a phased approach would have specific protocols covering stepwise the various elements of SFM, but the verification procedures would be identical to 'full' certification assessments. The first step could be, for example, verification of legal compliance gradually introducing other elements of SFM.

PART III: Options for International Validation/ Evaluation System of Forest Certification Schemes

1. Introduction

Based on the previous parts of this paper and several earlier studies (AFFA 2000; CEPI 2000; Nsenkyiere and Simula 2000; etc.), it is apparent that available guidance at international level is leading to a high degree of commonality in many key elements of the existing certification schemes. However, this guidance is scattered and partly developed for other than certification purposes (Vallejo and Hauselmann 2000). ISO Guides are important sources in this context but individual certification schemes, with a few exceptions (national schemes in Brazil, Canada and Ghana), have been developed outside the ISO framework. This, coupled with varying stakeholder group objectives, has led to important differences among schemes. Consolidation and completion of the available guidance in view of applying the standard setting, certification and accreditation to forestry would be highly desirable.

In this chapter, we explore options for a validation/evaluation system, which could serve as a basis for international acceptance/recognition of forest certification schemes drawing on the existing and proposed models, either for schemes as a whole or their components. We will also discuss how governments could help addressing the problems related to proliferation of schemes and credibility of claims.

2. Recognition Agreements as a Mechanism

Recognition is here understood as a mechanism, procedure or arrangement, which enables a body to recognize and accept a certification scheme or its elements, based on an agreed or predetermined set of criteria, requirements, guidelines or the like. The objective is to demonstrate that the objects of recognition have a required level of substantial equivalence (ISO 1992). In the case of forest certification, this could allow (mutual) recognition agreements between operational bodies, use of a common label, or other action to facilitate trade.

Mutual recognition (MR) has been introduced into certification and accreditation activities to ensure that quality certificates, and the like, issued by various bodies do not result in a barrier to trade. In order to address this problem, mutual recognition agreements (MRA) have been introduced embracing the work of certification and accreditation bodies. Such agreements can be unilateral, bilateral or multilateral.

2.1 Types of agreement

Sections 2.1 and 2.2 are based on ISO 1992, ISO Guides 25, 38, 39 and 42. The scope of mutual recognition agreements (MRA) vary in terms of their coverage (subject, number and type of participants, geographical territory and obligation for parties). MRAs can have different degrees of obligations particularly with regard to possible subcontracting of services (e.g. conformity assessment). Five categories are distinguished seen from the extent to which MRAs have a binding effect:

1. Mutual declaration of unrestricted acceptance of each other's work;
2. Mutual acceptance of each other's inspection and assessment reports;
3. A central register or list is formed which contains all products, quality systems, etc. that are 'approved' by each single signatory to the agreement;
4. The signatories offer activities to a particular applicant, on behalf of the other signatories; and
5. A single system (e.g. a certification or inspection system) in which participants from one or more countries agree to abide by the rules of the system.

Category (1) assumes equitable operations by the parties and sometimes excludes the signatories to operate in each other's territory. Category (2) is more limited and may allow the possibility to perform additional inspections. To judge when such an action may be needed, provisions should be included on the exchange of information. This kind of agreement is useful if the scope of reports is different, but it can also apply to situations where one party carries out conformity assessment and the other party recognizes his report being either a certification or accreditation body. From the applicant's point of view, this option offers the possibility for one single assessment to qualify for various labelling schemes operating in the markets. Category (3) could be applicable in situations where the target is not the general public but other enterprises. The volume of information means that this option should only be used in cases where a few participants are involved. Category (4) is applicable in situations where several bodies have an established reputation in a particular territory on branch.

A single system (Category 5) offers the optimum solution in relation to the removal of barriers to trade particularly when uniform marking procedures is included into the system and which automatically can lead to an international system. Participation in the system is achieved by a declaration of a signatory to follow the procedures laid down in the system. A simple system can be managed by a steering committee, which establishes and revises the general regulations of the system. In this steering committee all participating bodies could be members allowing monitoring of the running of the agreement and resolving any dispute that may arise. A single system is possible if no other individual mark or certificate of the participants exists, or is desired (ISO 1992).

2.2 Acceptance agreements and their elements

ISO/IEC Guide 42 (Clause 5) identifies the features which are necessary to support the acceptance arrangements in building up an international certification system: (1) parties to the agreement; (2) scope of coverage (e.g. functional elements, standards, type of activity); (3) definition of terms not covered by ISO/IEC Guides or documents; (4) legal system and court of jurisdiction; (5) personnel training of the parties; (6) special provisions (liability, indemnification, insurance); (7) assessment of parties to perform under the Agreement and

continuing surveillance; (8) administration procedures (communications, exchanges of documents, languages); (9) verification procedures; (10) resolution of disputes; and (11) length of term of the Agreement-method of termination (ISO 1992).

It is obvious that the undertaking to enter into an acceptance agreement must be comprehensive and must minimize bureaucracy. Multilateral arrangements would be preferable from the efficiency point of view. ISO/IEC Guides 25, 38 and 39 contain guidance on the qualification of parties proposing to establish bilateral or multilateral arrangements.

If cooperation is established through a MRA, it is recognized that mutual confidence is a prerequisite. Accreditation is a useful instrument to demonstrate technical competence and reliable procedures. Harmonization in the following aspects would facilitate the process of establishing mutual confidence: (i) auditing methods; (ii) elements to be tested; (iii) report formats; (iv) procedures of evaluation of reports and decision making; (v) means of communication of the results; (vi) application procedures; (vii) accreditation procedures; and (viii) methods of evaluation of personnel (see ISO Guide 42).

MRAs should contain: (a) identification of signatories and their legal status; (b) the scope of agreement; (c) requirements to be complied with the signatories; (d) surveillance of each other's work; (e) handling of complaints and appeals; (f) the liability of parties concerned; (g) amendments or revision of the agreement; (h) arrangements to maintain communication; (i) confidentiality and security; (j) duration of the agreement; and (k) a choice of the law of a country, or a set of internationally accepted rules, that governs the implementation of the agreement (ISO 1992).

In addition to the formal MRAs as outlined above, there also exists less formal arrangements which may be sufficient if recognized by the parties involved.

3. Existing Models as Options for a Validation/Evaluation System

The existing bodies and initiatives provide, at least, six options for validation/evaluation arrangements for conformity assessment/certificates/certification schemes in forestry at the international level (Table 2). We call them 'models' as they differ in objectives and scope. Details on each approach are provided in Boxes 2 to 7 and they can be summarized as follows:

1. The 'IAF' model is based on a multilateral mutual recognition between *accreditation bodies*.
2. The 'FSC' model is based on *an international accreditation body* that also endorses standards and provides a logo/trademark.
3. The 'IFIR' model is promoted for mutual recognition between *certification schemes*.
4. The 'PEFC' model is based on an international body that recognizes *certification schemes* and provides a logo/trademark.
5. The 'Keurhout' model is aimed at recognition of forest management *certificates* and provides a logo/trademark.
6. The 'Users' Assessment' model would provide a *toolbox* for an interested party to assess individual certification schemes or their elements.

If a certification system is applied in more than one country, it becomes an instrument for international-level validation of forest management quality according to the specified requirements. As pointed out in Part II, the Sustainable Forest Initiative provides such a facility as it is currently applied in the USA and Canada.

Table 2. Options for international recognition of certification schemes.

Options	Scope of recognition	Basis of recognition/endorsement
'IAF' model	Conformity assessments (certificates issued) by accredited certification bodies participating in a multilateral mutual recognition agreement	Defined standards (e.g. ISO 9000/14000) used in certification Accreditation rules
'FSC' model	<ul style="list-style-type: none"> • Forest management standards developed under common rules • Private certification bodies applying the FSC scheme • Other schemes meeting the FSC requirements 	FSC National Initiatives Manual FSC Accreditation Manual Policy under development
'IFIR' model	Mutual recognition (MR) between schemes	Criteria identified in the IFIR MR Framework Document
'PEFC' model	National certification schemes	PEFC Technical Document Annex 5
'Keurhout' model	Forest management certificates	Minimum requirements of the Dutch Government Keurhout's other requirements
'Users' assessment' model	Labels or certificates entering markets	Toolkit offering necessary elements for each type of user and purpose

Box 18. IAF multilateral agreements on recognition of accreditation programmes.

Objective

Encourage development of a worldwide system of mutual recognition of conformity assessment certificates to facilitate trade and commerce through provision of a mechanism for recognition of conformity assessments (certificates) issued in one country in another country.

Elements

- Multilateral mutual recognition/accreditation bodies covering certification to specified standards (e.g. ISO 9000, ISO 14000) based on the equivalence of accreditation programmes operated by members.
- Accreditation standards (ISO Guides 61, 65 and 62; EN 45013 for certification bodies, ISO Guides 58 and 25 for laboratories and ISO/EC TR 17010 for inspection bodies).
- Multilateral peer review of accreditation programmes of participating bodies.
- IAF Procedures and Guidance Documents

Organization

IAF/ILAC

Regional cooperation bodies for Europe (EA), APEC, FTAA/NAFTA/MERCOSUR and SADC regions.

Box 19. FSC as a framework for recognition of certification schemes.*Objective*

The original idea of FSC was to provide an instrument to recognize, through accreditation, the competence of certification bodies that carry out assessment against FSC-endorsed standards (or standards elaborated by these bodies based on the FSC P&C). Since then, FSC appears to have evolved to a fairly closely defined certification system within which private bodies operate their programmes.

Elements

1. Certification standards
 - The FSC Principles and Criteria with which nationally developed standards must be fully compatible.
 - The National Initiatives Manual (1998), which defines the national standard development process with participatory elements
 - Procedures for assessing and endorsing the draft standards
 - CoC certification requirements
2. Accreditation programme
 - Eleven certification bodies are currently accredited based on the requirements and procedures defined in the FSC Accreditation Manual covering both forest and CoC certification.
 - FSC intends to have its programme peer reviewed within the ISEAL (International Social and Environment Accreditation and Labelling Alliance)
3. FSC trademark/logo
 - Rules of percentage based claims in products that are not fully based on FSC certified raw material
 - FSC logo rules for users of the trademark
4. Organization
 - Members are stakeholder organizations and private individuals
 - General Assembly with three-chamber structure sub-divided into northern and southern sub-chambers
 - Board of Directors
 - Secretariat headed by Executive Director
 - Working Groups

Source: <http://www.fscoax.org>

The IAF (Box 18) and FSC (Box 19) models draw on accreditation as the instrument to link certification programmes, but also underlying standards need to be common (IAF) or harmonized (FSC). The IFIR (Box 20) and PEFC (Box 21) approaches address recognition of entire schemes, the former one being based on generic criteria, and the latter one applying specific criteria for applicants. The Keurhout model (Box 22) is quite near these two options as it addresses the key elements of a certification scheme (standards, certification body and chain of custody).

The Users' Assessment model could address all the elements to validate/evaluate a scheme but it does not provide an institutional arrangement for the process leaving it to each user to pick his/her assessment criteria and carry out the work individually (or in a group).

Three of the options make a provision for trademark/logo (FSC, PEFC, Keurhout), but the IFIR MR Framework also makes reference to a possible single trademark that could be used globally.

Box 20. IFIR framework of mutual recognition among certification schemes.

The following elements form the framework that IFIR is promoting for mutual recognition to be provided by a body or forum that is yet to be identified.

1. Criteria and indicators of credible SFM certification systems and standards covering the following themes: (i) conformity with SFM standards and legislation; (ii) participation; (iii) scientifically supported; (iv) continual improvement; (v) non-discriminatory; (vi) repeatability, reliability and consistency; (vii) independence and competence; (viii) transparency; (ix) SFM claims; and (x) Wood Flow Accounting System (or chain of custody).
2. Methodology to determine substantive equivalence drawing on the questionnaire develop by CEPI (2000) for the comparison of schemes.
3. SFM glossary and technology.
4. Management and administrative arrangements through mutual recognition agreements between two (bilaterals) or more certification systems (multilaterally at regional or international levels).

The governance model includes:

- a) Governing Body consisting of stakeholder representatives and/or certification systems
 - b) Board to manage and continuously improve the arrangement
 - c) Secretariat to administer the operations
 - d) Independent Quality Assurance Group to assure the quality, credibility and substantive equivalence of applicant schemes and to regularly assess the certification procedures of existing systems and to advise on acceptable standards for the operation of certification systems as well as to act as ombudsman between parties
5. Possibly a globally used single trademark

Source: IFIR 2001

When labelling is covered, the chain of custody requirements have to be included as well.

While the IAF, IFIR and PEFC models are targeted at mutual multilateral recognition, the Keurhout model is unilateral in the sense that the Foundation arranges the assessment of certificates from individual producers. This appears cumbersome over time when the number of suppliers increases. In practice, assessment would become easy when the first certificate of a certification scheme has been approved as it can serve as a reference for the assessment of subsequent producers certified under the same scheme. The Users' Assessment approach would be applied unilaterally but it could also form part of a mutual multilateral arrangement.

The first five options apply a set of predetermined requirements that define the basis for substantive equivalence. PEFC and Keurhout apply external experts to carry out assessments while FSC has set up internal procedures for this purpose.

Each approach entails possible problems or issues to be addressed if they are to serve as an international, broadly accepted solution for a mechanism for international validation/evaluation recognition of forest certification under different schemes. It is difficult to make an assessment of the options identified above as models as most of them cannot easily be detached from the existing arrangements. Therefore, only some preliminary remarks on their potential strengths and weaknesses are discussed below:

Box 21. PEFC as a framework for recognition of certification schemes.

Objective is to provide a mutual recognition mechanism for European (and non-European) certification schemes that meet PEFC's requirements to enable certified producers to use the PEFC trademark.

Elements

1. Certification standards
 - Nationally developed standards which comply with the Pan-European Operational Level Guidelines for SFM
 - Requirements for the standard development process
 - Requirements for CoC certification
2. Accreditation
 - National accreditation bodies to recognize the competence and impartiality of certification bodies
3. PEFC trademark/logo
 - PEFC logo rules

Organization

- Members are governing bodies of national certification scheme and extraordinary members represent international stakeholder organizations who have an observer status
- General Assembly of members and extraordinary members who make up the Council
- Board of Directors
- Secretariat headed by Executive Director
- Independent consultants recruited through open bidding to preassess the applicant schemes to assist the Board and members in the voting decision
- Working Groups

Source: <http://www.pefc.org>

(i) The IAF model (Box 18) would require a commonly accepted criteria to the forest management standard. In addition, one should define under which accreditation standard(s) the system would operate (product or management system certification bodies, or inspection bodies). The strength of this option lies in its link to the ISO framework and the existing ready arrangements for MRAs. IAF is so far focusing on cooperation between national accreditation bodies. Specialized international accreditation services, like FSC, are not among IAF's members. IAF is a fairly young body with a heavy agenda. Therefore, sector-specific initiatives are likely to receive a second priority in IAF's programme of work.

(ii) The FSC model (Box 19) would mean that a single scheme would be applied globally. This option could lead to a monopolistic situation, which has been criticized by some representatives of forest owners, industry and trade. The FSC scheme has set a target of 20% for its market share (Muthoo 2001), which could imply that the global demand for certified timber may not be met. Concerns have also been expressed on the high level of the FSC requirements, which can be beyond the reach of many developing country producers, particularly those operating in natural forests. The strengths of the FSC scheme include *inter alia*: strong support from NGOs and part of the industry and trade; a high degree of perceived credibility; a global standard and trademark with current visibility in the market place; and

Box 22. Keurhout Foundation as a mechanism to verify and accept forest certificates and implement labelling.

Objective

Keurhout was established to provide the necessary arrangements to: (a) set up and control a hallmark system for timber originating from sustainably managed forests, in order to furnish the buyer/consumer with information as to the origin of such timber; (b) verify in connection therewith if certificates or origin and sustainable production meet the criteria to be employed for that purpose by the Foundation and the affirmative case; and (c) admit the timber to the tracing system. The scope of monitoring covers the chain of custody from the Dutch port of entry or the Dutch forest to the final consumer. The certified products sold to end consumers can be labelled using the Keurhout Hallmark, which is a collective trademark recognisable by the consumer.

Requirements

Keurhout verifies and accepts all certificates that are based on standards meeting the Foundation's own minimum performance requirements audited by an independent third party. Keurhout applies the minimum criteria of the Dutch government as its minimum requirements. These have been derived from the ITTO definitions of SFM, the UNCED Forest Principles and the FSC Principles.

The Keurhout Verification involves four steps for which specific requirements have been defined: (i) management system; (ii) performance of forest management; (iii) certification body; and (iv) the chain of custody.

Products traded in the Dutch territory are traced by the CoC verification system provided by Keurhout and implemented by independent auditors.

Keurhout has, for the time being, accepted certificates issued under different existing certification schemes from Brazil (Precious Wood, Itacoatiara), Canada (Weyerhaeuser), Congo (CIB), Finland (Finnish Certification System), Solomon Islands and Sweden (AssiDomän, Stora, Södra). Besides, Keurhout has accepted timber from three Malaysian Peninsular States (covering 2.2 million ha) as 'Declaration' timber and CIB (1.1 million ha) in the Republic of Congo, and this adds up to 7.7 million hectares of certified forest area.

Organization

Keurhout's organization includes: (1) Board, which is chaired by an independent chairperson; (2) Independent Expert Committee to assess certificates; (3) Independent Appeals Committee to address claims; and (4) Managing Director with administrative staff. The Committees will include participation of all the major interested parties.

Source: <http://www.stichtingkeurhout.nl>

well-established procedures. On the other hand, FSC has not been able to formally recognize any other scheme, except LEI, and this may not be even a priority in the future. The FSC model could, however, be designed in a way, which would include recognition of standards under various frameworks if the specified criteria are met. If the approach is based on one globally applicable standard – as it appears at present in the case of the FSC P&C – there is likely to be difficulties in making all such standards' specifications relevant or applicable everywhere in highly diverse forestry situations in the world.

Box 23. Users' Toolkit as a validation instrument.*Objective*

To provide users and promoters with a toolkit to assess certification schemes that they can accept/specify in their decisions on forest products (buyers), purchasing supporting operators and schemes financially (aid agencies, financing institutions) or otherwise (NGOs and other stakeholders).

Elements

An analytical modular toolkit for making assessments on standard contents and development process, the certification process, accreditation, implementation and claims. Each user or user group may carry out assessments (individually or in cooperation) defining, if relevant, their own minimum requirement for each aspect.

A study to produce such a toolkit is being prepared by Proforest with DFID funding.

(iii) The IFIR model (Box 20), still at a conceptual development stage, has strong industry support and the value of its specified requirements has been appreciated by some other stakeholders as well. It relies on the assumption that individual schemes wish to establish mutual recognition. This does not appear to be the case with FSC. The other strength of the approach is in its comprehensive approach.

(iv) PEFC (Box 21) intends to provide a comprehensive solution for recognizing national certification schemes with its own requirements for their various elements. A limitation of PEFC is its regional character. However, this limitation would be eliminated if PEFC starts recognizing non-European schemes. PEFC lacks ENGO support. The ENGOs have criticized several of its elements and features (accreditation, level of standard, transparency, decision-making, etc.) (e.g. FERN 2001a,b; GTZ 2000).

(v) The Keurhout approach (Box 22) has potential to be applied on a regional/international level. As it is an importing country's approach, it may require some adjustments to make it feasible in a broader context. Instead of certificates of individual producers, the assessments could be made on certification schemes. There is some ambiguity in the actual role of the Keurhout Foundation. It, in a way, 'certifies' certificates, but it is not an accreditation body. However, it carries out some functions of accreditation. When a trademark is included as in Keurhout's case, individual participating schemes would have little need for their own labels as eventually in the PEFC and IFIR model. The CoC verification would also probably have to be linked with assessment of certification schemes, or a harmonized standard could be developed for it. If this model is to be applied at a regional or international level, the shortcomings of the Keurhout Foundation should be addressed in the design of arrangements. The strength of the approach lies in the fact that requirements have been defined outside individual schemes and Keurhout has received some NGO support. Labelling is separated from standard setting and accreditation. This separation allows flexibility, while the predetermined requirements can ensure that an appropriate minimum level of performance needs to be achieved. However, the approach becomes easily top-down. This could be avoided by broad participation and transparency. Were a logo/trademark excluded from the scheme, the Keurhout approach would boil down to validation of individual certification schemes against predetermined requirements.

(vi) The Users' Assessment model (Box 23) would be a flexible instrument meeting the needs of individual parties who wish, or have to, evaluate and validate certification schemes

for particular purposes. The more common agreement there will be on the assessment criteria and how they would be applied, the wider would be application of the toolkit (e.g. in other models discussed above). The approach could be attached to various institutional options at international level. It could build on the elements presented in Part II of this paper. This model may not be very useful from the perspective of the proliferation problem if its main application were by individual parties using their own specific evaluation criteria for their particular needs.

4. Options for Institutional Arrangements of Validation/Evaluation System

None of the existing and proposed approaches as such appears to offer a ready, broadly accepted solution to the problem of international level institutional arrangements for a validation or evaluation system of forest certification schemes. However, the existing and proposed options discussed above offer elements for an acceptable arrangement at the international/regional level. Two main avenues have been proposed to address the issue:

1. Mutual recognition between the schemes under an appropriate forum (see Part III Section 2); and
2. Validation or recognition arrangements through an identified body.

Both approaches require a set of minimum requirements covering the performance standards and their development process, assessment procedure of the standard, as well as chain of custody rules and their verification procedure (see Part II). If labelling is included in such arrangements, it could eliminate the need to use labels of individual schemes thereby reducing 'proliferation'.

IFIR (2001) has proposed two models for a governing body of a mutual recognition framework: (i) an organization of SFM stakeholders; or (ii) a consortium of certification schemes. These options have not yet been explored in more detail.

Rametsteiner (2000a) identified three options for institutional arrangements for recognition:

1. Bilateral recognition between schemes ('Flexible');
2. Multilateral facilitating body for MR agreements ('Forum'); and
3. Multilateral executive body ('Council').

