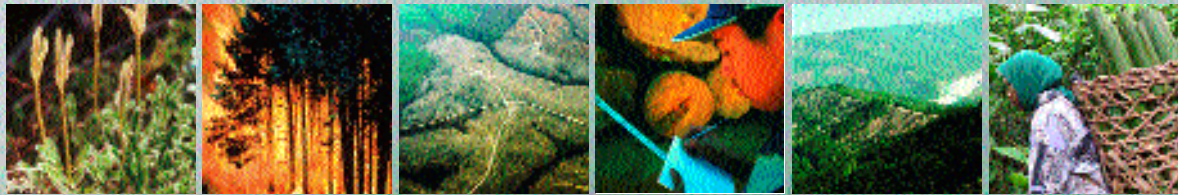# Footprints in the forest

Current

practice

and future

challenges

in forest

certification

FERN

Footprints in the forest

Current practice and future challenges in forest certification

FERN promotes the conservation and sustainable use of forests, and respect for the rights of forest peoples in the policies and practices of the European Union.

Contents

Foreword

Forest certification is at a crossroads. Awarding a seal of approval to forestry operations that implement good forest management practices is facing challenges that were not thought of when the concept was conceived ten years ago. Today, however, these challenges threaten to undermine the credibility of certification as a tool for raising the standard of forest management.

When the idea of certification was conceived, many environmental NGOs and some social NGOs hoped that certification would improve forest management practices. Some also hoped it would contribute to improving workers' conditions and solving the land rights problems that are so prevalent in many countries in the South and North. Today, it may be too early to be sure of the impacts of forest certification, as the concept is still evolving, but a few conclusions can be drawn from the evidence that is available.

Certification has led to an increase in demand for timber products from well-managed sources from retailers and consumers. Certification has slightly improved forest management practices mainly in the North, and working conditions mainly in the South. Certification has also highlighted the land rights problems, but not contributed to solving them. Finally, certification has increased understanding of what constitutes good forest management – a procedure that needs to be developed jointly by economic, social and environmental interest groups.

But there are down sides. Certification has, unfortunately, given its 'seal of approval' to many companies and forests that have not earned it. As this report shows, the majority of existing certification schemes certify the current status quo of forest management, which in most cases does not earn the label 'from well managed forests'. In the worst cases, timber certified as 'coming from well managed forests' originates from old growth forests, forests under dispute over land rights, or forests that have been converted to GMO tree plantations. The fact that certified timber can originate from these types of forests has clearly devalued the concept of certification.

Furthermore, in regions where large areas of forests have been certified, and large volumes of certified products are on the shelves, such as in Europe, certification is often perceived as a solution to the forest crisis. Such perception makes it more difficult for NGOs to create awareness about the many problems that still exist in forest management. Issues such as reform of forest laws, controlling trade and investment flows and reduction of consumption of forest products don't always get the attention they need.

FERN believes that certification can only have a positive impact at grass roots level, if it can harness the market power of consumers – and their concerns about forests – to change the balance of power. If certification schemes become too closely linked to the forestry industry, there is little chance they will contribute to a better balance of power. Unfortunately, as this report shows, in most cases forest certification schemes are currently too closely linked to the forestry sector, and are therefore reinforcing the status quo of forest management rather than improving it. There is widespread failure to recognise the rights of forest-dependent people to participate in decision-making.

Canada

Photo Ian McAllister

The intellectual argument for certification has been won and the concept of certification has entered the mainstream. Yet, a serious problem remains, namely, the translation of the concept of certification into real improvements. The task, therefore, is to uphold the integrity and credibility of forest certification in the face of intense market pressure for certified products.

To rescue the credibility of certification and to solve the world's forest crisis, it is time to re-assess. The demand for certified wood, created by buyers-groups, the World Bank, and others cannot be met in the short term. There is not enough well managed forest on the planet. As credible certification schemes cannot meet this demand in the short term, simply satisfying this demand could enforce certification schemes with low or no minimum standards. We will not solve, but rather aggravate the forest crisis if we continue racing to meet this demand through certification of near status quo forest management practices.