The first option is currently being pursued, when individual bodies operating in a certain region intend to enter into recognition agreements on specific elements (e.g. standards) or on mutual acceptance of certificates. However, this approach is rather suited to an initial phase of establishing international recognition arrangements. It is time consuming and costly as a comprehensive solution, but flexible and rapid to address specific market needs. The second option, to mainly provide a facilitator body, has been pioneered by the International Accreditation Forum (IAF) in matters related to mutual recognition of the work of national accreditation bodies within ISO type certificates. In a more loose form this approach was also taken by the Global Ecolabelling Network (GEN), which has made only limited progress in the mutual recognition field (Box 24). The third option would establish binding rules and procedures for MR agreements and, if coupled with an international trademark, it would regulate its use and access.

The Second International Seminar on the Mutual Recognition of Credible Forest Certification System (Organized by CEPI in Brussels, November 28–29, 2000) concluded that the first option would be preferential, eliminating the need to establish new institutional bodies or structures for the time being. However, it was deemed desirable to have a better

Box 24. GEN as a model for network between ecolabelling schemes.*Background*

The Global Ecolabelling Network (GEN), established in 1994, is a non-profit association of ecolabelling organizations from around the world.

Objective

To improve, promote, and develop the ecolabelling of products and services. GEN fosters information exchange among its member, dissemination of information to the public, and longer-term harmonization of ecolabelling programs, as appropriate. Formal cooperation (e.g. mutual recognition) agreements are identified as one of the objectives of GEN's Strategic Plan.

Activities

The following activities of GEN are relevant to recognition of schemes:

- collection, compilation and provision of information on ecolabelling programs, including their product criteria and relevant reports;
- participation in ecolabelling activities of UNEP, ISO, WTO and others;
- development of position papers and analyses on such issues as ecolabelling and trade, harmonization of programs, etc.;
- exploring mutual recognition among programs;
- information exchange among members with regard to setting criteria, marketing, green procurement, etc.

Organization

Membership in the GEN is open to all national or multinational ecolabelling licensing bodies, currently numbering 14.

Source: <http://www.gen.gr.jp>

understanding and possibly guidance for internationally acceptable evaluation of certification schemes (e.g. in the form of credibility criteria).

The FAO/GTZ/ITTO Seminar on Building Confidence among Forest Certification Schemes and Their Supporters (Rome, February 29–30, 2001) did not reach any conclusion on how the issue of recognizing credible certification schemes should or could be addressed through a joint action. Even the need for such action was questioned by those participants who considered FSC an adequate solution to the problem. On the other hand, some other participants saw an urgent need for new action in this field.

Part II of this paper has demonstrated that it would be possible to gradually build up necessary elements for an international system for validation/evaluation of forest certification schemes. However, broad stakeholder support would have to be mobilized to support such a process. This has not been possible for a number of reasons:

- stakeholders have different objectives in promoting certification which have not yet been aligned; in particular, minimum requirements and mutual recognition remain issues on which views differ (FAO/GTZ/ITTO 2001);
- there is a great gulf of trust between the supporters of various schemes (Synnott 2000);

- in spite of several efforts (e.g. CEPI 2000), there has apparently been insufficient impartial effort to identify detailed substantive differences among individual schemes and future stakeholder discussion on their implications and importance is required (FAO/GTZ/ITTO 2001);
- competition between internationally operating schemes (FSC and PEFC) and concerns of national schemes not participating or having access to international schemes; and
- general concerns related to cost impacts due to certification, particularly among developing general country producers and small-scale private forest owners.

It is apparent that there is a need to continue the process of consensus building where policy and technical aspects should be discussed separately.

5. Governments' Role

In spite of being driven by the private sector, governments have several roles in the promotion of certification as a tool towards SFM which have been explored by Rametsteiner (2000b): the need to ensure legal compliance and fair play in the market place appears to be largely taken care of. A further guiding or supporting role may also be needed for standard setting and implementation, the establishment and operation of certification systems, and related market incentives, such as public procurement rules. In this spirit, IPF already concluded that governments have a role in encouraging transparency, the full participation of interested parties, non-discrimination, and open access to voluntary certification schemes.

Many of the novel application areas of forest certification identified in Part I of this paper are also likely to need a certain level of regulation or guidance by the governments to make certification to work in practice (e.g. verification/certification of carbon sinks and other environmental services). The EU has several policy instruments which need to be linked or have potential synergies with forest certification (GSP, public procurement, EU Eco-label, etc.). If the existing certification schemes and their supporters cannot find a practical solution for validation/evaluation of acceptable certification schemes, governments may have to assume a more active role than in the past to facilitate such a process. The key concern of governments in this context is to have a consistent approach to forest and trade policies and the instruments used by the public and private sectors.

The truthfulness of the claims is currently being regulated by governments. In the European Union, for example, it is regulated by the EC Council Directive 84/450/EEC on misleading advertising (Box 25).

The question of an optimum level of regulation of forest certification and related labelling, beyond what is provided by the WTO rules and the other elements of the existing international forest-related regime, has not been studied in depth. However, it is clear that the more there is agreement between stakeholders and operators of the certification industry, the less there will be need for regulation or soft law instruments and the more effective certification will be in promoting its objectives. This trade-off should encourage parties to find common ground, but this has not yet been fully appreciated.

6. Conclusions

None of the existing models and approaches appears to offer a comprehensive solution for institutional arrangements of a validation/evaluation system of forest certification schemes.

Box 25. Selected provisions of the EC Council Directive concerning misleading advertising (84/450/EEC 10 September 1984).

- Art. 2 1. "Advertising" means the making of a representation in any form in connection with a trade, business, craft or profession in order to promote the supply of goods or services.
2. "Misleading advertising" means any advertising which in any way, including its presentation, *deceives or is likely to deceive* the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, *is likely to affect their economic behaviour* or which, for those reasons, *injures or is likely to injure a competitor*.
- Art. 3 In determining whether advertising is misleading, account shall be taken of all its features, and in particular of any information it contains concerning:
- a) the characteristics of goods or services, such as their availability, nature, execution, composition, method and date of manufacture or provision, fitness for purpose, uses, quantity, specification, geographical or commercial origin or the results to be expected from their use, or *the results* and material features *of tests or checks carried out on the goods or services*.
- Art. 6 ...courts or administrative authorities...
- a) to require the advertiser to *furnish evidence as to the accuracy of factual claims* in advertising if, taking into account the legitimate interests of the advertiser and any other party to the proceedings, such a requirement appears appropriate on the basis of the circumstances of the particular case; and
- b) to consider factual claims as inaccurate if the evidence demanded in accordance with (a) is not furnished or are deemed insufficient by the court or administrative authority.

Note: Italics added

Box 26 is an attempt to depict some options for action to make progress at international or regional level. Their detailed assessment would best be carried out through a participatory process involving stakeholder representatives.

At the international level it would probably be realistic to proceed by stages. The first step would be to have a common view of the assessment criteria that are specific enough that they can be effectively used for validation/evaluation of the main elements of certification schemes. This kind of instrument could be used by the various parties involved or interested in applying and promoting forest certification. Part II of this paper was an attempt to identify what elements these criteria should cover, and Box 27 summarizes them. Further dialogue is needed on the requirement specification for each element.

At the EU-level, a common set of assessment criteria may not be sufficient due to the urgent needs to define acceptable certification schemes (see Part I, Section 5). Therefore, at the next stage the EU could, if deemed desirable, identify or establish a body or mechanism to carry out the validation/evaluation work in a reliable manner drawing on for validation assessment criteria mentioned above (Option 1 in Box 26).

A possibility to use a common label by the schemes that have been successfully validated through such a process could eventually be offered. This would, however, require the same kind

Box 26. Options for international institutional arrangements of validation/evaluation system of forest certification schemes.

1. A validation/evaluation system applying commonly agreed minimum requirements for standards and procedures which is managed by an appropriate body (existing or new) which could be private, governmental or mixed.

The prime actors in this option would be stakeholders and/or governments.

2. Mutual/multilateral recognition arrangements between existing certification schemes based on a set commonly agreed minimum requirements for standards and procedures. Such an arrangement may be organized through:
 - a) bilateral recognition agreements between schemes;
 - b) a multilateral facilitating body under MR agreements; and
 - c) a multilateral executive body under its own rules.

The prime actors in this options would be certification schemes or national accreditation bodies which are typically involved in these arrangements.

3. One integrated single scheme to be applied globally applying a common standard and involving centralized or decentralized accreditation, and a common label/trademark ('FSC' model).
4. No international institutional arrangements but further analytical work towards the development of a common toolbox to assess individual schemes by interested parties such as buyers of forest products and other stakeholders.

Box 27. Possible elements to be covered by an international validation/evaluation system of forest certification schemes.

1. Forest management standard
 - common/regional framework for locally applicable performance standards and management system
 - minimum requirements for procedures for developing such a standard
2. Forest assessment
 - requirements for assessment procedures
 - requirements for third-party certification body
3. Chain of custody verification
 - harmonized CoC standards
 - verification procedures
 - requirements for independent third-party body
4. Accreditation
 - accreditation standards
 - accreditation bodies

of institutional arrangements that are provided by any environmental labelling scheme for the rules of trademark/logo use and related control. Linking the validation system with the existing instruments (EU Eco-label; public procurement rules; EMAS; GSP; development aid; promoting wood products and enhancing extension services to forest owners under the European Forestry

Strategy; mitigating problems related to restitution of forest lands in Eastern Europe; cap management in project-based carbon sequestration; etc.) would probably be a more attractive alternative than introducing a new label. Most of forest products are sold to industrial or institutional buyers who are often more interested in certificates or other means of reliable communication on the environmental quality of products than in an on-product label.

In considering an international validation/evaluation system for forest certification, the need for monitoring should be given due attention. Most schemes are young and still evolving. The experience on practical application is still limited and further strengthening is required. Provisions for a stepwise approach to build up acceptable schemes under common general rules would facilitate developing countries to take part in this process.

The assessment criteria to be used in the validation/evaluation system could be later expanded to cover non-market driven applications of forest certification, if it is deemed justified.

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- PEFC. <http://www.pefc.org>
- Keurhout Foundation. <http://www.stichtingkeurhout.nl>
- Global Ecolabelling Network. <http://www.gen.gr.jp>

Annex 1 – Definitions

Accreditation: Procedure by which an authoritative body gives a formal recognition that a body or person is competent to carry out specific tasks.

Assessment: All activities related to the certification/registration of an organization to determine whether the organization meets all the requirements of the relevant clauses of the specified standard necessary for granting certification/registration, and whether they are effectively implemented, including documentation review, audit, preparation and consideration of the audit report and other relevant activities necessary to provide sufficient information to allow a decision to be made as to whether certification/registration shall be granted.

Certificate of conformity: Document issued by a certification body, declaring that an operation conforms with the production or processing standards.

Certification: The procedure by which a third party gives written assurance that a clearly identified process has been methodically assessed such that adequate confidence is provided that specified products conform to specified requirements.

Certification body: The body that conducts certification.

Certification programme: System operated by a certification body with its own rules and procedures and management for carrying out certification of conformity.

Certification scheme: System which involves the various elements of conformity assessment to enable issuance of certificates.

Certification scope: The parameters defining the certification granted including the product or product types certified, where applicable the area and the applicable standards and certification programme.

Chain of Custody: The concept that all relevant steps in the production chain including the handling, processing and other processes have been inspected or certified as appropriate.

Complaint: An objection to the policies, procedures or performance of the certification body. A complaint may also be an objection to the performance or activities of a certified party lodged with the certification body by a third party.

Evaluation: Systematic assessment based on all relevant information obtained in order to make a decision. With reference to a certification decision this includes, but is not limited to, the inspection.

Inspection Body: Body that performs inspection/assessment services on behalf of a certification body.

Inspection: Visit on site to verify that the performance of an operation is in accordance with the production or processing standards.

Quality System: Documented procedures which are established, implemented, and periodically audited to assure that production, handling, management, certification, accreditation and other systems meet specified requirements and outcomes by following standardized protocols.

Mark: A legally registered trademark or otherwise protected symbol that is issued when adequate confidence in the systems operated by a body has been demonstrated or when relevant products or individuals conform to the requirements of a specified standard.

Non-conformity: The absence of, or the failure to implement and maintain, one or more required management system elements, or a situation which would, on the basis of available objective evidence raise significant doubt as to the quality of what the supplier is supplying.

Annex 2 – Basic Criteria for Conformity Assessment Bodies: Further Possible Stipulations (based on ISO/IEC Guides 61, 62, 65 and 66)

a) General provisions

- The policies and procedures of the body shall be non-discriminatory and unconditional, as far as possible.
- The body shall have documents which define the exact scope of its service.

b) Organization

- The body shall have documents which demonstrate it is a legal entity.
- The body shall have a documented and effective structure and organization that provides confidence in its certification, including a division of the functions of inspection, certification and appeals, based on written agreements.
- The body shall identify the management which shall have overall responsibility.
- The body shall have a clear description of responsibilities for all parties involved.
- The body shall have structures and procedures that enable it to be impartial. Inspection and certification shall be based on an objective assessment of relevant factors, following documented procedures.
- Bodies shall not provide consultancy services to operators.
- All persons with a conflict of interest, including commercial interest shall be excluded from work.

c) Sub-contracting

- Assessments carried out by subcontracted bodies should be based on an agreement that requires the subcontracted body to comply with all the relevant requirements and should have the same confidence as assessments carried out by the body itself.
- Evaluation of the audit report and decisions on certification/accreditation shall be made only by the body itself.

d) Resources and training

- The body shall have the financial stability and resources required for the operation of a certification system.
- The body shall have a sufficient number of personnel with the necessary knowledge and experience for performing certifications or for leading certification teams.
- The body's procedures shall ensure that staff employed to assess suppliers are competent in the field in which they are operating.
- Subcontracted bodies or persons have to comply with all provisions of these criteria
- The body shall have a documented training policy.

e) Quality system

- The body shall have a documented policy for quality, including arrangements for continuous quality improvement

- The body shall operate according to an effective, appropriate quality system, including procedures, documented in a quality manual.

f) Documentation, documentation control and public access to information

- The body shall document and maintain its certification system.
- The body shall ensure that all affected parties are notified of changes.
- The body shall maintain a records system. The records shall document the work related to the operations conducted, including inspection reports, sanctions, appeals and complaints.
- The body shall make appropriate documents available to the public on request.

g) Internal audits

- The body shall conduct periodic internal audits of procedures and performance to verify that the certification system is implemented and effective.

h) Complaints procedures

- The body shall have procedures for timely and efficient consideration of complaints or disputes concerning its performance.

i) Confidentiality

- The body shall ensure confidentiality of sensitive information regarding specific operators obtained in the course of its certification activities.

Annex 3 – Basic Criteria for Conformity Assessment Procedures: Further Possible Stipulations (based on ISO/IEC Guides 61, 62, 65 and 66)

a) Application procedures

- The body shall ensure that the applicant has all relevant up to date information.
- The body shall require a signed official application form, including a statement to agree to comply with the requirements for certification, including a commitment to comply with the standards, and adequate access to information needed for the evaluation.

b) Pre-audit and audit procedures, including sampling

- A review of the requirements and procedures might be undertaken.
- The applicant's operations shall be evaluated against the certification requirements using appropriate techniques, including an inspection.
- The audit shall follow a decided protocol, including sampling procedures (size and methodology used), and shall be documented.

c) Audit report and inspection record

- Audit reports shall cover all relevant aspects, adequately validate the information provided by the operator and indicate any non-conformities in a way and format that allows the certification body to make competent and objective decisions.
- The auditors shall record the inspection visit, including all relevant information.

d) Certification/accreditation procedures, decisions, and issuance of certificates

- Certification/accreditation procedures and decisions shall be objectively based and transparent.
- Compliance with standards shall result in the issue of a document which provides full information on the nature and validity of the certification/accreditation.
- Certification/accreditation shall not be granted until all non-conformities have been corrected and the correction verified by the body.
- The certification body shall issue certificates confirming conformity of a certified operation with all relevant information, including the scope and period of validity and rights and obligations related to the use of certificates. When certification is denied, the reasons shall be clearly stated.
- The certification body shall have established rules on the use of its certificates or marks as well as documented procedures for withdrawal and cancellation of these.

e) Surveillance

- The body shall have a written policy on regular inspection frequency and irregular inspections, based on risk analysis, as well as a minimum number of unannounced inspections, based on both random and targeted selection.

f) Sanctions

- The body shall have documented sanctions and procedures for imposing these, dependent upon the severity of infractions of the standards.
- A serious violation shall lead to the withdrawal of the certification for a specified period.
- In cases where certification/accreditation is suspended the body shall require that, during the period of suspension, the supplier makes no misleading claims.

g) Appeals, complaints and notification of changes

- The body shall have procedures for the consideration of appeals against its certification decisions, allowing a timely and efficient consultation and decision.
- The body shall require that the operator takes appropriate action on complaints related to the compliance with certification requirements.
- The body shall have procedures for the verification of operators' implementation of the required changes.
- The body shall ensure that each certified operator be notified of changes in the standards and relevant procedures without unnecessary delay.

Other Papers and Presentations

Setting the Scene

(adapted from PowerPoint presentation)

Dr. Markku Simula

Indufor Oy, Helsinki, Finland

Slide 1: International Dialogue on Mutual Recognition and Certification

1. *PEFC/EU Technical Seminar*
Brussels, June 2000
2. *CEPI International Seminar*
Brussels, November 2000
3. *FAO/GTZ/ITTO Seminar*
Rome, February 2001
4. *EU Workshop on Developing Synergies Between Carbon Sinks and Sustainable Development Through Forest Certification*
Brussels, April 2001

Slide 2: Reasons for Slow Progress in Policy Dialogue

- stakeholders have different objectives
- great gulf of trust
- insufficient assessment of detailed substantive differences between schemes
- competition between international schemes
- general concerns on cost impacts, market access, etc.
- special concerns of developing countries

Slide 3: Objectives of Forest Certification

1. Promotion of sustainable forest management
 2. Promotion of sustainable consumption patterns
- ⇒ Forest certification is a potential instrument for sustainable development

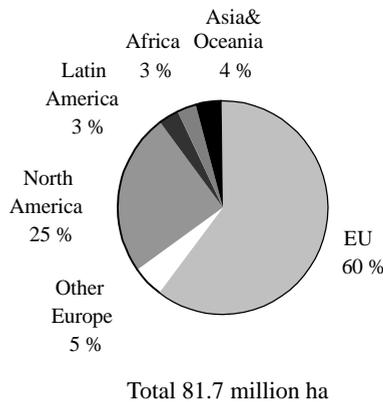
Slide 4: Underlying Factors

- agreement on usefulness, but disagreement on application
- originally market-based soft-policy instrument, but the scope of application is widening
- complex web of interests
- participation of stakeholders
- compatibility with trade rules

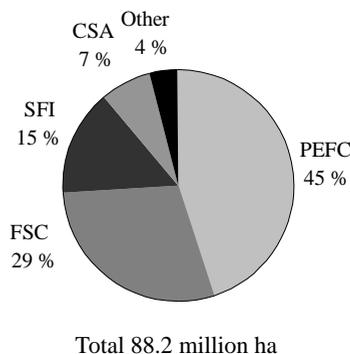
Slide 5: Issues Arising from Several Parallel Schemes

- Which schemes are 'reliable', 'credible' or 'acceptable'?
- How to use certification with other instruments?
- How to solve implementation problems for trade and industry?

Slide 6: Certified Forests in the World by Region (August 2001)



Slide 7: Certified Forests in the World by Scheme (August 2001)



Slide 8: Potential Benefits from Forest Certification

- Forest management/economic
 - improved performance
 - enhanced control
 - improved management systems
 - reduced regulatory control
 - permanent economic viability
 - market access, prices
 - enterprise image

Slide 9: Potential Benefits from Forest Certification

- Social
 - environmental and social concerns
 - job security, local income generation
 - balancing the objectives of stakeholders
 - poverty alleviation
 - empowering the poor and less favoured
 - community participation
- Environmental
 - environmental conservation
 - biodiversity management

Slide 10: Typology of Certification/Verification

1. Market-oriented certification of forest management quality
2. Certification of carbon sequestration and other environmental services
3. Verification/certification of legal compliance
4. Certification/verification of specific forest management requirements
5. Certification of environmental management systems

Slide 11: Potential Synergies with Sink Verification

- Verification of
 - sustainable use of natural resources
 - biodiversity conservation
- Contribution to addressing key issues
 - permanence
 - leakage
 - additionality
 - uncertainty and risks
 - transaction costs
 - harvested wood products

Slide 12: Need for International Action

1. New applications
 - development work
2. Relationships between market-based schemes
 - how to choose
 - how to communicate
 - how to link with policies and other instruments

Slide 13: Action Needs from EU Perspective

1. European forestry strategy
 - promotion of SFM and forest products
2. GSP tariff reductions for developing countries
3. EU ecolabel scheme
4. EMAS
5. Public procurement
6. Development aid

Slide 14: Conclusions

1. Involved parties should develop a common or broadly shared view of what elements constitute a 'credible'/'acceptable' certification scheme
2. Need to consider a possible validation/evaluation system and its eventual institutional arrangements

Forest Certification: Opportunities and Benefits

(adapted from presentation)

Stuart Goodall

Forestry Commission of Great Britain

Introduction

A few years ago the UK Government saw forest certification as a problem. Certification provoked arguments between forest owners and environmental NGOs, and we could not see any benefit for forest management in the UK. We even saw it as a threat to our role as the regulator of UK forests. That has all changed. Now we recognise that certification provides a number of opportunities and we are actively working with it. However, we recognise that for certification to be effective it needs to remain a voluntary, private sector, market driven initiative. The aim of this workshop is to examine the scope for using certification as a way of promoting sustainable forest management (SFM), and to explore the potential role of the EU in endorsing schemes or promoting an EU mechanism for co-operation between schemes.

In my presentation today I will:

- briefly provide a background to certification in the UK;
- explain the opportunities that we see certification providing in the UK;
- based on the UK's experience suggest how the EU could utilise certification;
- comment on how the EU could engage with certification; and
- offer some thoughts on recognition/co-operation and the role of the EU.

Background to Certification in the UK

Two points about the UK are important to remember: (1) demand for forest certification is highest in the UK; and (2) the UK imports 85% of its timber products. There is, therefore, great pressure on UK forest owners to supply an *acceptably* certified product. At present demand is for the FSC label alone.

When forest owners and environmental NGOs failed to make progress in developing certification in the UK, the Government stepped in. We acted as a facilitator, helping to

develop the compromise UK Woodland Assurance Standard (UKWAS) for forest management. This Standard has been recognised by the FSC and through the UK national PEFC certification scheme it has also been submitted to PEFC.

Over 1 million hectares of UK forest have now been certified. Although this is only about 40% of the forest area, these forests produce about 70% of the UK's timber output. Demand for certified product in the UK still exceeds supply, and it is increasing.

UK Interest in Certification

In the past few years we have come to appreciate that certification provides a number of opportunities and answers to a number of problems.

Certification has brought increased support for forestry in the UK and is helping us to promote SFM. Like the EU we have no forest law, and therefore, we primarily rely on incentives to persuade people to manage forests sustainably. Interest in both funding and demonstrating forest management is increasing. UKWAS was developed and is owned by the whole forestry, environment and social community, and they are keen to promote its use.

Certification is helping us to promote greater use of timber products. Many people in the UK believe that they will damage the environment if they buy timber products. Certification can not only address this, but also help explain why people *should* buy timber products.

We are also exploring how certification can help reduce Government regulation. Certified woods are independently assessed for their forest management and for their compliance with national law. Therefore, there is an opportunity to reduce Government inspection and regulation.

We are also interested in certification because as a major importer we are concerned about our impact on forests in other countries. Certification can help ensure that when purchasing timber products from abroad we are not damaging the environment. Along with the other G8 countries the UK is committed to help combat illegal logging. We have made a commitment to only purchase products from legally logged and sustainably managed sources. Certification is a good way of ensuring that products come from such sources.

Suggestions for the EU from the UK Experience

If we look at the EU's Forestry Strategy and at EU policies in areas such as procurement policy and the GSP (General System of Preferences) then there may be similar opportunities for the EU to engage with certification.

The central aim of the EU's Forestry Strategy is to promote SFM, and the primary mechanism the EU has for this is the Rural Development Regulation. Certification promotes greater interest in forestry outside of the traditional forestry community, and can therefore, help encourage greater interest in forestry as part of Rural Development. Certification could also provide an alternative mechanism for auditing woodland under the Regulation.

The EU's Forestry Strategy also aims to promote the greater use of timber. Certification can not only combat negative concerns about forestry, it can positively promote timber products against competing products.

The EU wishes to be a responsible customer, and use its influence to promote SFM. Certification is an obvious mechanism in both procurement policy and GSP.

The Role of the EU in Certification

As I stressed at the beginning of this presentation although the UK Government is keen to engage with certification, we do not wish to control it or attempt to influence the market. Certification works best when it is owned by all stakeholders and when customers have confidence in the label they are buying. Government control or interference can easily undermine certification.

However, if Governments or the EU are to use certification as part of our incentive mechanisms for forestry or in our timber purchases then we need to make decisions and provide advice on what are credible certification and labelling schemes. In the UK we are looking at this in different but linked areas.

For management of domestic forests we have the UK Woodland Assurance Standard, and we will take the advice of the UKWAS Steering Group on what certification bodies have been accredited under credible mechanisms. We will not require woodland owners to choose to be certified or to choose any particular certification scheme. Once they know the credible auditors, they can choose whichever labelling scheme they wish. In practice I expect that they will choose the label which their customers demand.

Through this process we in Government will rely on stakeholders for advice and let the market determine which schemes succeed. I would suggest that if the EU ever chose to link grants for forestry to certification then it should follow a similar process.

Life becomes more difficult when talking about procurement policy or promotion of timber, as these both require us to either accept all schemes (and some may not be credible) or make judgements about which we believe satisfy our requirements.

Although in the UK we have not finalised how we will implement our procurement policy, we aim to work on the basis of certain key points:

- we will take advice from independent experts on the suitability of schemes;
- we will involve stakeholders in the process; and
- we will probably leave it to the independent experts and stakeholders to make the final decisions on the suitability of schemes.

Again I suggest that Government as far as is possible engages stakeholders, tries to reach consensus, and does not make decisions on its own. Obviously mutual recognition or co-operation between certification schemes would make the process simpler. It would also provide a clearer, stronger message about the benefits of certification and the positive benefits of managing woodlands sustainably and using timber products in place of less sustainable alternatives.

Some Thoughts on Mutual Recognition/Co-operation and Whether There is a Role for the EU?

Unsurprisingly, given the professionalism of the authors, the background paper prepared for this meeting provides a lot of useful background material on this issue and evaluates the current processes looking at co-operation. It concludes that none of the existing approaches offers a comprehensive solution. I agree with that.

I do not think any approach will work unless it truly engages *all* stakeholders, and all stakeholders are committed to reaching agreement, i.e. *they are prepared to make compromises*. We succeeded in agreeing the UKWAS because everyone participated

constructively, because everyone had the power of veto, and because in the UK there was real external pressure to succeed. At the moment I do not believe that there is sufficient will on all sides to make progress, and there is not yet sufficient external pressure of demand for certification in most countries.

As an aside, it was suggested to me recently that the certification schemes should try to build confidence and make progress by looking at an easy issue such as the Chain of Custody. Views on what comprises credible Chain of Custody are very similar and it should not be too hard to reach agreement. If agreement could be reached then it would certainly make life simpler for processors of timber products. If progress could not be made then it would suggest that wider co-operation on forest certification is unlikely.

Summing Up

If the EU was to take action, and I think there are areas where it could usefully do so, then I agree with the authors of the background paper, we should not try to develop our own scheme, or label, or even amend the Eco-labelling directive. If we need to judge schemes then let us use agreed evaluation criteria and let us rely on experts, but most importantly let us make sure that we agree anything with stakeholders in an open, inclusive, and consensual way, and this includes developing countries. If we do not have the support of *all* stakeholders then we will lose the biggest benefit that certification provides – *credibility*.

Implications of International Trade Rules for the Design of Certification System (adapted from PowerPoint presentation)

Erik Wijkström

World Trade Organization
Trade and Environment Division

Slide 1

(first part of paragraph)

2.2 *Members shall ensure that technical regulations are not prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to international trade. For this purpose, technical regulations shall not be more trade-restrictive than necessary to fulfil a legitimate objective, taking account of the risks non-fulfilment would create.*

Paragraph 2.2 (first part) of the TBT
(Technical Barriers to Trade) Agreement

Slide 2

(second part of paragraph)

2.2 *... . Such legitimate objectives are, inter alia: national security requirements; the prevention of deceptive practices; protection of human health or safety, animal or plant life or health, or the environment. ...*

Paragraph 2.2 (second part) of the TBT Agreement

Slide 3

2.1 *Members shall ensure that in respect of technical regulations, products imported from the territory of any Member shall be accorded treatment no less favourable than that accorded to like products of national origin and to like products originating in any other country.*

Paragraph 2.1 of the TBT Agreement

Slide 4

2. Standard

Document approved by a recognized body, that provides, for common and repeated use, rules, guidelines or characteristics for products or related processes and production methods, with which compliance is not mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method.

Paragraph 2 of Annex 1 of the TBT Agreement

Slide 5

(first part of paragraph)

Article 4

Preparation, Adoption and Application of Standards

4.1 *[Members] shall take such reasonable measures as may be available to them to ensure that ... non-governmental standardizing bodies within their territories ... accept and comply with this Code of Good Practice.*

Paragraph 4.1 of TBT Agreement

Slide 6

(second part of paragraph)

Article 4

Preparation, Adoption and Application of Standards

4.1 *... The obligations of Members with respect to compliance of standardizing bodies with the provisions of the Code of Good Practice shall apply irrespective of whether or not a standardizing body has accepted the Code of Good Practice.*

Paragraph 4.1 of TBT Agreement

Slide 7

Netherlands

Bill from Member of Parliament M. Vos Amending the Act on Environmental Protection (Sustainably Produced Timber) wooden products

WORLD TRADE ORGANIZATION Committee on Technical Barriers to Trade		G/TBT/Notif/98.448 2 September 1998 (98-3165)
NOTIFICATION circulated in accordance with Article 10.6.		
THE NETHERLANDS Government involved (Articles 3.2 and 7.2): Economic Affairs handle comments regarding the notification at the National Enquiry Point - EC WTO-TBT Enquiry Point		
3.	Notified under Article 2.9.2 [X], 2.10.1 [], 5.6.2 [], 5.7.1 [], other:	
4.	Products covered (HS or CCCN where applicable, otherwise national tariff heading. ICS numbers may be provided in addition, where applicable): Wooden products	
5.	Title, number of pages and language(s) of the notified document: Bill from Member of Parliament M. Vos Amending the Act on Environmental Protection (Sustainably Produced Timber)	
6.	Description of content: With effect from 1 July 1999, persons placing a wooden product on the market for the first time will have to keep records concerning the origin of these products. With effect from 1 January 2000, wooden products placed on the market will have to bear a mark indicating whether or not the product originates from an area subject to a management plan. This management plan must be approved by a body recognized by the Council for Accreditation. A declaration made on the basis of a document issued by an organization established abroad and recognized by the Minister for Housing, Planning and the Environment shall be equated with this approval. Permission to issue a certificate conferring the right to apply a "positive" mark is also granted by the above-named body. Article 3.8 contains an equivalence clause for this permission.	
7.	Objective and rationale, including the nature of urgent problems where applicable: The bill aims to protect the environment and, in particular, forests. Deforestation not only affects the country in which the forests are situated but also the global environment. The bill is closely aligned to what has been agreed in this area in the international framework, including the International Tropical Timber Agreement (1994), which has as its goal that international trade in sustainably produced timber be in place by 2000. Compared to the previously notified bill (EC Notification No. 95/0253/NL), the notification of which was withdrawn, amendments have been made which considerably reduce the effects which the measure may have on the internal market.	

Slide 8

With effect from 1 January 2000, wooden products placed on the market will have to bear a mark indicating whether or not the product originates from an area subject to a management plan. This management plan must be approved by a body recognized by the Council for Accreditation. ...

WORLD TRADE ORGANIZATION Committee on Technical Barriers to Trade	
The following notification has been received:	
1.	Member to Accredited Body (if applicable):
2.	Agency responsible for handling comments regarding the notification shall be indicated if different from above: National Enquiry Point - EC WTO-TBT Enquiry Point
3.	Notified under Article 2.9.2 [X], 2.10.1 [], 5.6.2 [], 5.7.1 [], other:
4.	Products covered (HS or CCCN where applicable, otherwise national tariff heading. ICS numbers may be provided in addition, where applicable): Wooden products
5.	Title, number of pages and language(s) of the notified document: Bill from Member of Parliament M. Vos Amending the Act on Environmental Protection (Sustainably Produced Timber)
6.	Description of content: With effect from 1 July 1999, persons placing a wooden product on the market for the first time will have to keep records concerning the origin of these products. With effect from 1 January 2000, wooden products placed on the market will have to bear a mark indicating whether or not the product originates from an area subject to a management plan. This management plan must be approved by a body recognized by the Council for Accreditation. A declaration made on the basis of a document issued by an organization established abroad and recognized by the Minister for Housing, Planning and the Environment shall be equated with this approval. Permission to issue a certificate conferring the right to apply a "positive" mark is also granted by the above-named body. Article 3.8 contains an equivalence clause for this permission.
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Slide 9

2. Standard

Document approved by a recognized body, that provides, for common and repeated use, rules, guidelines or characteristics for products or related processes and production methods, with which compliance is not mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method.

Paragraph 2 of Annex 1 of the TBT Agreement

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[TBT Agreement on legitimate objective:]

2.2 Such legitimate objectives are, inter alia: national security requirements; the prevention of deceptive practices; protection of human health or safety, animal or plant life or health, or the environment. ...

Paragraph 2.2 (second part) of the TBT Agreement

... same as “consumer information”?

Slide 11

Belgium

WORLD TRADE ORGANIZATION	G/TBT/N/BEL/2 16 January 2001 (01.0206)
Committee on Technical Barriers to Trade	Original: French
NOTIFICATION	
The following notification is being circulated in accordance with Article 10.6.	
1. Member to Agreement notifying: BELGIUM If applicable, name of local government involved (Articles 3.2 and 7.2): Belgium	
2. Agency responsible: Ministry of Economic Affairs Quality and Safety Department - Accreditation Division North Gate III	II, 16
<p>Telephone and fax numbers, e-mail and website authority designated to handle comments (if different from above):</p>	
3. Notified under Article 2.9.2 [X], 2.10.1 [], 5.6.2 [], 5.7.1 [], other:	
4. Products covered (HS or CCCN where applicable, otherwise national tariff heading, ICS numbers may be provided in addition, where applicable): Goods and services, including substances, preparations, biocides and packaging	
5. Title, number of pages and language(s) of the notified document: Draft Law Aiming to Promote Socially Responsible Production	
6. Description of content: The aim of the law is to create a label which companies can affix to their products if the latter meet criteria and standards recognized in particular by the International Labour Organization. These criteria are monitored by accredited bodies and a committee for socially responsible production has been set up to monitor the allocation of labels and procedures for assisting developing countries that wish to have the label.	
7. Objective and rationale, including the nature of urgent problems where applicable: The law must enable the public and consumers to make a fully informed choice of products or services supplied to them on the basis of respect for human beings; the label must give them assistance in this direction. In addition, the label provides an incentive for developing countries to develop	

Draft Law Aiming to Promote Socially Responsible Production

January 2001

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Article XX
General Exceptions

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in the Agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures:

Article XX, GATT1994

Slide 13

Article XX
General Exceptions

... :

(b) *necessary to protect human, animal or plant life or health;*

...

...

(g) *relating to the conservation of exhaustible natural resources...*

Article XX, GATT1994

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erik.wijkstrom@wto.org

Social Aspects in Certification Standards and Their Application

Peter Poschen

Forestry and Wood Industries Specialist
International Labour Office (ILO), Geneva, Switzerland

Abstract

The paper argues that social and labour aspects are critical to sustainable forest management but often insufficiently and incoherently covered in certification standards. A set of criteria and indicators is suggested that provides adequate minimum coverage of social dimensions based on internationally recognized ILO texts. This could serve as a basis for the harmonization for existing and future certification standards. Some of the suggestions have recently been incorporated into the Pan-European Certification standard (PEFC) and the full set is being considered by the Forest Stewardship Council (FSC). Certification has been instrumental in bringing social and labour aspects more into focus in forestry and it will be a useful tool to improve welfare in certain circumstances. It is, however, likely to be ineffective in countries and enterprises where it would be most needed given current social and labour practices. This paper is a summary of Poschen (2000). The full paper is available at: http://www.gtz.de/forest_certification/downloads-pdf/wp3.pdf

Background

The United Nations Conference on Environment and Development (UNCED) in 1992 led to the general adoption of a concept of sustainable development based on an equilibrium between three components:

- economic development;
- conservation of the environment; and
- social justice.

Forests featured prominently at the Conference and have remained high on the international agenda ever since. In pursuance of the 'Forest Principles' and of chapter 11 of Agenda 21 adopted at UNCED, initiatives were launched around the world to define the notion of sustainable forest management in more specific and operational terms. Criteria and indicators were identified, in order to make the new and much more comprehensive concept of sustainable forest management amenable to planning, monitoring and assessment at the national level as well as for the individual forest management unit. The selection and use of suitable criteria and indicators are thus one of the keys to progress in the practice of sustainable forest management.

At the forest management unit level, criteria and indicators are used to assess compliance with performance-based certification standards. Various certification and labelling schemes for forest management and/or forest products have been launched in recent years. After a slow start, the forest area certified has increased sharply since 1998.

From the beginning, the formulation of criteria and indicators has suffered from a bias towards environmental concerns and economic interests. Social aspects have been covered to a varying and often unsatisfactory extent, a situation that is gradually improving. A second drawback for an adequate incorporation of the social dimension has been the lack of commonality between the various sets of criteria and indicators. This is due to differences in the choice as well as in the definition of parameters. There is broad consensus that comparability of criteria and indicators internationally and between certification standards is desirable. It has been suggested by various authors that ILO texts could provide a basis for shared criteria and indicators of social aspects of sustainable forest management (see for example, ITTO 1998; CIFOR 1998). This paper discusses pertinent ILO texts and presents a suggested set of criteria and indicators. It concludes with some comments on the likely impact of certification on people living in and around forests.

What is 'Social'?

In order to identify relevant social aspects of sustainable forest management, it is useful to broadly distinguish between two social dimensions: the way people affect forests, and the way forests and their management affect people.

People affect forests both positively and negatively. Human input, including labour, is indispensable for the management and protection of intact forests, and even more so for the restoration and rehabilitation of degraded forests.

People are, however, also the most devastating agents of destruction and overuse of forests. Conversion of forest land to other land uses and the degradation of forests through destructive logging practices or unsustainable levels of harvesting of forest products by far exceed the damage done to forests by natural causes such as fire, storms or pests.

It is widely accepted now that many of the underlying causes of forest destruction and degradation are of a social nature. Poverty is probably the single most important driving force for the destruction of forests. There is thus a functional as well as an ethical link to the social component of sustainable development: the equitable sharing of the proceeds of economic growth. Forests need to be socially beneficial in order to contribute to the objective of sustainable development. Benefits derived from the existence and management of forests and accruing to people living in and around them may actually be a precondition for the conservation of the forest.

Who is Concerned?

Social aspects are about people. To some extent it is the population at large that is concerned, but several groups can be identified that have a close and specific relationship with forests:

- forest dwellers;
- forest users;
- forest owners; and
- forest workers.

Local communities interact closely with forests. This is particularly true for forest-dependent communities and many indigenous and tribal peoples who derive their economic livelihood and often their cultural and spiritual identity from forests (see Arnold and Byron 1997).

In many countries, forest owners account for a large share of the beneficiaries of forest management. In particular the owners of small, private forests often derive a significant share of their income from their forests. This income can be a major complement to farming or off-farm employment and help to keep rural economies viable. For information on the situation in Europe, where there are more than 15 million private owners, see *People, forests and sustainability* (ILO 1997).

All forest workers, whether salaried workers, contractors, self-employed workers or forest farmers, are obvious stakeholders in forest management as contributors, potential beneficiaries and those whose existence hinges on the sustainability of forest management. While few reliable data exist, it is clear that this is a very large group of people. It has been estimated at some 17 million full-time jobs in forests worldwide; if formal and informal forest-based jobs in industry are included, the figure is believed to be around 45 million (Poschen 1997; ILO 2001).

‘Criteria’ and ‘Indicators’

Performance-based certification and labelling schemes for forest management and forest products assess the attainment of the objectives of sustainable management set out in principles against a set of criteria and indicators. The latter are a blend of conditions considered vital to ensure the conservation and maintenance of the protective and productive functions of forests and of conditions deemed necessary in order for forests to contribute to sustainable development at large. Criteria and indicators are meant to establish whether or not the objectives and its components are being accomplished.

While most standards have this general structure, the concept has not been applied consistently. As has been pointed out by Tropenbos (Lammerts van Bueren and Blom 1997) this inconsistency is one of the sources of misunderstanding and difficulties with interpreting, comparing and applying existing standards.

Social Content of Some Current Certification Schemes

An overview of the basic approaches to certification currently pursued in forestry is given in Poschen (2000).

Environmental management systems and declarations of origin are two approaches to certification which are not performance-based and thus by design do not have any social and

labour content. Both may, however, have implicit social and labour content in countries, where legislation provides good coverage and is also sufficiently enforced.

Performance-based standards, such as the Principles and Criteria of the Forest Stewardship Council (FSC) or the Pan-European Forest Certification (PEFC) Framework, do have explicit social and labour content. The actual coverage and level of requirements may still vary considerably depending on how the framework or common principles are translated into national standards. Many 'hybrid' standards, which combine elements of the management system approach with specific performance requirements, such as 'Lembaga Ekolabel Indonesia' and the Canadian CSA, also include some social and labour aspects.

Some schemes, in particular those operating in several countries like the FSC, need to satisfy their clients that products of different origins carrying the same label meet broadly comparable minimum standards. In a not too distant future, all schemes may have to live up to that expectation as they may have to mutually recognize each other in order to avoid a confusing and ultimately counter-productive proliferation of schemes in the market. The 'UK Woodland Assurance Scheme' is an example of a national standard designed to meet the requirement of several international schemes, in this case of FSC and PEFC.

The forestry sector is not alone in having deficits and difficulties in adequately defining and integrating social and labour aspects of its operations. An ILO report entitled *Overview of global developments on Office activities concerning codes of conduct, social labelling and other private sector initiatives addressing labour issues* (ILO 1998a) identified over 200 codes of conduct and 12 social labelling schemes worldwide (see also Diller 1999).

The report shows that the late 1980s and 1990s have seen a rapid proliferation of codes and to a lesser extent social labelling schemes in practically all economic sectors. In spite of their growing number, codes were found to address social and labour issues selectively. They also lack transparency and participation of supposed beneficiaries in their formulation and implementation. Measuring impact is often complicated by the use of variable criteria. On the whole, the content and the practices defined by codes appear to have been largely decided in ad hoc negotiations between interested parties with varying levels of access to information and bargaining power.

The Nature and Legal Status of ILO Texts

The practices chosen in the following are those that have emerged as being essential in the policy debate and related research (for example, Prabhu et al. 1998; Poschen 1996). The sources used are relevant ILO texts. All of the latter reflect international consensus reached by representatives of governments, employers and workers of the more than 170 member countries of the International Labour Organization in formal decision-making processes. All texts referred to have been adopted and/or endorsed by the International Labour Conference or the Governing Body of the ILO.

From a legal point of view the texts fall into four categories:

- fundamental international labour Conventions;
- other international labour Conventions;
- international labour Recommendations; and
- the *ILO Code of Practice on Safety and Health in Forestry Work*.

ILO Conventions and Recommendations are formal legal instruments. The Conventions are open for ratification by member States and then become binding for ratifying States, which are obliged to bring national legislation and practice into line with their provisions.

Fundamental international labour Conventions are those underlying the ILO Declaration on Fundamental Principles and Rights at Work and Its Follow-up adopted by the International Labour Conference on 18 June 1998, and endorsed by all ILO constituents. The Declaration states that ‘all Members, even if they have not ratified the Conventions in question, have an obligation, arising from the very fact of membership in the Organization, to respect, to promote and to realize, in good faith with the Constitution, the principles concerning the fundamental rights which are the subject of those Conventions ...’ (ILO 1998b). Recommendations are not intended for ratification. Rather, they provide guidance and suggestions for national legislation and supportive programmes and institutions.

Unlike Conventions and Recommendations, ILO Codes of Practice are not legal instruments, but may be regarded as ‘soft law’. The *Code* referenced in the following has been reviewed and unanimously adopted by a meeting of experts nominated by governments and by employers’ and workers’ organizations, representing the forestry sector of 20 major forest producer countries. The experts considered the *Code* relevant and practicable in most countries and enterprises. The *Code* does, therefore, provide authoritative guidance on forest work.

Of the four categories of ILO texts mentioned, only the *Code of Practice* contains provisions explicitly applicable at the enterprise and worksite levels. The Conventions and Recommendations are primarily addressed to national governments, even though some of them contain provisions for action at the level of individual undertakings. It is recognized, however, that even their general provisions are relevant and applicable in individual enterprises. Extensive use has been made of ILO Conventions and Recommendations, for example, in the ILO Tripartite Declaration on Multinational Enterprises and Social Policy (ILO 1977).

ILO Texts and Core Elements of Social and Labour Criteria and Indicators

The following suggestions for a common basis for social and labour criteria and indicators distinguish three broad elements:

- human input (in particular labour) – see Table 1;
- sharing of benefits – see Table 2;
- participation + conflict resolution – see Table 3.

It is important to make a distinction between human input and the sharing of benefits, because existing sets of criteria and indicators treat issues like worker training and accident prevention as a social benefit, when in fact they are part of the necessary investment in a production process. No other economic sector has attempted to portray efforts to reduce the number of workers killed or injured in its activity as a social benefit to the workers.

The tables give an overview of criteria for these aspects and of the corresponding ILO texts. The full texts of ILO Conventions and Recommendations are available as ILO publications (ILO 1996) as well as through the ILO home page (<http://www.ilo.org>). The *Code of Practice* is available as an ILO publication in English, Spanish and French (ILO 1998). Translations have been prepared by national institutions into several other languages, including Russian, Portuguese, Czech, Slovenian, Latvian, Romanian and Chinese.

Criteria and Indicators: Human Input (Labour)

The *FAO Model Code of Forest Harvesting Practice* (FAO 1996) identifies the ‘development of a competent and properly motivated workforce’ as one of four essential ingredients in

forest harvesting operations if forests are to be managed on a sustainable basis. The statement also applies to forest operations other than harvesting. Table 1 provides an overview of the aspects to consider with respect to labour inputs into forestry.

Table 1. Core elements: criteria and indicators – labour.

Human input:	ILO basis for minima:	Legal status of text:
✓ right to organize and bargain collectively	➔ Conventions 87 and 98	Fundamental right (ILO Declaration)
✓ elimination of child labour	➔ Convention 138 and 182	Fundamental right (ILO Declaration)
✓ elimination of forced labour	➔ Conventions 29 and 105	Fundamental right (ILO Declaration)
✓ non-discrimination	➔ Conventions 100 and 111	Fundamental right (ILO Declaration)
✓ qualified workforce; safety and health of all workers (including contractors and the self-employed)	➔ ILO Code of Practice on Safety and Health in Forestry Work (provisions enterprise and work site level)	Not legally binding

Criteria and indicators for forest work as a human input could be based partly on core labour standards, which have been universally recognized:

- the right to organize and to bargain collectively;
- the elimination of child labour;
- the elimination of forced labour;
- non-discrimination.

While compliance with some of these standards, such as the elimination of child labour and of forced labour, may seem to go without saying in most forest producer countries, it should be borne in mind that there are violations of them in a significant number of forest producer and exporting countries. They should, therefore, be part of any common minimum standard.

The above-mentioned fundamental principles are based on the following ILO Conventions:

- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and Right to Organise and Collective Bargaining Convention, 1949 (No. 98);
- Minimum Age Convention, 1973 (No. 138), and Worst Forms of Child Labour Convention, 1999 (No. 182);
- Forced Labour Convention, 1930 (No. 29), and Abolition of Forced Labour Convention, 1957 (No.105);
- Equal Remuneration Convention, 1951 (No.100), and Discrimination (Occupation and Employment) Convention, 1958 (No. 111).

All of these are core standards covered by the 1998 Declaration and ILO member States are thus obliged to promote and realize these principles, even if they have not yet ratified the Conventions.

These fundamental standards are applicable to all labour situations, but they do not cover all labour aspects that are relevant to forestry. Two elements that are of paramount importance to the protection of forests and of workers are:

- a qualified workforce;
- safety and health for all segments of the workforce, i.e. workers, contractors, and the self-employed.

The importance of qualifications has already been underlined above. Safety and health are a major concern in forestry, as forestry work continues to be one of the most dangerous of all economic activities and is also beset by a large number of health hazards (ILO 1998c; ILO 1991). An ILO text providing authoritative guidance specifically for the forestry sector in both respects is the *ILO Code of Practice on Safety and Health in Forestry Work* (ILO 1998d).

Criteria and Indicators: Sharing of Benefits

The second social element of sharing of benefits applies to both labour and to local communities, whether or not they are composed of indigenous and tribal peoples. In the case of labour, the sharing is primarily in the form of wages and salaries. Remuneration and the minimum wage are, therefore, relevant criteria. Likewise, one of the most desirable ways for local and forest-dependent people to share in the benefits of sustainable forest management is through opportunities for employment. Such opportunities may be a precondition for sustainable management where local populations would otherwise have no economic stake in the continued existence of the forest and few alternatives to destructive practices for their livelihood. Gainful employment in forestry is in turn contingent on opportunities to acquire the necessary skills.

In addition to or independently of benefits from forest management accruing from wage employment, indigenous and tribal peoples and local communities benefit from, and indeed often depend on, traditional or customary uses. The cultural values of many communities are intimately linked with forests. To be socially sustainable, forest management has to protect these rights and values. Table 2 provides an overview of elements concerning the sharing of benefits and the relevant ILO texts.

Table 2. Core elements: criteria and indicators – social and labour.

Sharing of benefits:	ILO basis for minima:	Legal status of text:
✓ remuneration/ minimum wage	➔ Convention No. 169 extended by analogy to local communities	Convention for ratification
✓ employment and training opportunities for local and forest-dependent people	➔ Convention No. 169, Arts. 13, 14, 15, 20, 23	Convention for ratification
✓ respect of traditional use rights and cultural values	➔ Convention No. 131 and Recommendation No. 135	Convention for ratification

Criteria and Indicators: Participation and Conflict Resolution

Forests are subject to numerous, often conflicting, demands from a variety of stakeholders. Participation of stakeholders can be an effective way to defuse conflict and to ensure that the cost and benefits of forest management and utilization are shared in a fair and equitable

manner. Effective participation is also seen as a means to maximize the overall use and benefit of forests. Many opportunities to increase benefits are not currently being seized because forest planners and managers are not aware of actual and potential users and their demands.

Both the Declaration adopted at the Earth Summit in Rio de Janeiro in 1992 and the non-legally binding Forest Principles agreed at the same conference include commitments to participation.

For those directly affected by forest management, effective participation and conflict resolution require the three elements presented in Table 3:

Table 3. Core elements: criteria and indicators – social and labour.

Participation and conflict resolution	ILO basis for minima:	Legal status of text:
✓ the right to information and participation in decision making;	→ Convention 169	Convention for ratification
✓ the right to organize and defend interests collectively;	→ local communities C.141, workers C.87, 98, indigenous peoples C.169	Convention for ratification
✓ conflict resolution based on consultation and consensus	→ Convention 169, Arts. 6, 7	Convention for ratification

The Proposed Set of Criteria and Indicators

Tables 4, 5 and 6 below provide a suggestion of a set of criteria, indicators and verifiers based on the discussion and the elaboration on the sources in Part II. To facilitate its use in the formulation of new sets of criteria and indicators or the incorporation into an existing set, the suggestion follows the Tropenbos 'Hierarchical Framework for the Formulation of Sustainable Forest Management Standards' (Lammerts van Bueren and Blom 1997). Like the Tropenbos framework, the suggested criteria and indicators assume that 'sustainable forest management', 'well-managed forest' or 'best forest practices' are the overall goal or objective of the standard.

The principles that the suggested criteria and indicators inform could be broad, such as: 'The socio-economic functions of the forest will be safeguarded, now and in the future' or more specific such as: 'Encourage a wide range of social benefits' or: 'Maintain and enhance the well-being of forest workers and local communities'.

How the suggested criteria and indicators can best be incorporated will depend on the structure of the standard. Some may relate to general conditions, in particular as concerns qualification and participation. Others may appear under socio-economic and or socio-cultural functions.

Application of the Suggested Criteria and Indicators

The criteria and indicators in the summary tables above have been chosen selectively in an attempt to ensure that minimum requirements for core labour and social concerns are

Table 4. Criteria, indicators and verifiers for human input (labour).

Criterion	Indicator(s)	Verifiers	Reference
C 1 Respect of fundamental social rights			
C 1.1 Right to organize and to bargain collectively	I 1.11 All workers are able to form and join a trade union of their choice without fear of intimidation or reprisal. I 1.12 Collective bargaining with representative trade unions is carried out in good faith and with best efforts to come to an agreement.	<ul style="list-style-type: none"> - Interviews with union representatives and workers - Collective agreements - Records of labour inspectorate 	<p>Convention No. 87 Convention No. 98 ILO Tripartite Declaration 1998 or equivalent national legislation</p>
C 1.2 Child labour	I 1.21 Strict adherence to minimum age provisions of national labour laws and regulations, or where those are defective, of the international standards. I 1.22 No workers under the age of 18 in hazardous or heavy work except for purposes of training.	<ul style="list-style-type: none"> - Interviews with union representatives and workers - Payroll (of enterprise and/or contractors) - Findings of employment surveys - Records of labour inspectorate 	<p>Convention No. 138 Convention No. 182 ILO Tripartite Declaration 1998 or equivalent national legislation</p>
C 1.3 Prohibition of forced labour	I 1.31 No workers in debt bondage or other forms of forced labour engaged (including employees, self-employed and contractors).	<ul style="list-style-type: none"> - Interviews with union representatives and workers - Records of labour inspectorate 	<p>Convention No. 29 Convention No. 105 ILO Tripartite Declaration 1998 or equivalent national legislation</p>
C 1.4 Equality of opportunity and treatment	I 1.41 Policies and procedures make qualifications, skill and experience the basis for recruitment, placement, training and advancement of staff at all levels. I 1.42 Employees are not discriminated in hiring, advancement, dismissal, remuneration and employment related social security.	<ul style="list-style-type: none"> - Interviews with union representatives and workers - Payroll (of enterprise and/or contractors) - Findings of employment surveys - Records of labour inspectorate 	<p>Convention No. 111 Convention No. 100 ILO Tripartite Declaration 1998 or equivalent national legislation</p>

Table 4. Continued. Criteria, indicators and verifiers for human input (labour).

Criterion	Indicator(s)	Verifiers	Reference	
C 2 Workforce qualification	I 2.11 Managers and supervisors are in possession of an appropriate qualification, preferably one that is nationally recognized, ensuring that they are able to plan and organize forest operations.	<ul style="list-style-type: none"> - Skill certificates, records of training and skills testing (national or enterprise) - Field observation - Interviews with union representatives and workers 	Convention No. 142 ILO Code of Practice on safety and health in forestry work (1998) or equivalent national legislation and regulation	
	I 2.12 All workers, as well as contractors and their workers and self-employed persons, are sufficiently educated and trained in the tasks they are assigned to and hold the relevant skill certificates.			
C 3 Occupational safety and health	I 3.11 A safety and health policy and a management system are in place which systematically identify hazards and preventive measures and ensures these are taken in the operations.	<ul style="list-style-type: none"> - Safety and health policy statement - Organization chart with safety and health management system - Documented requirements for planning and work organization - Job descriptions of supervisors - Field observations - Interviews with union representatives and workers - Records of labour inspectorate and/or accident insurers 	Convention No. 155 ILO Code of Practice on safety and health in forestry work (1998) or equivalent national legislation and regulation	
	I 3.12 All necessary equipment, tools, machines and substances are available at the worksite and in safe and serviceable condition.			
	I 3.13 Safety and health requirements are taken into account in the planning, organization and supervision of operations.			
	I 3.14 Where workers stay in camps, conditions for accommodation and nutrition comply at least with ILO Code of Practice on Safety and Health in Forestry.			

Table 5. Criteria, indicators and verifiers for sharing of benefits of forest management.

Criterion	Indicator(s)	Verifiers	Reference
C 4 Sharing of benefits			
C 4.1 Fair remuneration	I 4.11 Wages or income of self- employed and contractors are at least as high as those in comparable occupations in the same region and in no case lower than the established minimum wage.	<ul style="list-style-type: none"> - Interviews with union representatives and workers - Payroll (of enterprise and/or contractors) and collective agreements - Findings of employment surveys - Records of labour inspectorate 	Convention No. 131 or relevant national legislation (applied analogously to local communities) and collective agreements
C 4.2 Employment opportunities for local and forest dependent people	I 4.21 Local and forest-dependent people have equal access to employment and training opportunities.	<ul style="list-style-type: none"> - Interviews with representatives of local communities, of unions and workers - Payroll and training records (of enterprise and/or contractors) - Findings of employment surveys 	Convention No. 169 (applied analogously to local communities other than of indigenous or tribal peoples) or equivalent national legislation or agreements
C 4.3 Respect of traditional land use rights	<p>I 4.31 Cultural and traditional values are respected.</p> <p>I 4.32 Traditional access for subsistence uses and traditional activities is granted.</p> <p>I 4.33 Rights of local communities to natural resources pertaining to their land are respected and communities participate in the use, management and conservation of the resources.</p> <p>Note: for both I 4.32 and I 4.33 it is assumed that traditional uses are on a scale that does not threaten the integrity of the resource or the management objective).</p>	<ul style="list-style-type: none"> - Interviews with representatives of local communities, of unions and workers 	Convention No. 169 (applied analogously to local communities other than of indigenous or tribal peoples) or equivalent national legislation or agreements

Table 6. Criteria, indicators and verifiers for participation and conflict resolution in forest management.

Criterion	Indicator(s)	Verifiers	Reference
C 5 Participation and conflict resolution			
C 5.1 Right to information and participation in decision making	I 5.11 All interested parties have access to relevant information. I 5.12 All interested parties have the opportunity to affect decision making.	<ul style="list-style-type: none"> - Interviews with representatives of local communities, of unions and workers - Records of fora for participation (round-tables, committees, hearings etc.) 	Convention No. 169 or relevant national legislation and collective or other agreements
C 5.2 Right to organize and defend interests collectively	I 5.21 All interested individuals are able to form and join organizations of their choice without fear of intimidation or reprisal. I 5.22 Organizations of interested parties are accepted as participants in decision making.	<ul style="list-style-type: none"> - Interviews with representatives of local communities, of unions and workers - Records of fora for participation (round-tables, committees, hearings etc.) 	Conventions No. 169, No. 87 and 98, No. 141 or relevant national legislation and collective or other agreements
C 5.3 Conflict resolution	I 5.31 Every reasonable effort is made to resolve conflicts through fair consultation aiming at achieving agreement or consent.	<ul style="list-style-type: none"> - Interviews with representatives of local communities, of unions and workers - Records of fora for participation (round-tables, committees, hearings etc.) - Records of ombudsmen, courts or similar institutions 	Convention No. 169 or relevant national legislation and collective or other agreements

included, rather than to provide comprehensive coverage. The set is a good match with those retained by the CIFOR group as their 'best bet'. As has been stressed above, the criteria and indicators are intended to apply to all types of workers, including self-employed and contractors as well as migrant workers.

It is the contention of the author that the proposed criteria and indicators apply with minor modifications at both the national and forest management unit level. They provide for a common base, yet leave sufficient room for adaptation to national conditions and local situations.

The indicators are qualitative, except for remuneration, but all are amenable to a clear yes/no judgement by a qualified professional. Assessment of the proposed set can be based on information readily obtained through interviews and observation during visits or through surveys as indicated under 'verifiers'. The ILO texts or the relevant national documents serve as reference for definition and thresholds.

The sources provided and the discussion of the issues should enable national or enterprise level working groups to adapt or extend the proposed set where necessary. Adaptation should avoid the fragmentation and lowering of the proposed standards. Since all of the proposed criteria and indicators are based on texts agreed internationally in tripartite ILO fora, adaptations should rather seek to incorporate more stringent or more specific requirements where these exist in national law and regulation, collective agreements or based on the consensus of those developing the standard. They can be, and in a number of cases of existing standards have been, usefully supplemented by including aspects not covered in the proposed set or by imposing more stringent requirements. Where sources of standards do not exist, the ILO texts offer a substitute reference.

Likewise, it is important to maintain the coherence of the provisions and explicitly adhere to the international consensus and commitment enshrined in the ILO texts, even if not all aspects appear relevant in a given country. Otherwise, there is a risk that pertinent provisions are not applied even where they would be very relevant, on the grounds that their application would constitute a dual standard compared to other countries or firms. This is precisely what the present suggestion attempts to avoid.

One of the best ways to ensure that social and labour aspects are adequately covered in the definition and practice of sustainable forest management is to seek the active participation of employers, workers, contractors, local communities, indigenous peoples and other relevant groups in the formulation, implementation and monitoring of standards.

Some Initial Reactions to the Suggested Set

The reaction to the suggested criteria and indicators by PEFC and by FSC, currently the two biggest certification schemes in terms of area, has been very encouraging. The PEFC incorporated the core ILO Conventions into its certification standard in early 2001. The ILO Code of Practice on Safety and Health in Forestry Work is recommended as a reference that should be considered when developing regional or national certification criteria and included in the PEFC's Technical Document.

The FSC had discussed the question at its Annual Conference in November 2000. Its secretariat has prepared a draft policy paper and a guide for certifying bodies including all proposed criteria and indicators. The intention is to ensure compliance with all ILO Conventions referenced. At the time of writing the documents were being circulated for comment. A revised draft is to go before the FSC Board in September 2001.

What Will Certification Do for People Living in and around Forests and What Not?

Certification has clearly helped to advance social justice in forestry. In forest policy:

- it has contributed to putting people back on the map from which they had been swept by environmental and economic interests and to get recognition for the roles and interests.
- it played a major part in formulating a vision for the place of people in sustainable forest management and for the treatment they should receive for such management to be part of sustainable development.

On the ground:

- certification will improve the welfare of people who depend on forests, provided it is done on the basis of adequate social and labour criteria and indicators applied by competent assessors.

The latter condition appears to leave much to be desired and will probably require additional training for the staff of assessors.

To some extent certification creates standards that are more favourable to workers and local communities than national legislation. Almost as important of this complementary function to legislation is its role in enforcement. Effective labour inspection in forestry is extremely rare even in industrialized countries (ILO 2000). In some cases, the benefits of certification will, therefore, arise simply from the indirect enforcement of national legislation. Working and living conditions in forestry are often poor and sometimes deteriorating in developing as well as in industrialized countries (see for example, Poschen 1997). Improvements in welfare can, therefore, be expected in both regions. Some preliminary evaluations of certification impacts confirm this view.

The above achievements are significant and make the efforts and resources invested into certification worthwhile. However, certification is not the 'magic bullet', neither for forests nor for people.

Certification can by definition only apply to managed forests and at the enterprise level. Currently some 5% of the managed forests of the world are certified. Even if a much higher proportion were certified, this would do little to stop the degradation, destruction or outright conversion of forests. Managed forests account for a small and probably falling fraction of the total area. Managed natural and man-made forests are mostly located in North America and Europe, regions where the forest area has been growing and where management standards are close to those of certification systems. In other continents, very little natural forest is managed in a way that could be certified. Forests that could be, and in some cases already have been, certified are mostly plantations in Latin America, Australia, New Zealand and, to a lesser extent, Asia. Looking at present and future world trade patterns in forest products, it is apparent that certification reflects this situation. Timber destined for European and North American markets originating from some of the best managed forests in the world is getting certified. Timber from uncertified forests will have little difficulty to make its way into markets that are less socially and environmentally conscious than the European and North American ones. Certification is, therefore, very unlikely to reach the areas that would need it most.

Similar to its limitations with respect to forest loss, certification cannot resolve problems of social justice and disappearance of forest-based livelihoods that have macro-economic and wider social causes. An individual enterprise, even a sizeable one, can do little to remedy things like inequitable access to resources, to education, to health care or to political decision making. Regarding livelihoods there is often a trade-off for the individual firm between

offering decent working conditions and pay, for example, and the number of jobs it can provide. Certification cannot resolve this dilemma. While a discussion of forest-based livelihoods is beyond the scope of this paper, it may be worth highlighting that many people depend on forests as a livelihood of last resort. They are poor because they depend on forests and they know that forests cannot solve this problem for the majority of those concerned (see Poschen 1997). For a large proportion of these people, the way out poverty will be the way out of forest-based livelihoods. Certification can help to make life better for those who wish to remain and, perhaps most importantly, to make sure they have a say in the decisions affecting them.

In Conclusion

The review of existing sets of standards for sustainable forest management, be they regional, national or for use in individual forest management units, reveals that they are often incomplete, imprecise and inconsistent. Sustainable forest management is ultimately about people, not about trees. Standards that cover biological aspects such as biodiversity and nutrient cycles in great detail and neglect the functions of forests for society and the social conditions for the continued existence and best management of forests cannot meet their intended objective.

Social and labour aspects need to be brought into focus to balance the current bias towards ecological and sometimes economic functions. It is encouraging that the FSC and, to some extent, the PEFC are incorporating the above suggestions into their schemes.

All avenues should be pursued to promote good social and labour practices in forestry: forest policy fora such as the regional 'processes', codes of forest practices, and voluntary initiatives such as certification. For the latter two avenues, consistency, harmonization and minimum standards are desirable. This paper has shown that much of the ground can be covered by using ILO texts to define criteria and indicators, and to serve as reference for threshold values and verifiers.

Certification has already made a valuable contribution to policy discussions and is contributing to improvements on the ground for people living in forests or depending on them. Its impact will, however, be limited because it can only address problems at the forest enterprise level and because the incentives will mostly attract firms with strong connections to western markets as well as with relatively high forest management standards already.

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Social Aspects in Certification Standards and Their Applications

(adapted from PowerPoint presentation)

Peter Poschen

Forestry and Wood Industries Specialist
International Labour Office (ILO), Geneva, Switzerland

Slide 1: Promoting Social and Labour Causes in Forestry

- Social dimensions of sustainable forest management
- Defining social and labour content
- Social content of current certification schemes
- A set of core elements
- Reactions

Slide 2: Sustainability & Social Responsibility in the Forest Industry – Background

Environmental debate:

- destruction tropical forests,
- threat to health of temperate and boreal forests

Rio Conference 1992:

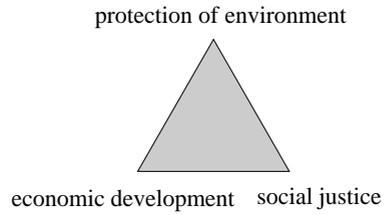
- 3 components of sustainability

SFM = Sustainable development in forests

Slide 3: Sustainability & Social Responsibility in the Forest Industry

2 social dimensions:

- people affect forests
 - human input (including labour)
 - destruction/overuse
- forests affect people
 - ‘socially beneficial’



Slide 4: Social Aspects of Sustainable Forest Management

Labour:

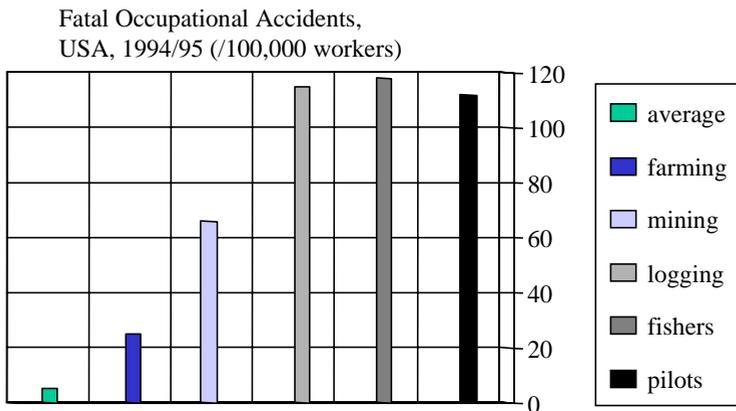
- forestry some of most difficult working conditions: accidents, camps, contractors, migration, low wages ...

Local communities:

- dependence on forests, poverty, indigenous people ...

Slide 5: Social Aspects of Sustainable Forest Management

- Forestry among 3 most hazardous sectors
- Harvesting > 70% of serious accidents
- Safety + health
- Exposed groups: forest farmers, contractors



Slide 6: Core Elements: Social and Labour Criteria and Indicators

CIFOR:

- social C+I lowest level of commonality
- also most site-specific
 - ↳ need for consistency

ITTO report:

- social aspects are equally important to economic and ecological criteria
- social C+I harmonization most difficult
 - ↳ a number of relevant provisions established by ILO

Slide 7: Defining Social and Labour Content

ILO study:

“... codes of conducts, social labelling and other private sector activities ...”
(10/1998; update 11/2000)

- > 200 codes of conduct
 - 12 social labelling schemes
 - ↳ sharp rise in recent years
- labour issues:
 - ↳ addressed selectively
 - ↳ practices and content self-defined

Slide 8: Core Elements: Social and Labour Criteria and Indicators

3 broad elements:

- Human input (in particular labour)
- Sharing of benefits
- Participation + conflict resolution

Slide 9: Core Elements: Social and Labour Criteria and Indicators

Attributes of useful Criteria + Indicators:

- relevant
- coherent
- comparable min. standard
- flexible
- ‘kiss’

Steps in defining social and labour content:

- choice of practice (aspects to be addressed=Criteria)
- source of reference (=Criteria)
- actual content aspired to (=Indicator)

Slide 10: Core Elements of Criteria and Indicators: Labour

Human input:

- right to organize and bargain collectively
- elimination of child labour
- elimination of forced labour
- non-discrimination
- safety and health
- workers, contractors, self-employed
- qualified workforce

ILO core standards:

- Conventions 87 and 98
- Convention 138 and 182
- Conventions 29 and 105
- Conventions 100 and 111
- ILO Code of Practice on Safety and Health in Forestry Work

provisions enterprise and worksite level

Slide 11: Core Elements of Criteria and Indicators: Sharing of Benefits

Criteria:

- Remuneration/minimum wage
- employment and training opportunities for local and forest-dependent people
- respect of traditional use rights and cultural values

Basis for minima:

- Convention No. 131 and Recommendation No. 135
- Convention No. 169 (adapted *mutatis mutandis* to local communities)
- Convention No. 169

Slide 12: Core Elements of Criteria and Indicators: Participation and Conflict Resolution

Criteria:

- right to organize and defend interests collectively
- right to information and participation in decision making
- conflict resolution by consultation

Basis for minima :

- local communities C.141, workers C.87, 98, indige-nous peoples C.169
- Convention 169
- Convention 169

Slide 13: Core Set of Criteria and Indicators: Reactions

- Good match with CIFOR “best bet”

Reactions:

- PEFC: Core ILO standards included, safety code recommended
- FSC: Draft policy paper and guide for certifying bodies circulating which includes full set

Slide 14: In Conclusion

- Social and labour criteria need to be developed further
- Consistency, harmonization and minimum standards are desirable
- ILO texts can cover much of the ground
- Trained assessors crucial for meaningful inspection
- Impact of certification on social performance of forestry?

Slide 15: Social Content of Current Certification Schemes

BASIC APPROACHES TO CERTIFICATION

	ENVIRONMENTAL MANAGEMENT SYSTEMS	PERFORMANCE- BASED STANDARDS	“HYBRIDS” EMAS + PERFORMANCE	DECLARATION OF ORIGIN
PROMINENT EXAMPLES	ISO 14000 series EMAS (European Union)	Forest Stewardship Council (FSC) Pan-European Forest Certification (PEFC)	EKOLABEL (Indonesia) CAS (Canada)	UK Woodmark
Examples of COUNTRIES WHERE APPLIED	USA Australia Sweden Brazil Chile	FSC: Sweden, Poland, USA, Brazil, South Africa PEFC: many European countries	Canada Indonesia Malaysia	Austria Germany UK
SOCIAL and LABOUR CONTENT	No (in some cases implicit)	Yes (in principle)	Variable	No (in some cases implicit)

Revision of CEPI's Comparative Matrix of Forest Certification Schemes

(adapted from PowerPoint presentation)

Wolfgang Schopfhauser

Confederation of European Paper Industries (CEPI)

Slide 1: Content

- CEPI – Introduction
- Background
- CEPI's Comparative Matrix
- Review of the Matrix
- Conclusions

Slide 2: CEPI – Introduction

- The Brussels based Confederation of European Paper Industries
- 15 full and 3 associated members
- Represents through its members some 1220 pulp, paper and board producing companies across Europe
- Represents the interests of the European pulp, paper and board industry
- Part of the paper & forest cluster - annual turnover of EUR 400 billion
- CEPI member production 90 million tons of paper & board (27% of world production)
- Material use
 - 43% virgin, 39% recycled and 16% non-fibrous
- 50% graphic, 40% packaging, 10% hygiene and speciality papers

Slide 3: Background

- The forest certification debate resulted in an increasing number of certification schemes (accord. FAO some 90 different initiatives world-wide)
- Associated concerns
 - Confuse consumers & producers
 - Create trade barriers
 - Not deliver the credibility it promises
- CEPI's responded with the Comparative Matrix of Forest Certification Schemes

Slide 4: CEPI's Comparative Matrix (1)

- The Comparative Matrix' objectives
 - Allow objective *benchmarking* of certification schemes
 - Provide *reliable information* to users and providers of paper & timber based products
 - *Facilitate debate* on the mutual recognition of forest certification
- A logic project development
 - Principles & criteria for credibility, set of indicators
 - Questionnaire to collect information
 - 2 information tools published: Matrix & detailed report

Slide 5: CEPI's Comparative Matrix (2)

The comparative matrix allows for benchmarking of certification systems against credibility principles

The comparative matrix as well as CEPI do not provide judgement on systems!

Slide 6: CEPI's Comparative Matrix (3)

Widespread Response

- 2 editions of matrix issued (1999 & 2000)
- Demonstrated strong demand for reliable and concise information
- CEPI's best seller
 - More than 10 000 paper copies distributed
 - 10 000 downloads from www.cepi.org
- Stakeholder review on matrix structure, content & institutional framework compiled

Slide 7: Review of CEPI's Matrix (1)

Limitations of the Approach

- CEPI's C&I need to reflect recent work & views

- Glossary of terminology to be extended
- Institutional framework for gathering & analysing comparative data needs improvement
→ greater independent scrutiny & stakeholder view
- Need for decision making rules allowing for interpretation of narrative data
- Reconsidering scope of the matrix (e.g. performance of systems)

Slide 8: Review of CEPI's Matrix (2)

Requests

- All demands may not be accommodated within CEPI's information tool
- There is a need for tailored reporting for different audiences
- Compilation by wider independent expertise
- Procedure for stakeholder commentary & review for regular updating

Slide 9: Conclusions (1)

An improved comparative matrix is believed to be a suitable tool to help overcoming the challenges facing certification. It would:

- Help building confidence
- Serve to reduce confusion
- Contribute to a rational debate
- Synthesis and build on experience
- Contribute to market recognition
- Contribute to develop credible procedures for mutual recognition

Slide 10: Conclusions (2)

- ⇒ However, revising the information tool initiated by CEPI requires substantial resources & preparation
- ⇒ Currently CEPI is exploring this route but at the same time recognizes that information should be available constantly
- ⇒ Therefore, CEPI intends to draw up another updated issue of the Comparative Matrix by the end of 2001

Evaluation/Validation Criteria for Forest Certification Systems and for Forest Certification Standards

(adapted from PowerPoint presentation)

Ewald Rametsteiner

EFI Regional Project Center, Vienna, Austria

Slide 1: Objectives

I – SFM Standards

- Identify most relevant reference material
- Identify a tentative generic set of core evaluation criteria

II – Forest Certification System Standards

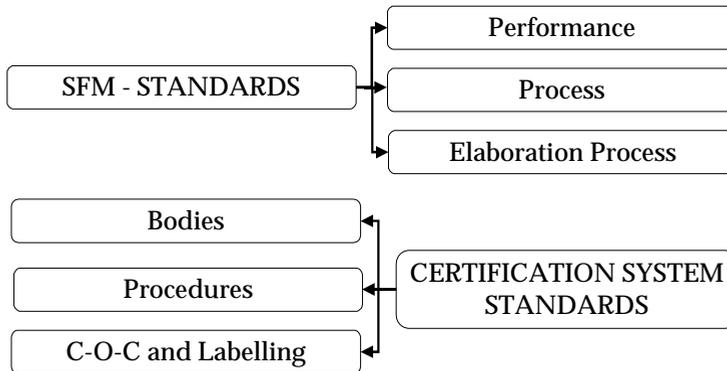
- Identify most relevant reference material
- Identify a tentative generic set of core evaluation criteria

The views expressed are solely those of the author. They do not necessarily correspond to those of the European Forest Institute

Slide 2: Scope of Evaluation Criteria

- generic/basic criteria
- globally applicable
- for third-party certification
- claim on the quality of forest management
- label on forest products

Slide 3: Overview on Evaluation Criteria



Slide 4: SFM Standards (Good Forest Management Standards)

- are based on economic AND ecological AND social aspects
- comprise performance AND process/system quality aspects
- address processes and production methods, but not tangible product quality (WTO issue)
- require regional and local adaptation
- need broad acceptance within and across societies (= no unilateral arrangements)

Slide 5: SFM Standards International Reference Material

- Intergovernmental processes
 - on guidelines for SFM
 - on national level criteria and indicators for SFM
- International non-governmental forest certification initiatives (regional and FMU level)
 - FSC
 - ATO
 - ...

Slide 6: Intergovernmental Processes on Guidelines for SFM

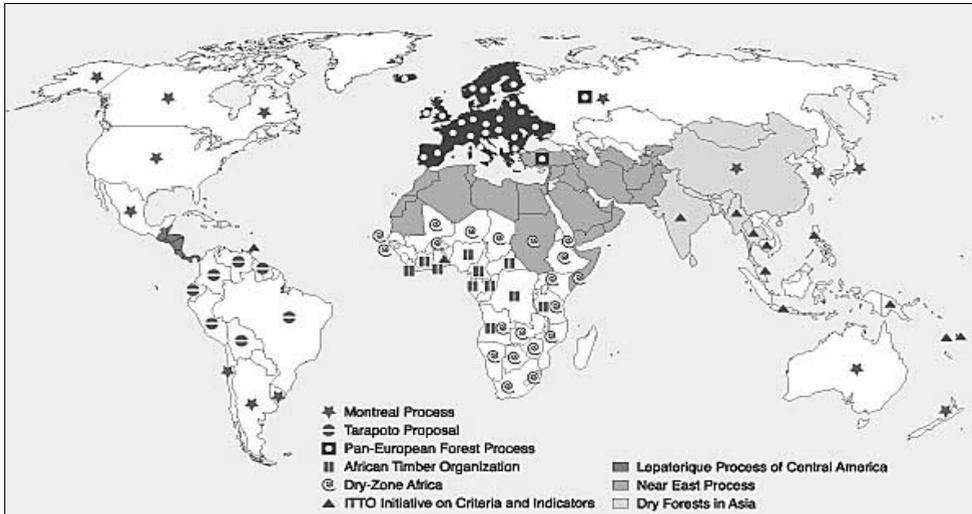
Global:

- UNCED “Forest Principles”, adopted 1992
- IPF Proposals for Action 115 a–f

Regional:

- International Tropical Timber Organization (ITTO)
- Ministerial Conference on the Protection of Forests in Europe (MCPFE)
- Other, e.g. Central American Forest Convention

Slide 7: Intergovernmental Processes on National Level Criteria and Indicators for SFM



Source: F. Castañeda (2000), *FAO Unasylva* No. 203

Slide 8: SFM Performance Standards

Possible basic set of evaluation criteria

- Seven globally accepted criteria
 1. Extent of forest resources
 2. Forest health and vitality
 3. Productive functions of forests
 4. Biological diversity
 5. Protective functions of forests
 6. Socio-economic benefits and needs
 7. Legal, policy and institutional framework
- Basic rules for setting thresholds

Slide 9: SFM Process Standards

Possible basic set of evaluation criteria

Common Principles and Elements of Environmental Management Systems (ISO 14001)
Principles:

1. Environmental policy
2. Planning
3. Implementation and operation

4. Checking and corrective action
5. Management review

Slide 10: Elaboration of Standards

Possible basic set of evaluation criteria

Reference: ISO, WTO TBTA, FSC, PEFC

1. Use of internationally accepted standards and references; accordance with national legislation
2. Non discrimination
3. Transparency
4. Adequate participation and representation
5. Clear rules for decision making process, including adequate consultative process
6. Clear complaints procedures
7. Public access to results

Slide 11: Forest Certification Systems

Key Components

A general certification system constitutes of several bodies

- Standard setting body
- Certification body
- Accreditation body
- Trademark owning body

Bodies operating in certification systems have similar general quality requirements

Slide 12: Forest Certification Systems

Global Reference Material

- Internationally binding regulations or agreements
 - WTO for governments
- International standards
 - ISO (especially ISO 9000, 14000 and 10000)
- International guidelines
 - ISO/IEC Guides (especially 61, 62, 65, 66)
 - IAF Guides
- + Specific forest certification scheme related guidance
 - IPF Proposals for Action
 - evaluation criteria by CEPI, AFFA, IFIR GTZ, ...

Slide 13: Conformity Assessment Bodies

Possible basic set of evaluation criteria

ISO/IEC Guide based criteria

- General requirements (legal entity, ...)
- Clear responsibilities
- Impartiality and objectivity
- Resources and training
- Non-discrimination and open access
- Quality system
- Documentation, documentation control and public access to information
- Internal audit
- Complaints procedures
- Confidentiality

Slide 14: Assessment Procedures

Possible basic set of evaluation criteria

ISO/IEC Guide based criteria

1. Application procedures
2. Pre-audit and audit procedures, including sampling
3. Audit report and inspection record
4. Certification/accreditation procedures, decision and issuance of certificates
5. Surveillance
6. Sanctions
7. Appeals, complaints and notification of changes

Slide 15: Chain of Custody Standards

Possible basic set of evaluation criteria

- Reference Material:
 - ISO 9 000 / 14 000, IFOAM, FSC, PEFC and other
- Possible C-O-C Standards Criteria
 1. Verification of source of the material
 2. Inventory control
 3. Documentation and record keeping system (purchase, stock, production, sales)
 4. Verification of sub-contracted production
 5. Integrity during transport

Slide 16: Labelling Standards

Possible basic set of core evaluation criteria

- Reference Material:
 - ISO 14020-14025 , ISO/IEC and IAF Guides on application
- Possible Labelling Standards Criteria
 1. Established legal ownership and rights for marks/labels
 2. Information on marks/certificates
 3. Detailed documented procedures for issuance, use and withdrawal of marks and certificates, both on and off products
 4. Detailed documented procedures for misuse, including remedial and legal action

Slide 17: Discussion

Forest Certification Systems

- Conformity assessment bodies and assessment procedures criteria
- Regional/ group certification and developing country needs

SFM Standards

- Framework of elements for SFM standards (performance), process standards and elaboration procedures
- Generally accepted regional or local standards

Slide 18: General Conclusion

General Remarks

- Forest certification schemes are best broken down into elements
- Evaluation of elements based on widely accepted criteria/factors
- Abundant international reference material outside forest certification

Forest Certification: a Lack of Trust on All Sides

(adapted from presentation)

Saskia Ozinga

Fern, Moreton-in-Marsh, UK

Slide 1

Europe is the testing ground for forest certification:

- 40% of all certified forests are in Europe;
- Largest market for certified forest products (linked to Forest and Trade Networks);
- Pan-European Forest Certification's (PEFC's) home;
- Forest Stewardship Council's (FSC's) main working area (more than 50% of FSC-certified forests in Europe);
- Other relevant certification schemes have (or will develop) close links with either PEFC (the Canadian Standards Association, CSA; and the Sustainable Forestry Initiative, SFI) or FSC (Eco-Labeling Institute, LEI; and Malaysian Timber Certification Council, MTCC – formerly the National Timber Certification Council of Malaysia, NTCC).

PEFC is seen as NOT CREDIBLE by major NGOs, major retailers.

FSC is seen as UNACCEPTABLE to forest owners' associations.

Forestry industry is divided, as are most governments (both within and between governments).

What happens in Europe has impacts on the rest of the world (boreal area and the tropics).

Slide 2

Tropical countries:

- Massive problems with forest management and illegal logging.
- Destructive behaviour of European logging companies, specifically in Africa
→ European responsibility
- Illegal logging. On average 50% of tropical timber imports is illegal

- European responsibility
- Capacity Building: Financial support
 - European responsibility
- Land Rights and User Rights
 - Legal and political support: European responsibility

Preparatory work needed first, only then certification at a large/significant scale.
See Rametsteiner and Simula (2001), page 7.

Slide 3

‘Battle’

Key players: PEFC and FSC (or their supporters)

Slide 4

Why?

- History, lack of communication;
- Small-mindedness/stubbornness;
- Forests have different values to different people.

Slide 5

Forests have different values to different people

1. Controversy about the definition of a forest
2. Controversy about what is good or ‘sustainable’ forest management

Slide 6

1. Controversy about the definition of a forest

FAO definition of forests only looks at ‘crown cover’, and not at the quality of the forest. An old-growth or ‘high conservation value’ forests is as much a forest according to the FAO definition as a single species monoculture tree plantation, with a rotation period of 20 years. Clearfelling a ‘high conservation value’ forest and replacing it with a single species large scale monoculture tree plantation, therefore, does not show in FAO statistics as ‘deforestation’.

For environmental NGOs such a definition is not workable.

Slide 7

2. The question of what is good or 'sustainable' forest management is not a question to which there is one 'objective' or 'simple' answer

Why?

- I. Lack of data. We do not know what the exact environmental and social impact is of certain forest management practices over years.
- II. Good forest management is a 'compromise' between these three aspects: ecological, social and economic.

Slide 8

A certification standard defining good or 'sustainable' forest management will therefore vary according to the interests, the background, values and experience of the people who define the standard.

Unlike setting standards for motor crash helmets, light bulbs etc., standard setting for forest management involves value judgements that differ depending on a person's viewpoint.

Slide 9

Rametsteiner and Simula (2001), page 1:

The crux of the international debate centres on credibility for certification schemes and more deeply about 'who should define forest management standards and how this takes place.

Slide 10

One of the most important criteria for any credible forest certification scheme is: A standard setting process that is equal and balanced between all (three) interest groups, and that not one interest group can overrule the others.

Rametsteiner and Simula (2001), page 32:

Resources invested in the establishment of a certification scheme will be lost if the scheme is not based on a performance-based approach and includes accepted levels of participation in the development of standards.

Slide 11

What are accepted levels of participation?

All forest certification schemes claim to have acceptable levels of participation. Accepted by whom? In the end: the market.

We believe: Shared ownership of a performance-based standard involving all stakeholders is one of the most essential elements for a certification scheme to get the credibility of the market, and the support from the wider society.

Slide 12

Of course there are other criteria:

Fern's criteria elaborated on in '*Behind the Logo*' (Ozinga 2001):

- Equal and balanced participation of a broad range of stakeholders;
- Objective, comprehensive and performance-based standards, with clear minimum thresholds;
- Labelling system, including a credible chain of custody;
- Independent third-party assessments, adequate control mechanisms and stakeholder consultations;
- Full transparency to all concerned parties and the public;
- Certification at forest management unit level;
- Cost-effectiveness and voluntary nature;
- Applicability to all forest types and sizes and tenure systems;
- An effective and transparent complaints procedure;
- Repeatability and consistency;
- A transparent and high quality accreditation procedure.

Slide 13

Criteria as formulated by the Confederation of European Paper Industries (CEPI), the International Forest Industry Roundtable (IFIR) or by Fern are 'in essence' quite similar (although there are some fundamental differences).

The difference comes with the interpretation of the criteria, i.e. when judging the different certification schemes!

CEPI's criterion '*there are rules established to ensure no single interest dominates the decision making process*' is according to the CEPI matrix fully met by the PEFC, FSC, the SFI and the CSA (double plusses).

Fern concludes that only FSC has such rules.

Slide 14

The facts:

- With PEFC in all countries we studied (France, Germany, Sweden) the voting structure is such that economic interests can overrule the (combined) environmental and social interests.

- With CSA, it is essentially the company who decides on the certification standard against which it is being measured (although there is an advisory group, this group has no ‘vote’).
- With the SFI there is no room for social and environmental interests in the standard setting process at all.

So ...

Slide 15

Transparency

One of the most essential elements to ensure that a certification system is credible.

CEPI matrix judges all certification schemes positive on ‘transparency’. However, we found that only the FSC had public summaries of certifications available.

Despite PEFC requirements, such reports were in most cases not available.

The CSA does not require such summaries to be available.

Again: Different organisations come to different judgements on whether a certification scheme meets the same criterion (transparency).

Slide 16

Even if minimum criteria could be agreed, a balanced stakeholder group might be needed to interpret these criteria, when evaluating different schemes.

Slide 17

Even most (independent?) certification consultants judge different certification schemes very differently.

Slide 18

What is the way forward?

How to stop ‘wasting time’ on certification?

- Forget the history;
- Create ‘openness’ to discuss ‘real’ issues;
- Start talking about forest values.

This meeting is a missed opportunity.

Slide 19

What is the way forward?

First – What is the objective?

Slide 20

The meetings objective

The European Commission has to be able to judge certification schemes for their various policies (procurement, GSP, etc.). Fast!

The European Commission has been talking about certification for 10 years without being able to make up its mind!

Forget the fast!

Slide 21

A tool to be able to judge different certification schemes?

For the development of such a tool this meeting is not the right forum.

The list of invitees is not the correct group to develop such a tool:

- there are ‘technicians’ missing;
- there are stakeholders missing;
- the group is too large;
- past experiences have not been taken on board properly;
- there has not been a proper evaluation of lessons learned;
- there is a lack of trust.

Slide 22

The meetings objective

The background document suggests:

- A validation system applying commonly agreed minimum requirements for standards and procedures, which is managed by a ‘new or existing’ body.
 - ➔ Institutionalisation problematic. First need to create consensus, if so ensure full participation of all parties, all relevant technicians, evaluate lessons learned.
- Mutual recognition arrangements between existing schemes.
 - ➔ Up to different certification schemes. NGOs not in favour of Mutual Recognition. See joint NGO statement.

- One integrated single scheme to be applied globally.
 - ➔ FSC model. If similar or better than FSC progress can be made! What is wrong with the FSC? There are things wrong, but a lot of the criticism is unjust and based on prejudice.
- No international institutional arrangements, but further analytical work towards the development of a common toolbox to assess individual schemes by interested parties.
 - ➔ First attempt been done by ProForest with co-operation from Simula, Hauselmann, Vallejo, Armstrong and others. Comments needed. If to be used by governments ensure full participation of all parties, all relevant technicians, evaluate lessons learned.

Slide 23

What is really needed to help move this debate on forest certification forward?

- Forget history;
- Create openness and trust;
- Start discussing 'real issues'. Drop the PR language;
- Proper, honest and in-depth discussion about positive and negative aspects of the PEFC and FSC;
- Organise a truly tripartite meeting, which is perceived as all- inclusive and where all key-players are present.

Other essential elements:

- Support tropical forest countries (all parties) by addressing illegal logging, land rights, governance and destructive European logging companies;
- Active role to address imports of illegally harvested timber;
- Harmonise and prioritise forest activities across different DGs.

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Minimum Requirements of Forest Certification Schemes: Viewpoint of European Forest Owners

(adapted from presentation)

Joseph Crochet

CEPF (Confédération Européenne des Propriétaires Forestiers)
Bruxelles, Belgium

1. Introduction

It is extremely popular, in these days of fast running information to adopt superficial thinking transported by mass media, and to repeat naively what others have already repeated, and to accept simply what others want us to believe. For example: It is often repeated that “Forest certification emerged as a market-based response to address consumer concerns” (Rametsteiner and Simula 2001). However, in reality it was developed by environmental NGO’s as a policy tool to influence and control forest management (Elliott 1996). This is an important detail to note in order to help us understand the differing concepts of the existing schemes.

It is nevertheless much tougher, and above all, very unpopular, to invest some basic thinking and analysis on the origins of certain (societal) developments in order to detect the real messages behind them. Unfortunately, the certification of sustainable forest management is no exception to that rule.

As time is running fast today, too, I shall briefly outline, in four main topics, the viewpoints of European private forest owners on “Minimum requirements of forest certification schemes”.

2. Asking the Right Questions on the Fundamental Prerequisites

The Rio Declaration on Environment and Development (1992) is often quoted in the context of forest certification schemes, and especially unilaterally by those who want to pull the strings. Therefore, we should not repeat certain statements without having analysed in depth the full text. Of course this cannot be done in the few minutes allocated. However, allow me to cite some of the essential parts to widen our window of understanding.

Principle 1: Human beings are at the centre of concern for sustainable management ...

Principle 4: In order to achieve sustainable development, environmental protection shall constitute an integral part of the development process and cannot be considered in isolation from it.

Principle 22: ... and other local communities have a vital role in environmental management and development because of their knowledge and traditional practices.

The quintessence of the Rio Declaration promotes an holistic, integrative approach to sustainable development that is based on the sovereign rights of nations and respects the principle of subsidiarity that values the knowledge, know-how and experience of local and regional communities in the management of their natural resources.

Along the same lines it is worthwhile taking a look behind the philosophy of AGENDA 21, and in particular Chapters 8, 11, 27 and 32.

The overall objective of Chapter 8 is “to improve or restructure the decision-making process so that consideration of socio-economic and environmental issues is fully integrated and a broader range of public participation assured. Recognizing that countries develop their own priorities in accordance with their prevailing conditions, ..., policies and programmes...”.

Chapter 11 emphasises repeatedly the crucial role of the private sector, rural cooperatives and local communities in combating deforestation.

Chapter 27 outlines the partnership role NGO’s play in sustainable development. It has to be clear that NGO stands for a broad range of civil society representatives, and not only for NGO’s out of the environmental sector – they have as all other NGO representatives their share in reaching sustainable development, but they cannot behave as if they had been invited to dominate the scene.

Last, but not least, Chapter 32 encourages a decentralised decision making process through the creation and strengthening of local and village organisations that would delegate power and responsibility to primary users of natural resources. This concept of decentralisation forms in most European countries the basis for forest owner associations.

In summary, AGENDA 21 underlines again the holistic integrative bottom-up approach required to reach sustainable development and NOT the segregation into chambers appointing artificial responsibilities to civil society representatives who have been arbitrarily lumped together by self-appointed ‘policy makers’⁴ to invent a policy instrument for the totalitarian domination of forest policy and the market.

In the Pan-European region, the Ministerial Conference on the Protection of Forests in Europe guarantees that the values of the Rio Declaration and those of AGENDA 21 are implemented via a democratic process reflecting the diversity of Pan-European forest conditions.

3. Requirements for the Content

It is a logical consequence that political processes (e.g. Montreal, Central American, Dry Zone African or Tarapoto) and accompanying Conventions that grew out of Rio, serve as the basis for certification of sustainable forest management as they form an integrative part of the overall sustainable development. Any certification initiatives that are based on these political processes will assure that national legal frameworks are respected. This legal security safeguards the liberty of the citizens, their entrepreneurial freedom and their property rights.

⁴ Self-appointed ‘policy makers’ frustrated by the fact that the Rio Declaration is legally non-binding, have overlooked the fact that the Universal Declaration of Human Rights is also based on a simple resolution of the UN General Assembly. But meanwhile through legislative practice and jurisprudence its rules and principles have been transformed in “bonds erga omnes” (Jean-Marc Salmon, *Un monde à grande vitesse*, Seuil 2000) that are imperative for all. The natural maturation of a process is always superior to any ham-fisted imposition that cuts essential corners required for the sustainable implementation of such a process.

The Pan-European Operational Level Guidelines resulting out of a legitimate and democratic process “can serve as a tool to improve communication and awareness building related to sustainable forest management. In addition, although certification and other quality assurance systems or programmes as such would remain independent from the Pan-European Process and are voluntary to the interested parties, the Guidelines could provide an indicative reference for the establishment of the standards for those systems”⁵.

For managers and owners of natural resources it is essential to know that fruits of their investment in sustainable forest management are passed on to their children and grandchildren – the best assurance for the perennial nature of the spirit of sustainability. It is equally important that the viewpoints and concerns of those who carry the responsibility for their property are respected. To put it bluntly: subjection to externally developed rules is not acceptable, and any attempt to collectivise small-scale private forestry through a certification system dominated by self-appointed ‘policy makers’ cannot be supported.

Reflecting again the objectives of AGENDA 21, the principle of subsidiarity, the recognition of rural cooperatives and local communities in carrying out sustainable forest management, is of major importance and should be at the core of any certification initiatives that are truly aspiring to achieve sustainable forest management.

4. Requirements for the Process

Let me reiterate some of the key points that I made at the FAO/ITTO/GTZ seminar in Rome earlier this year.

1. The need for the constitutional character of the certification scheme ensuring the division of power and control. It is absolutely essential that the standard setting body is totally independent of the accreditation body. Existing national accreditation bodies, internationally recognised, are the only option to do this job, as forestry matters, according to the subsidiarity principle, fall under the responsibility of national governments and “certification has broader applications than those targeted at market communication” (Rametsteiner and Simula 2001). This fact becomes even more visible if certification would be “implemented under government control as a mandatory requirement” (Rametsteiner and Simula 2001). Therefore, an accreditation body not provided with a political and democratic legitimacy and operating outside internationally accepted norms is unacceptable.
2. The responsibility for the verification against a national system has to remain within the national certification body and national schemes have to be independent from a labelling process.
3. It is essential that each country develops in line with a regional framework based on a democratic process, its own standards that best reflect the diversity of its forests and forest management practices.
4. The credibility of the standard from local to national level has to be ensured. The standard setting process should be an open and constructive dialogue between representatives of relevant interested and involved parties in forest management. This must be, a dialogue with public participation that recognises that “private ownership represents a different level for participation compared to public forests” (FAO/ECE/ILO 2000).

⁵ Annex 2 of the Resolution L2, Chapter 2: Potential use of the Pan-European Operational Level Guidelines.

5. No discrimination of small-scale forest owners and consequently of those who really do the work in the forest. There is no logical reason to assume that private forest owners only pursue economic objectives through the management of their forests. Everybody who has a sense for reality knows that forest holdings <500 ha cannot provide a regular income to the owner. Knowing that 96% of European forest holdings are smaller than 50 ha (the average size lies between 5 and 6 ha), it is almost provocative to try and make society believe that private forest owners are only interested in economic aspects to the neglect of social and environmental values. Being one out of these numerous small-scale forest owners myself, I cannot accept that kind of artificial segregation of my responsibilities in the sustainable management of my forest.
6. Any certification system, which risks through its process becoming a non-tariff barrier to trade or which risks becoming a threat to the development of democratic processes, requires the direct intervention of governments to apply the subsidiarity principle in forestry matters and to avoid discrimination in the marketplace.

5. Conclusions

1. Forestry is a blend of art and science. A dynamic approach and continuing improvement of the concept 'sustainable forest management' with respect to ongoing international developments is essential in reaching our common objective of overall sustainable development.
2. The philosophy and spirit of the Rio Declaration, AGENDA 21 and the non-legally binding authoritative statement of principles for a global consensus on the management, conservation and sustainable development of all types of forests, requires an integral and holistic thinking and must promote an inclusive, and not exclusive participatory concept.
3. Any attempt to help promoting sustainable forest management by a monopolistic certification structure ignores basic democratic rights.
4. No one has a monopoly on the truth. We must not be hoodwinked by those who claim to have a monopoly on the truth.
5. Governments must be vigilant and prepared to intervene if there is a potential risk of certification becoming a non-tariff barrier to trade or a potential threat for privatisation processes and for private property.
6. In a global context, certification has to be understood and accepted by all the peoples who are dependant for their livelihood on forest and forest resources – in particular we must not forget the rural poor in developing countries and their hunger for cultivable land. A need out of reach of any market tool.

For the sustainable future of our forests we invite all interested and involved parties who have not yet chosen to do so, to enter into constructive cooperation and to abstain from continuous antagonism when dealing with certification issues.

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Minimum Requirements of Forest Certification Schemes: Viewpoint of the Forest Industry

(adapted from PowerPoint presentation)

Hannu Valtanen

Finnish Forest Industries Federation,
Member of IFIR-Mutual Recognition WG

Slide 1: International Forest Industry Roundtable (IFIR)

IFIR = network of experts from national forest industry associations & forest industry companies:

- Finland, France, Norway, Sweden, UK
- Australia, Brazil, Canada, Chile, Malaysia, Mexico, New Zealand, South Africa, USA
- Confederation of European Paper Industries (CEPI), World Business Council for Sustainable Development (WBCSD)
- IFIR network includes:
 - natural and plantation forests
 - developed & developing nations (expanding participation)
 - existing & emerging forestry nations
 - 56% global industrial wood production

Annual meetings since 1994

- Focus on Sustainable Forest Management issues:
 - 1996 SFM Vision, Elements & Principles
 - 1999/2001 Working Group on Mutual Recognition for Forest Certification Systems
 - Proposal (Chair: James Griffiths)
 - Implementation (Co-Chairs: Carlos Roxo and Clifford Schneider)

Slide 2: Forest Certification: a General Perspective

Forest perspective:

Diversification is needed and unavoidable

- Cannot have one single system as a global monopoly
- There are already several systems in the market

Global market perspective:
Substantive equivalence is needed

Solution:
Network of credible certification systems, mutually recognized

Slide 3: The IFIR Proposal

- IFIR proposed the establishment of an *International Mutual Recognition Framework for Forest Certification*, open to all systems that can meet *high credibility standards*.
- IFIR with a *catalytic role*. The Forest Industry cannot be perceived to own or lead the Framework. Nevertheless, the forest industry may facilitate the Framework to happen.

How is mutual recognition possible?

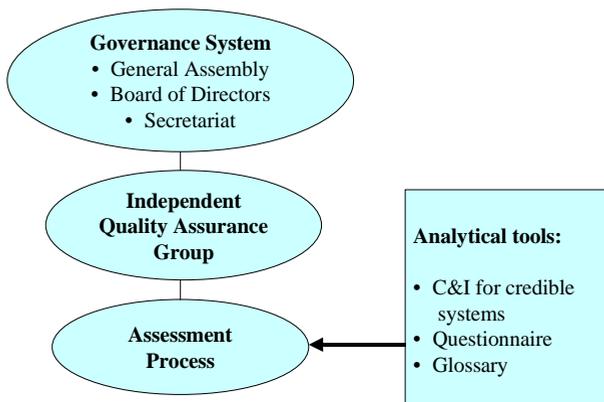
- The proposal has been drafted after extensive consultation with industry and other stakeholders
- The proposal has been presented to the European Commission, FAO Advisory Group, FSC, International Forum of Forest and Paper Associations, ITTO, PEFC, SFI, World Bank, and other stakeholder groups.
- IFIR proposal is only a proposal, not a final system

Slide 4: What is Mutual Recognition?

“Reciprocal and non-discriminatory arrangements under which one certification system owner recognises and accepts other certification systems as being substantively equivalent in intent, outcomes and process in identified critical elements.”

(IFIR Mutual Recognition Framework)

Slide 5: How Would Mutual Recognition Work?



Slide 6: Analytical Tools – Criteria & Indicators

- 9 Criteria *defining credibility* and 53 Indicators defining *conformance* that cover:
 - Development of standards
 - Contents/scope of standards
 - Conformity assessment procedures
- Performance criteria should be established at the regional/national level through a credible process

1. Conformity with Regional SFM standards & legislation	9 indicators
2. Participation of stakeholders	7 indicators
3. Scientifically supported	2 indicators
4. Continual improvement	4 indicators
5. Non discriminatory	5 indicators
6. Repeatability, reliability & consistency	5 indicators
7. Independence & competence	11 indicators
8. Transparency	7 indicators
9. SFM claims	3 indicators
10. Wood flow accounting	2 indicators

Slide 7: Analytical Tools – Questionnaire

- To help determine conformance to Criteria & Indicators
 - Results provide platform for mutual recognition
 - Possible site visits (to build confidence)
- Note: questionnaire yet to be adapted
 - developed by UK Paper & Timber Trade Federations. Modified & used by CEPI

Slide 8: Management Structure

- General Assembly
- Board of Directors
- Secretariat
- Independent Quality Assurance Group

General Assembly of Certification Systems:

- Composition:
 - Certification systems
- Responsibilities:
 - Administer and develop the Framework

Board of Directors:

- Composition options:
 - Certification systems

- SFM Stakeholders
- Combination of both
- Responsibilities:
 - Management of the Framework

Independent Quality Assurance Group:

- Composition:
 - credible SFM and certification experts and institutions
- Responsibilities:
 - To assure the quality, credibility and substantive equivalence of certification systems participating in the Framework
 - To act as the Framework ombudsman

Slide 9: Implementation – Action Plan

Aim:

Catalyse a multilateral process of mutual recognition between credible forest certification systems

Phases:

- Consultation:
 - build consensus among stakeholders
- Implementation dialogue:
 - forest certification systems

Slide 10: Summary

- Industry wants to see alternatives and competition; monopolies are not needed
- Competition between credible certification schemes
- Credible schemes are based on a legitimised framework of the SFM processes
- Credible schemes are also based on nationally appointed peer reviewed accreditation (accreditation bodies are legitimised through governments)
- Diverse schemes may cause logistical problems for international companies
- Mutual recognition framework is needed for credible schemes
- There will be fewer labels in the future not more; therefore no risk of confusing anyone
- FUTURE: Do single-issue labels have the support of the industry or trade in the medium to long term?
- Forest certification may remain as a tool for market communication to inform that wood procurement is based on SFM – but not necessarily with single-issue labels

Minimum Requirements of Forest Certification Schemes: Stakeholder Views

(adapted from presentation)

Max von Abendroth

Association of German Magazine Publishers (VDZ)
Berlin, Germany

Introduction

The Association of German Magazine Publishers represents an industry that is positioned at the end of the paper chain and that was increasingly challenged in recent years by the general public to supply its final customers with environmentally compatible products.

The Association of German Magazine Publishers is based in Berlin and represents 400 German publishers of consumer magazines, B2B (business-to-business) magazines and confessional products with a portfolio of more than 3000 titles. The production of top-magazine paper requires large quantities of wood. This wood originates from northern hemisphere forests of northern Europe, Canada and, increasingly, Russia. Tropic wood is unsuitable for the production of magazine paper because of its fibre characteristics, and is hence not the subject of discussions related to certification requests among magazine publishers.

The Association of German Magazine Publishers has been maintaining a committee for environmental issues for 6 years. The committee meets at least every two months. To publishers, the need for this committee reflects the increasing pressure from the general public, who expect not just that environmental issues are discussed, but also that concrete measures are implemented at an industry-wide level. During the course of this committee's work over the past years, the awareness of the need for sustainable management in order to ensure the industries existence in the long term has been growing continuously. The ecological potential for all aspects of the paper chain – from forest management to paper recycling – is the subject matter of this ongoing discussion.

In order to support sustainable forest uses in a convincing manner, magazine publishers generally demand certification of sustainable forest management. This certification must satisfy at least seven requirements. These criteria represent my contribution towards the discussion on the minimum requirements for a forest certification system.

What Are the Seven Requirements for Certification of Forest Management?

As buyers, we demand:

1. A commitment towards sustainable development;
2. Acceptance among all interest groups in society;
3. Voluntary participation.;
4. Auditing by independent institutions;
5. Transparency;
6. Appropriate certification level; and
7. International integration, applicability and comparability.

The magazine publishers advocate the mutual recognition of certification systems which meet with the requirements just mentioned .

What Are the Practical Implications?

The German magazine publishers consider the certification systems of the *Forest Stewardship Council (FSC)* and *Pan European Forest Certification (PEFC)* as being equivalent, because both systems satisfy these criteria. People in charge of sourcing for magazine publishers inform themselves about the ecological standards of the forest industries that supply them with paper. If no certification exists, examinations are carried out on the one hand as to what extent these criteria are nevertheless fulfilled. On the other hand, magazine publishers urge the forest industry to obtain certification because their own credibility for sustainable management in relation to end customers can, in the final analysis, only be ensured by independent audits with maximum transparency.

As buyers, we are interested in a simple, clear-cut and unmistakable solution for voluntary certification models which must reduce the complexity of the sustainability debate, promote the transparency of ecological contexts in forestries and support communication with end customers. We are determined to render certification procedures more cost-effective in order to reduce the barriers for forestries interested in first-time certification.

Field Trip to Zoniën

(adapted from PowerPoint presentation)

prepared by Joseph Zwaenepoel and Carl De Schepper

Ministry of the Flemish Community
Forest and Green Areas Division

Slide 1: Project: Forest Certification FSC-System

- Zoniën (near Brussels): 2452 ha
- Meerdaalwoud (near Leuven): 1255 ha
- Heverleebos (near Leuven): 635 ha

Total: 4342 ha

Flemish Forest and Green Areas Division supports the concept of independent third-party timber certification on a voluntary basis as an instrument for promoting sustainable forest management.

Slide 2: Why ?

- International solidarity
- SFM = responsibility of each forest owner or forest manager
- Informational instrument to inform the consumer
- Possible instrument to develop a close link between producers, trade and consumers

Slide 3: Main Problems for Flanders (146 381 ha of forests)

- Fragmented ownership structure
 - 54% of Flemish forests <100 ha
 - 43% of forest area is composed of forests <60 ha
 - average size of forest complex = 19.2 ha

- 70% of forest entities <10 ha
- 14% of forest entities <1 ha
- e.g. project area of 9000 ha with 5000 owners

Slide 4: Solution

- Management groupings

Slide 5: Pilot Project FSC-Certification

- Testing Belgian principles and criteria
- Learning about practical consequences and procedures of forest certification
- Bringing FSC-certified timber on the market

Slide 6: Followed Procedure:

- Initial feasibility study: 3 days in July 1997
- Results of inspection and conditions to be met:
 - compliance forms signed on 01/10/1997
 - certificates issued and valid for one year
- Yearly inspection visits
 - first: August 1998
 - second: October 1999
- Certificates valid for 5 years subject to successful annual monitoring
 - third: February 2001

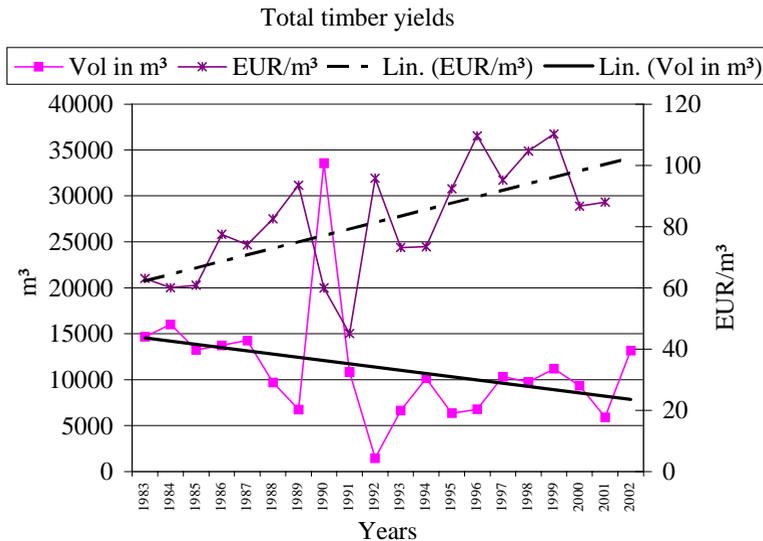
Slide 7: Direct Certification Costs (total: 4342 ha)

- Initial certification: 4100.2 EUR (0.95 EUR/ha)
 - Inspection 1998: 2317.15 EUR (0.53 EUR/ha)
 - Inspection 1999: 2832.88 EUR (0.65 EUR/ha)
 - Inspection 2001: 3586.07 EUR (0.83 EUR/ha)
- ⇒ Total: 12 836.3 EUR (2.96 EUR/ha)
- ⇒ Average for Zoniën: 7188.32 EUR (2.93 EUR/ha or 0.73 EUR/ha/yr)

Slide 8: Indirect Certification Costs (only Zoniën):

- Personnel
 - forest manager: 10 days/yr
 - forest wardens: 40 days/yr (monitoring, reporting)

- administration: 5 days/yr
- Total: 7511.18 EUR/yr or 3.06 EUR/ha/year
- Non-commercialized amount of dead wood
 - 3650 m³ since 1996
 - average value of 226 202.84 EUR or 37 700.47 EUR/yr or 15.38 EUR/ha/yr
- Forest reserve (132 ha or 5.4% of total area)
 - non-commercialized annual yield of 73 215.35 EUR or 554.66 EUR/ha



Slide 9: Experiences:

- No continuity of certification inspectors
- Need for powerful management organization (strong emphasis on formal and written procedures; high demands on monitoring and reporting)
- Start: a lot of administrative work
- A lot of questions and no or few answers
- Continuity of conditions and pre-conditions
- Limited appeal against peer review
- Continuous improvement of the quality of forest management compared to increased efforts
- Procedure and system of certification seems rather heavy and is little suitable for small forest properties
- Response of wood industry still restricted: only two firms (veneer, plywood & woodbending) asked for FSC certificate to continue chain of custody (in relation to production of 12 000m³ and 7000m³)

Keurhout's Lessons Learned on Verifying Forest Management and Chain of Custody Certificates

(adapted from presentation)

Kees Bosdijk

Keurhout Foundation, the Netherlands

1. EU Markets

1.1 Demand:

The Netherlands:

In the Netherlands the consumer demand has been driven by the environmental NGOs (ENGOs), both directly through boycott and promotion campaigns (of Forest Stewardship Council (FSC)-certificates) and indirectly through influencing government policy. The government has formulated its so called minimum requirements for sustainable forest management and has helped to create with the private sector, including the trade unions, an independent verification body called the Keurhout Foundation. Keurhout accepts certificates for sustainable forest management and chain of custody that meet the government's minimum requirements. These certificates may, for example, be FSC-certificates, but also any other valid certificate. So, importers, traders and the processing industry through their membership of Keurhout are able to sell FSC-certified and non FSC-certified timber products with the Keurhout hallmark when these certificates have been accepted by Keurhout.

FSC certified timber products can also be sold to the market directly: the market is a free-for-all. Because of the obvious confusion of the public and also of the necessity for the private sector to become a member of both systems (meaning twice the paper work and twice the costs) it has been a blessing to the market that Keurhout and FSC agreed by December 1999 to enter into a form of co-operation. Based on their mutual trust in the proper functioning of their respective systems, FSC has accepted the Keurhout chain of custody in the Netherlands as a valid one. As a consequence, FSC-certified products may be FSC-labelled as well as Keurhout-labelled when the corresponding FSC-certificate has been accepted by Keurhout.

It does not take much imagination to see that the acceptance of certified timber by the market will increase tremendously when the market is no longer confronted with two, competing, certificates. Notwithstanding the differences between the two systems and,

therefore, their incomparability (which have not been brushed under the carpet), the clear message that the flow of ‘green timber’ is getting on stream can now be put forward more firmly and effectively.

United Kingdom:

The situation on the UK market is quite different from the Dutch market. Here, the government has stayed out of the environmental discussion leaving it to the ENGOs and the private sector. While trade and industry have put their emphasis on an information gathering system rather than on direct certification, the discussion and the activities have mostly been realised by the DIY sector. This had resulted in an almost exclusive FSC-discussion. This changed last year when the dominant player in the DIY sector – B&Q – stated publicly that it will not only accept FSC-certificates, but also the Finnish Forest Certification System. B&Q made it clear that it is a promoter of FSC, but cannot live with the fact that FSC has not accepted the Finnish certificate, which B&Q considers valid enough to market under its own company responsibility.

The comparison I would like to draw your attention to is that between the positions of Keurhout and B&Q. Although they have a quite different status (Keurhout is an independent verification body and B&Q a commercial entity) they in fact both perform the same function in that they accept FSC- and non-FSC certified products that are meeting their respective requirements.

Germany:

In Germany the environmental discussion has also been left to the ENGOs and the private sector (mainly the DIY sector), who are promoting the FSC. Only very recently some government authorities have defended and promoted the Pan European Forest Certification (PEFC) system. This has resulted in what I have called ‘tribal warfare’ between some government authorities, the ENGOs and the DIY sector promoting FSC and some other authorities, the forest owners and P&P sector promoting the PEFC. As a consequence the public and the professional buyers do not know which prophet they should follow and thus the promotion of sustainably produced timber is only slowly getting off the ground.

Others:

The remaining timber markets in Europe (with my excuses for the shortcut), are either neutral or opposing certification.

1.2 Supply

1.2.1 Softwood and non-tropical hardwood markets:

Sweden:

In Sweden the few big forest owning companies have concluded that their buyers would best be served by offering them one international label, that has the ENGOs blessing, namely FSC. The small private forest owners, on the other hand, have chosen to develop their own certification system. As a matter of fact they have offered their system to the PEFC, which has accepted it some months ago. The small forest owners, who are organised in the co-operation Södra, have also offered their certification system to Keurhout for verification. Keurhout has accepted it. So, to date timber products from both Swedish certified sources have been made available on the Dutch market through the Keurhout system with the FSC label and/or the Keurhout label.

Finland:

The Finns have developed their own national certification system. Their system has been accepted by the PEFC. As a parallel track they have also requested Keurhout to verify their system. Actually, Keurhout has recently completed the verification process successfully. Now Keurhout has accepted the Finnish certification system this means that the bulk of the Dutch import of sawn and further processed softwood (in fact about 90% of the imported sawn timber) could be carrying a certificate for sustainable forest management. By the way, certification of the whole of Finland means automatically that other forest products, such as panel products and even pulp and paper, may also apply for Keurhout's label when their chain of custody has been certified.

Norway, Germany, France, Austria:

Forest owners in these countries have already developed or are developing their own certification systems and have already offered or will soon offer them to the PEFC. In case the forest owners or the Dutch importers would like to trade timber products from these certified forests on the Dutch professional buying market, they would have to offer their system to Keurhout for verification.

Canada:

In Canada the situation is rather complex. ENGOs are heavily promoting the FSC system and some forest owners are trying to follow that path. Others are trying different paths. Some have successfully engaged themselves in ISO or ISO/CSA (International Organization for Standardization/Canadian Standards Association) certification. Keurhout has accepted two certificates for Weyerhaeuser on Vancouver Island. Weyerhaeuser has issued a statement that they will have their remaining operations on Vancouver Island CSA-certified by the end of 2001, and the rest of their forests in Canada certified by the year 2003.

Others:

Various entities in other producing countries have developed or are developing certification systems, including the USA, the former Soviet Union and the Czech Republic.

1.2.2 Tropical hardwoods producing markets:*Malaysia:*

After the first step, during which Malaysia was able to supply 'Declaration-timber' from three states on Peninsular Malaysia to the Dutch market, Malaysia has decided to have Peninsular Malaysia certified on the basis of the Keurhout Verification Procedure (based on the Dutch government minimum requirements), by the end of the year 2000. Presently the subject states are being verified by Keurhout. I understand that the National Timber Certification Council of Malaysia (NTCC) and the FSC are studying the possibilities for mutual recognition.

Indonesia:

Indonesia is also developing its own system (through the Eco-Labeling Institute – LEI), which is also studying the possibilities for mutual recognition with the FSC.

South America:

In South America a few FSC certificates are on the market. To my knowledge both FSC-certification and other systems are being developed.

Africa:

In South Africa some FSC-certificates are on the market. In the other African countries, and in particular in the Central African region, various systems are under development. Some of the forest owners are considering the development of the Pan African Forest Certification (PAFC – a system similar to the PEFC). Keurhout has accepted the certificate for Congolaise Industrielle des Bois (CIB) in the Congo and is expecting to accept the second certificate in the Congo Basin soon.

2. The Netherlands Market

Demand:

- The DIY sector is meeting some demand for certified timber; no green premium is paid;
- The professional market (municipalities/ building corporations/project developers) are meeting an increasing demand for certified timber (first for tropical hardwoods but recently also for softwoods); a green premium is paid;
- Demand is increasing through ENGO-campaigns and government encouragement (building rules, subsidies, green investments);
- FSC certified timber is available in rather limited quantities (much LKS – lesser known species – lacking quality guarantee); most Keurhout-timber is ‘Declaration-timber’ from Netherlands/Malaysia-pilot project;
- The green premium for FSC timber is said to be 10–15%; and
- The green premium for ‘Declaration-timber’ is approximately 5% on average.

Supply:

- Tropical hardwoods: nearly 100 000 m³ of ‘Declaration-timber’ have been imported; the quantity of FSC-certified timber has been rather limited (originating from Brazil and the Solomon Islands). Keurhout expects Peninsular Malaysia to be certified complying with the Keurhout Verification Procedure by the end of this year, the moment when the ‘Declarations’ will cease to be issued by Keurhout. Keurhout hopes that the certificate for a concession in the Congo region, which is in the pipeline, will meet its requirements in the coming months;
- Softwoods: only limited quantities of timber from FSC-certified sources have been imported (from Sweden). Keurhout has recently accepted the ISO/CSA certificate for Weyerhaeuser’s North Island forest area on Vancouver Island, Canada. Keurhout expects to be able to accept the Södra certificate (from a Swedish co-operation of small private forest owners) and hopes to be able to accept the national Finnish certification system in coming months.
- Generally, for softwoods no green premium is envisaged (no autonomous demand for certified timber; certification demanded by European pulp and paper buyers). Only when producers have their forests certified can they expect to be able to internalise the certification costs in their price.

The Keurhout formula

1. Admitting proliferation of producers’ certification systems meeting Keurhout’s requirements;
2. Issuing one guaranteed unique label to the consumer;
3. The combination of 1. and 2. is the optimum situation, because it combines the maximum supply potential (FSC plus other valid systems = FSC-plus) with market acceptance, while staying out of the ‘tribal warfare’ between competing certification systems;

4. By doing so, Keurhout is bridging the gap of trust between consumers and producers;
5. Although the Keurhout Foundation has been founded as a Dutch institution, its formula is ready to be used in other markets as well. Belgium has shown interest and since the Keurhout logo is a collective trademark that has been registered in the Benelux countries, Keurhout could easily become a Benelux based institution. Because the Dutch market through Keurhout has accepted the Finnish certificate, the Keurhout formula may be considered as a bottom-up approach that satisfies both consumers and producers, and which keeps the EU out of the 'tribal warfare'.

4. Questions and Answers.

1. Q: What is the estimated cost of certification?
A: The actual costs in producing countries will depend on the stage of forest management. In consuming countries the costs are limited to the chain-of-custody system. In the Netherlands the Keurhout-system is operating currently on basis of Euros 1.5/m³ for hardwoods and Euros 0.5/m³ for softwoods; in the future when the mainstream has been certified the levy will more likely be expressed in Euro cents.
2. Q: Who is expected to bear the certification costs, the ultimate consumer or the forest owner/timber supplier?
A: In producing countries the answer will depend on the actual and estimated supply and demand situation. A green premium is only paid when demand is higher than supply and/or when an autonomous demand exists and/or when no alternatives are available. The costs for the chain-of-custody system is born by trade and industry; whether they can internalise their costs in their selling prices depends on the actual market situation. Demand on the Dutch market has already reached a rather high level, due to awareness raising campaigns of ENGOs and the government's promotion and subsidy policy.
3. Q: Is creating demand for certified timber in a situation with problematic supply harmful?
A: Since certification is first of all a marketing tool, generating supply without demand is harmful to the health of the timber industry. On the other hand, generating demand without proper supply is also harmful, because the consumer might turn its back on timber. My simple line of thought reads: "only promote what you can deliver".
Keurhout is, therefore, only promoting its own function; the promotion of Keurhout-labelled timber is left to the private sector who will individually promote on the basis of actual availability.
4. Q: What percentage of certified timber products, semi-finished and processed products like plywood, medium-density-fibreboard (MDF) and furniture, should be acceptable to the market?
A: Internationally the unwritten agreement seems to be that 70% is the bottom line for a publicly acceptable label. The FSC has maintained until recently the 100% claim. Recently it has changed its policy. Now, the product may be FSC labelled if >70% of the timber content originates from sustainably managed forests, as long as the actual percentage is mentioned on the label.
Keurhout's policy is that in all stages in the chain-of-custody timber (products), 100% must originate from sustainably managed forests, except in the last stage, where the finished product is produced and sold to the consumer. In that stage the choice can be

made for either 100% (level 1) or >70% (level 2). The level will appear on the label. This policy ensures that all timber (products) entering the Dutch market is 100% originating from sustainably managed forests. This is to be interpreted through the %input =%output method, meaning that – under certain conditions - an x% certified log and/or timber input at a sawmill, or any other processing stage within the production chain, will lead to the same percentage output of 100% certified timber. Example: if input of logs is 100 000 m³ and the percentage of certified logs is 80%, then 80% of the output is considered as (100%) certified timber.

5. Q: Does Keurhout have a position on the call for mutual recognition between certification systems?

A: Keurhout does not have a position on certification systems as such and, consequently, not on mutual recognition between systems. Keurhout is only interested in certificates showing the actual state of affairs in a given forest area. Mutual recognition (MR) is too often used as a ‘magic wand’ in the certification discussion, used by groupings that dislike certain existing certification systems, create their own system and then call for MR. Between systems in producing countries, MR might be interesting (although ‘harmonisation’ might be a better word for the desired process, because M.R. is to be based on equal partnership). MR between producers’ and consumers’ schemes is not an issue: acceptance of certificates is decided on by the consumer. In other words, by consumer trusted institutions, like Keurhout or the FSC.

6. Q: What is the impact of the developments in Europe on the rest of the global timber market?

A:

- Demand for certified timber and for SFM in developed countries is here to stay;
- Export markets that are able and willing to supply certified timber may meet a ready market (including green premium, if they are not in the rear position) in the longer term;
- If certification is a beneficiary for export markets, demand and supply will meet and certification will spread;
- The market requests certified timber (products) to be actually available (‘hard’ cubic metres instead of ‘theoretical’ hectares);
- The market detests the proliferation of certificates and calls for an end to the tribal warfare between labels. One single label is preferred. Hence the Keurhout formula in the Netherlands, which provides the consumer with a unique label, if needed in combination with another label;
- Various certification systems should be harmonised:
 - in producing countries through MR or harmonisation of standard;
 - in consuming countries through regionally or globally agreed minimum requirements, including a phased approach;
- If certification is to enhance forest management not only in the softwood producing countries, but also in the tropical hardwood producing countries, it could consider taking aboard a phased approach, rather than lowering standards.

Options for an International Validation/Evaluation System of Forest Certification Schemes

(adapted from PowerPoint presentation)

Markku Simula

Indufor Oy, Helsinki, Finland

Slide 1: Starting Point

- Substantive differences exist between schemes
- Available guidance on forest certification schemes is scattered
- Several options exist for a possible validation/evaluation system

Slide 2: Recognition

A mechanism, procedure or arrangement for enabling a body to recognise and accept a certification scheme or its elements based on an agreed or predetermined set of criteria, requirements, guidelines, or the like

The objective is to demonstrate a required level of substantive equivalence

Slide 3: Types of Recognition

1. Unilateral
2. Mutual
 - bilateral
 - multilateral

Mutual recognition between certification/accreditation bodies ensures that certificates/labels do not result in a barrier to trade.

Slide 4: Mutual Recognition Agreements

1. Mutual declaration of unrestricted acceptance of each other's work
2. Mutual acceptance of inspection and assessment reports
3. A central register or list
4. Signatories offer activities on behalf of each other
5. A single system: the same rules are applied by all parties

Slide 5: Proposed Options for International Recognition

Options	Scope of Recognition
'IAF' model	Conformity assessments (certificates issued) by accredited certification bodies participating in a multilateral mutual recognition agreement
'FSC' model	<ul style="list-style-type: none"> • Forest management standards developed under common rules • Private certification bodies applying the FSC scheme • Other schemes meeting the FSC requirements
'IFIR' model	Mutual recognition between schemes
'PEFC' model	National certification schemes
'Keurhout' model	Forest management certificates
'Users' assessment' model	Labels or certificates entering markets

Slide 6: Assessment of Proposed Options

1. IAF: mutual recognition between accreditation bodies
 - commonly accepted criteria to forest management standard
 - specification of accreditation standards for forest certification
 - ISO framework; existing procedures and institutional structure
2. FSC: integrated scheme with centralised accreditation
 - single global system, issue of monopoly
 - threshold level and potential supply
 - strong NGO support and high perceived credibility
 - current presence in the market
3. IFIR: mutual recognition between schemes
 - assumes mutual recognition is desired by schemes
 - conceptual development
 - institutional arrangements to be defined
 - quality assurance
4. PEFC: recognition body for national schemes
 - recognition mechanism within common rules
 - regional scope

- common trademark
- lack of ENGO support
- 5. Keurhout: unilateral recognition
 - recognition of certificates/schemes on the basis of predetermined criteria
 - chain-of-custody verification and trademark
 - separation of labelling from standard setting, accreditation and certification
- 6. Users' assessment
 - flexibility, responds to individual needs
 - does not alone solve the 'proliferation' problem
 - complementary instrument

Slide 7: Options for International Arrangements of Validation/Evaluation System

1. Existing or new body (independent) applying commonly agreed criteria for standards and procedures
2. Mutual/multilateral recognition arrangements between schemes with agreed/predetermined criteria for standards and procedures
3. One integrated single scheme applied globally with a common label/trademark
4. Development of a common toolbox for assessment of schemes by interested parties
5. No arrangements

Options 1 & 2 may also include a common label / trademark

Slide 8: Options for Institutional Arrangements for Mutual Recognition

- A. Bilateral recognition between schemes ('Flexible')
- B. Multilateral facilitating body for mutual recognition agreements ('Forum')
- C. Multilateral executive body with binding rules for mutual recognition agreements ('Council')

Slide 9: Possible Elements to be Covered by a Validation/Evaluation System

1. Forest management standard
 - common / regional framework for locally applicable performance standards and management system
 - minimum requirements for procedures for developing such a standard
2. Forest assessment
 - requirements for assessment procedures
 - requirements for third-party certification body
3. Chain-of-custody verification
 - harmonised chain-of-custody standards
 - verification procedures
 - requirements for independent third-party body

4. Accreditation
 - accreditation standards
 - accreditation bodies

Slide 10: Possible Action Areas

1. Development of a common set of assessment criteria for certification schemes
2. Identification of a body or mechanism to carry out assessments of forest certification schemes (coupled with eventual provision of a common label for accepted/recognised schemes)
3. Developing mechanisms to link with the existing policy instruments
4. Establishment of monitoring and other complementary mechanisms

Group Work Tasks and Reports

Introduction to Group Work

Two Group Work sessions were arranged:

1. Minimum criteria for certification standards and systems.
2. Institutional arrangements.

The participants were split into four groups.

Group A: Kent Gustavsson (Chair) Max von Abendroth, Yves Andre, Chistopher Bail, Oscar Barreiro, Amha Bin Buang, Jim Farrell, Stefano Gomes, Ben Gunneberg, Wolfgang Schopfhauser, Reima Sutinen, Ilpo Tikkanen, Alexandra Vakrou, Erik Wijkström, Ellen von Zitzewitz.

Group B: Stuart Goodall (Chair), Jim Bourke (Rapporteur), Gianluca Azzoni, Magnus Berg, Kees Bosdijk, Jim Bourke, Cecile Dargnies-Peirce, Nicolas Hanley, Pham Hoai Duc, Natalie Hufnagl, Raniero Leto, Diarmuid McAree, Paul Speigh, Hannu Valtanen, Joseph Zwaenepoel.

Group C: Robert Busink (Chair), Paulo Canaveira, Bernard Chavalier, Danny Croon, Veerle Dossche, Kevin Gardiner, Hermann Huckert, Robert Nasi, Edwin Mallory, Tiina Ryttilä-Broere, Dieter Schöne, Emmanuel Siisi-Wilson, José Solano López, Gerard Stimmer, Dirk Teegelbeekers.

Group D: Saskia Ozinga (Chair, Group Work 1), Peter Poschen (Chair, Group Work 2), David Duke-Evans (Rapporteur), Joseph Crochet, João Manuel da Silva Costa, Antoine de la Rochefordière, Carl de Schepper, Robert Flies, Stefan Leiner, Christa Licher, Gerhard Mannsberger, Joost Van den Velde, Frank Wolter.

Group Work 1 on Minimum Criteria for Certification Standards and System

1. Is there a need for harmonised/broadly agreed criteria for forest certification standards and systems?
2. If yes, who would be the main users of such criteria and for what purpose?
If no, how could then comparability and compatibility between forest certification schemes be established?
3. What elements of certification systems should be covered by criteria?
 - contents of the standard
 - standard setting
 - certification (conformity assessment) bodies

- certification procedures
- chain of custody standards
- labelling standards
- accreditation
- any other elements

4. Do Boxes 5, 7, 10, 13, 14, 15 and 17 of the Background Paper offer an appropriate basis for assessment of certification systems, and how can they be improved?

Box 5. Seven globally applicable criteria for SFM identified by intergovernmental processes for C&I.

1. Extent of forest resources
2. Forest health and vitality
3. Productive functions of forests
4. Biological diversity
5. Protective functions of forests
6. Socio-economic benefits and needs
7. Legal, policy and institutional framework

Box 7. Five objectives for the contents of standards.

According to ISO, the standard shall:

1. be as complete as necessary within the limits specified by its scope
2. be consistent, clear and accurate
3. take full account of the state of the art
4. provide a framework for future development
5. be comprehensible to qualified persons who have not participated in its preparation

Box 10. Common requirements for setting of SFM standards.

1. Use of internationally accepted standards and references, accordance with national legislation
2. Non discrimination
3. Transparency
4. Adequate participation and representation
5. Clear rules for decision making process, including adequate consultative process
6. Clear complaints procedures
7. Public access to results

Box 13. Criteria for conformity assessment bodies.

1. General requirements (legal entity, written agreements)
2. Clear responsibilities
3. Impartiality and objectivity
4. Resources and training
5. Non-discrimination and open access
6. Quality system
7. Documentation, documentation control and public access to information
8. Internal audit
9. Complaints procedures
10. Confidentiality

Box 14. Criteria for procedures used by conformity assessment bodies.

1. Application procedures
2. Pre-audit and audit procedures, including sampling
3. Audit report and inspection record
4. Certification/accreditation procedures, decision and issuance of certificates
5. Surveillance
6. Sanctions
7. Appeals, complaints and notification of changes

Box 15. Criteria for the evaluation of chain of custody standards.

1. Verification of source of the material
2. Inventory control
3. Documentation and record keeping system (purchase, stock, production, sales)
4. Verification of sub-contracted production
5. Integrity during transport

Box 17. Criteria for labelling standards.

1. Established legal ownership and rights for marks/labels
2. Information on marks/certificates
3. Detailed documented procedures for issuance, use and withdrawal of marks and certificates, both on and off products
4. Detailed documented procedures for misuse, including remedial and legal action

Group A: Group Work 1

Question 1. Need for criteria

There is a need for harmonised and agreed criteria, which should be broadly accepted.

The time is not yet mature for such a work. One member pointed e.g. out that the definitions of the stakeholders were not yet clear. The work shall start on the technical level. Then on the political level.

Question 2. Users and purpose

The main users - consumers, (local) authorities, industry, etc.

Question 3. Elements needing criteria

Elements to add:

- governing bodies
- decision-making process

But they are included in the requirements on certification bodies.

The certification procedures can be excluded, because they are included in e.g. ISO 65 or 66.

Group B: Group Work 1

Question 1. Need for criteria

In this session the group considered that there is a need for broadly agreed criteria for forest certification systems, but did not see a need for criteria for standards, since these are already in existence. It did not see a need for harmonisation and considered that in any case this would be very difficult to achieve. It emphasised that the goal is sustainable forest management and there is general agreement on what this means, but not on how it should be actioned.

A clear need for an institutional arrangement to validate/evaluate forest certification schemes was identified, and a number of options were considered. A validation/evaluation system should apply agreed minimum requirements for forest certification schemes, should preferably be managed by an appropriate independent international body (existing or new), and should involve the participation of all stakeholder groups.

The group noted that many criteria had already been identified and general agreement has already been reached on criteria for certification standards. This work should not be duplicated. The main need was seen to be the *interpretation* of the criteria and on the *implementation* of indicators at a national level.

Question 2. Users and purpose

There was considered to be a wide range of users of these criteria – from buyers to governments – and each group might have different reasons for using them. They could be used to make informed decisions on how to develop, evaluate and choose between schemes, and how to assess credibility of claims and labels. These criteria were seen to be of particular importance to owners of the certification processes.

Question 3. Elements needing criteria

In discussing what elements of certification systems need criteria to be developed, the group agreed that criteria should be developed for:

- contents of the system standard.
- system standard setting.

- chain of custody – however it was noted that there are situations where certification requirements of some groups can be met without a chain of custody system.
- labelling – especially where percentage-based schemes are being used, as there is a possibility in these situations to confuse buyers and even for misrepresentation.
- accreditation – it was seen as essential that national accreditation bodies should be part of international accreditation systems in order to avoid any misrepresentation.
- appeals procedures.

The development of criteria for certification (conformity assessment) bodies, or for certification procedures, was not considered to be necessary since these should be covered by the requirements established by the accreditation bodies.

The group did not have time to discuss the various lists indicated in Boxes 5, 7, 10, 13, 14, 15, and 17 of the Background Paper. However, the group considered that they were generally appropriate, but would need to be considered in detail.

Group C: Group Work 1.

Question 1. Need for harmonised/broadly agreed criteria for forest certification

Answer: Unanimously yes, but it depends on interpretation of the question.

The following remarks were made:

- What is meant with harmonisation and does it mean harmonisation of standards or of systems? There is a need for one language, for clear definitions.
- There is support for tools to assess systems, not for system concerning value judgement.

Question 2. Users and purpose

On this question the discussion rose that at this moment it is not clear yet which body will finally endorse and promote the framework of the set of harmonised/broadly agreed criteria and will make it operationable. In the table below it is mentioned as body/forum.

User	Purpose
Buyer (big, professional) <ul style="list-style-type: none"> • retailer • manufacturer • mill (paper, saw) 	cost effectiveness marketing brand/image of the company
Forest owner (incl. state) <ul style="list-style-type: none"> • owner in Europe • outside Europe (overseas) 	cost reduction/revenues market access credibility and marketing
“Body/Forum” (global)*	assess marketable systems endorsement
Government	instrument for policy application/implementation

* In general it can be remarked that such a system is beneficial for the whole society. Application of such a system is for whoever it wants and the management of such a system is still open.

Question 3. Elements needing criteria

Remarks: the question could better be changed insystems should be taken into account by criteria. The word “covered” raised to much discussion.

About the different elements to be taken into account raised much discussion. On the following items to be taken into account was broad acceptance: contents of the standard,

certification bodies, chain of custody standards, accreditation. Labeling standards should be in accordance with international trade rules.

On the question of standard setting and certification procedures, there was great discussion, caused among other things by the process the standard or procedure that should be carried out. By the stakeholder approach? And who are then the stakeholders? Who decides about participation? The same is valid for certification procedures.

When taking into account these two elements, cultural differences should then be taken into account (there are more ways for stakeholder approach and certification procedures).

The elements must make possible a good assessment.

An element that should be added is: how are the benefits of this system being distributed within the chain?

Group D: Group Work 1

Question 1. Is there a need for harmonised/broadly agreed criteria for forest certification standards and systems?

We decided there were some questionable bits of phraseology in the question: “harmonised/broadly agreed criteria”

So we decided to ask ourselves the question: “Is there a need for a set of agreed criteria to assess forest certification standards and systems?” [“Systems” in this context means “forest certification systems”]

We stopped short of saying “there is a need” and settled for “It is very desirable...”, to help forest owners, buyers’ groups, individual buyers and governments to make an informed choice of one system or another.

Question 2. If yes, who would be the main users of such criteria and for what purpose? If no, how could then comparability and compatibility between forest certification schemes be established?

The owners, buyers’ groups, individual buyers, governments, in fact anyone who needs to specify a credible system to answer the needs of his own market sector; the criteria would be 10 or 20 in number, but not “broadly agreed”, but quite specific and very carefully drawn up. This provides a series of options as to the choice of system, and the choice has to be acceptable to the person who applies its ultimate logo label. We would still expect, however, that a market zone (a country or a region, for example) could be dominated by a particular choice of “label of preference”.

The application of carefully selected criteria for judging the quality of a forest certification system will provide a baseline set of expectations to be delivered by the system of choice.

We went on to consider who should fix the criteria, and within what administrative structure (if any) should they fix them?

The model explained again yesterday by Hannu Valtanen is on the right lines and some such structure should be set up quickly and within a defined time-scale with all stakeholder classes represented equally, but for the purpose of approving schemes according to the pre-selected criteria. Once that is done, the need for mutual recognition recedes, and should no longer be considered as the primary aim. The aim is to judge schemes as “credible” according to the selected criteria, but not necessarily by “ISO-isation”.

Question 3. What elements of certification systems should be covered by criteria?

The criteria list is a start and needs to be set up in a more sophisticated way in order to set up the credibility indicators. But “chain of custody” should be taken out of a list of criteria for forest certification systems (it has a very different treatment – CEI-Bois will set up a

European model for wood products in the next few months based on an existing model for sawmilling and panelboards, and will be inviting the paper industry to join us in setting up the paper chain at the same time as the wood chain).

Also take out “accreditation” which is a separate element in the total system.

A full certification system has four elements: (i) accreditation – (ii) forest certification – (iii) chain of custody – (iv) choice of labelling system.

But the choice is most likely to be made by the market sector.

Question 4. Do Boxes 5, 7, 10, 13, 14, 15 and 17 of the Background Paper offer an appropriate basis for assessment of certification systems, and how can they be improved?

Time did not allow responding to this question.

Group Work 2 on Institutional Arrangements

1. Is there a need to set up some kind of arrangements for the validation/evaluation of forest certification systems?
2. If action is needed, which option should be preferred? (Box 26 of the Background Paper identifies some options but there are other possibilities as well).

Box 26. Options for international institutional arrangements of validation/evaluation system of forest certification schemes.

1. A validation/evaluation system applying commonly agreed minimum requirements for standards and procedures which is managed by an appropriate body (existing or new) which could be private, governmental or mixed.
The prime actors in this option would be stakeholders and/or governments.
2. Mutual/multilateral recognition arrangements between existing certification schemes based on a set commonly agreed minimum requirements for standards and procedures. Such an arrangement may be organized through:
 - a) bilateral recognition agreements between schemes;
 - b) a multilateral facilitating body under MR agreements; and
 - c) a multilateral executive body under its own rules.
 The prime actors in this options would be certification schemes or national accreditation bodies which are typically involved in these arrangements.
3. One integrated single scheme to be applied globally applying a common standard and involving centralized or decentralized accreditation, and a common label/trademark ('FSC' model).
4. No international institutional arrangements but further analytical work towards the development of a common toolbox to assess individual schemes by interested parties such as buyers of forest products and other stakeholders.

3. Can or should a body be identified to take the 'lead' or coordinate the work towards international arrangements for a validation/evaluation system and/or to carry out or organise assessment on forest certification schemes?

4. Should a phased approach be promoted to allow developing countries participate at an early stage in the certification process? What would be the appropriate principles for such an approach?

Group A: Group Work 2

Question 1. Need for arrangement

Yes, but there is a need of agreed technical specifications, Probably the conformity assessment procedure and bodies can be left out if they are covered by the IAF procedures.

Some countries, (e.g. UK, NL) have additional requirements that cause problems. There is a need to reduce the amount of such requirements.

Question 2. Option preferred

When SFM is the only specification it will be possible to use option 2A. But if also carbon sinks are included, we prefer option 1 or also 2c

There is a need to harmonise the use of MRA (between governments) and MLA (between voluntary actors)

(Option 2a acceptable if less than 4 actors)

(Option 3 risk of monopoly)

(Option 2 difficulties to set up commonly agreed rules)

(Option 1 rules decided by the body)

Question 3. Facilitator

A body needs to be identified, probably it is better to set up a new one which is based on a MLA (or MRA). It should be an international body, that it can be used worldwide and accepted. It can belong to eg. UN, ISO, FAO...

Question 4. Phased approach

We agree to the phased approach for developing countries, to the step by step principle. There is also a need to support capacity building.

Group B: Group Work 2

Question 1. Need for arrangement

The Group considered whether there is a need for action at international level to address the issue of several parallel market-based certification schemes. It agreed that it is desirable – though not essential – to set up a means of validating or evaluating forest certification systems if unacceptable systems are to be avoided.

Question 2. Option preferred

Of the options specified in the questions presented to the Group, option 4 – that of no international arrangement but further analytical work – was rejected. It was considered that this would not solve the current problems facing certification, since the main problems are not technical ones but ones between the different ownership of schemes, different value weightings, competition by different groups, and a lack of trust between stakeholders.

Option 3 – that of a global integrated system – was not favoured. Although it was felt that this model could be made to work, all current certification schemes using this approach were considered to have shortcomings. All current approaches needed to be modified to provide

better participation by all groups, and improved decision-making structures, and improved accreditation procedures that were separated from the certifying body. It was considered that competition between certifying bodies was desirable, and should be encouraged in order to avoid a monopoly situation.

Some form of a combined multilateral system, which might combine current certification systems through some form of multilateral recognition, with an adequate validation/evaluation system to ensure agreed minimum standards are met, was favoured. The Group considered that the essential features of such a system – whatever its exact form – were that the body involved should be independent, neutral, representative, and acceptable to all the major stakeholders. It should give external guidance and provide evaluation to ensure standards are maintained. The preferred option would depend on what the issues that were to be addressed were. This would need to be decided before deciding on the most appropriate arrangement.

Question 3. Facilitator

The most appropriate organisation to act as a facilitator for establishing the verification/evaluation body would depend on what issues were to be addressed. Several suggestions were made concerning a body that could facilitate the work towards international arrangements for a validation/evaluation system. This could be through a new body or forum, or using existing bodies. For example if the issues to be addressed were global mutual recognition an independent international agency such as FAO was a possibility; if the issues concerned European procurement the European Commission might be appropriate. A group of existing organisations might also be a possibility. The important feature was that whatever the body, it must be seen by all stakeholders as neutral, and acceptable to all.

Question 4. Phased approach

The Group considered that because it was more difficult for many producers in developing countries to meet certification requirements, it was desirable that some means of phasing their involvement in certification should be available. Without this there is a strong possibility that certification might act as a barrier to their access to markets. One possibility would be for 'phased' certification, with a preliminary certificate when some requirements are met, leading up to a full certificate available when all requirements had been met. It would be necessary to have clear targets and delivery dates specified.

Group C: Group Work 2

Question 1. Need for arrangement

Majority: yes. One member of the group had the opinion that the market will arrange it.

Reasons for yes:

- market demands for mutual recognition
- no monopoly for one label; there must be possibilities for more labels
- public/government procurement asks for it
- promotion of timber/stimulation of the use of sustainably produced timber
- some guarantees for fair competition
- tool to separate good from bad

Question 2. Option preferred

Option 4 is not a real option, but necessary homework for option 1 and 2.

Option 3 is rejected by the group, because a monopoly is not wanted.

Option 1 and 2b were in favour. Although option 2b is very complex because of the number of mutual recognition in the case of many systems. In practice it will mean two logo's (in Europe): FSC and PEFC.

Objections against 2b were:

- the lowest level will define the norm
- a monopoly will be reached when agreeing on MR

In favour of option 1 is that it will contribute to trust building.

The final conclusion was that option 1 and 2b are very near to each other; more knowledge is needed.

Question 3. Facilitator

Yes, someone has to carry the ball. Requirements for such a body are:

- non governmental
- neutral

Question 4. Phased approach

Yes, but only for countries and private forest owners. Not for foreign concessions holders. In such a phased approach mile stones should be defined, possibly tied to aid.

Programme

Workshop on Forest Certification: Forging Novel Incentives for Environment and Sustainable Forest Management

6–7 September, 2001 • Brussels

Day 1 Session I

10.00–10.10	1. Welcoming Address	Mr Christoph Bail, Head of Unit, DG ENV.E.3
10.10–10.40	2. Setting the Scene	Dr Markku Simula, Indufor Oy
10.40–11.10	3. Forest Certification: needs and opportunities for Governments	Mr Stuart Goodall, Forestry Commission of Great Britain
11.30–12.00	4. Implications of international trade rules for the design of certification systems	Mr Erik Wijkström, WTO
12.00–12.30	5. Social aspects in certification standards and their applications	Dr Peter Poschen, ILO
12.30–12.45	6. Revision of CEPI's Comparative Matrix of Forest Certification Systems	Mr Wolfgang Schopfhauser, CEPI
12.45–13.15	7. Discussion	

Session II

14.30–14.50	8. Validation of differentiated forest management standards and certification systems	Dr Ewald Rametsteiner, EFI
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- 14.50–15.40 9. Minimum requirements of forest certification schemes – Stakeholder views:
- ENGOs Ms Saskia Ozinga, FERN
 - Forest owners Mr J. Crochet, CEPF
 - Forest industry Mr H. Valtanen, IFIR
 - Buyers Mr M von Abendroth, VDZ
- 16.00–17.30 Group work on minimum criteria for certification standards and systems
- 17.30–19.30 10. Field Trip to the certified forests of Flemish Soignes.

Day 2 Session III

- 8.30–9.30 Group work reports
- 9.30–9.50 11. Keurhout's lessons learned on verifying forest management and chain of custody certificates Mr Kees Bosdijk, Keurhout Foundation
- 9.50–10.15 12. Need and options for international institutional arrangements for validation of certification standards and systems Dr Markku Simula
- 10.45–12.30 Group work on institutional arrangements

Session IV

- 13.15–15.30 Group work reports and discussion
- 16.00–16.30 13. Conclusions, recommendations and follow-up action
- 16.30 Closing of the workshop

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Germany

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Indufor Oy
Finland

Jean-Yves Andre
Ministry of Walloon Region
Belgium

Kees W.F. Bosdijk
Keurhout Foundation
Netherlands

Christoph Bail
European Commission

Jim Bourke
FAO
Forest Products Division

Oscar Barreiro Mouriz
Union of Foresters of Southern Europe
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Sweden

Paulo Canaveira
CELPA, Associação da Indústria Papeleira
Portugal

Amha Bin Buang
International Tropical Timber Association
(ITTO)

Bernard Chevalier
Ministère de l'Agriculture et de la Pêche
France

Joseph Crochet
Confederation of European Forest Owners
(CEPF)

Danny Croon
CEI-Bois
Belgium

Cecile Dargnies-Peirce
European Commission

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FSC
Belgium

David G. Duke-Evans
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United Kingdom

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National Forest and Nature Agency
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Forestry Commission
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European Commission

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Vietnam

Hermann Huckert
Federal Ministry of Consumer Protection, Food
and Agriculture
Germany

Natalie Hufnagl
Confederation of European Forest Owners
(CEPF)

Stefan Leiner
European Commission

Raniero Leto
European Bureau for Conservation and
Development

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Ministry of Housing
Spatial Planning and the Environment
Netherlands

Edwin A. Mallory
Forest Products of Canada
Belgium

Gerhard Mannsberger
Federal Ministry of Agriculture, Forestry
Environment and Water Management
Austria

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Fern/WRM
United Kingdom

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International Labour Office (ILO)

Reima Sutinen
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MCPFE-Liaison Unit Vienna
Austria

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PEFC Germany
Germany

Antoine de la Rochefordière
SGS (SGS Société Générale de Surveillance
S.A.)
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Belgium

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Federal Ministry of Agriculture, Forestry,
Environment and Water Management
Belgium

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Confederation of European Paper Industries
(CEPI)

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Finnish Forest Industries Federation
Finland

Dieter Schöne
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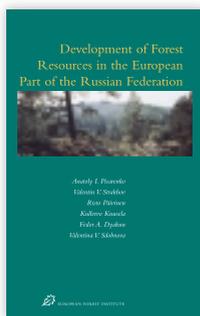
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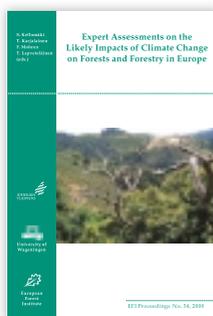
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