This report assesses the key strengths and weaknesses of eight certification schemes currently in operation. It is based on eight case studies describing the procedures of these eight schemes. Detailed summaries of these case studies are available on page 41 of this report. The full reports are available at www.fern.org.

Forest certification, however, can only reach its potential if all schemes continue to improve procedures and practices and implement more rigorous standards, such as those embodied by the Forest Stewardship Council (FSC). Forest certification schemes that lack an acceptable and clearly defined minimum threshold of forest management, do not deserve a consumer label. Unfortunately, this is the case with most existing schemes.

Last, it should be recognised that without addressing the underlying causes of forest loss, certification can only contribute to better forest management within a limited number of countries. Demands for reform of forest laws, reduction of consumption of forest products, and for controlling sources of investment, to name just a few issues, are as crucial to address the forest crisis.

Saskia Ozinga
February 2004

Acronyms

ABTN	Association of Technical Norms, Brazil
AFG	Australian Forest Growers
AF&PA	American Forest & Paper Association
AFS	Australian Forestry Standard
BVQI	Bureau Veritas Quality International
CAR	Corrective Action Request
CBD	Convention on Biological Diversity
CERFLOR	Sistema Brazileiro de Certificação Florestal
Certfor	Certificación Forestal (en Chile)
CoC	Chain of custody
CONMETRO	The National Council of Metrology, Normalisation and Industrial Quality.
CORFO	Development and Innovation Fund of the Industrial Promotion Agency
CORMA	Chilean Wood Manufacturer Association
CSA	Canadian Standards Association
CTE	Committee on Trade and Environment
FAO	UN Food and Agriculture Organisation
FMU	Forest Management Unit
FSC	Forest Stewardship Council
GMO	Genetically Modified Organism
INFOR	Instituto Florestal de Chile
INMETRO	National Institute of Metrology, Normalisation and Industrial Quality, Brazil.
INPACEL	Industria de Papel Arapoti
INN	Chilean State Instituto Nacional de Normalisation
ITTO	International Tropical Timber Organisation
IFIR	International Forestry Industry Roundtable
IPF	Intergovernmental Panel on Forests
ILO	International Labour Organisation
ISO	International Organisation for Standardisation
MC&I	Malaysia Criteria and Indicators
MDIC	Ministry of Development, Industry and Trade, Brazil
MTCC	Malaysian Timber Certification Council
NAFI	National Association of Forest Industries, Australia
NGO	Non Governmental Organisation
OECD	Organisation for Economic Cooperation and Development
PEFC	Programme for the Endorsement of Forest Certification
PEOLG	Pan European Operational Level Guidelines
PPM	Process and Production Method
PTAA	Plantation Timber Association of Australia
SFB	Sustainable Forestry Board
SFI	Sustainable Forestry Initiative
SFM	Sustainable Forest Management
SGS	Société Generale de Surveillance
SPS	Sanitary and Phytosanitary Agreement
TBT	Technical Barriers to Trade
UNFF	United Nations Forum on Forests
WTO	World Trade Organisation

1   The basics to understand the debate

The main elements of a certification scheme[1]

All certification schemes are made up of three elements:
Standards – These are documents that set out the forest management requirements which must be met by the forest manager and against which certification assessments are made.
Certification – This is the process of establishing whether or not a standard has been met.
Accreditation – This is the mechanism for ensuring that the organisations that undertake certification (known as certifiers or certification bodies) are competent and can produce credible results. This process 'certifies the certifiers'.

A fourth element is needed if a scheme is to be used as a basis for making a product claim. In this case, a system for tracing and labelling to guarantee that a product comes from a certified forest is needed to ensure that claims are clear and credible. This consists of:
Labelling rules – Once a forest is certified, the forest owner obtains the right to label products from that forest with a name and/or logo of the certification scheme. The certification scheme will have to establish a set of labelling rules, specifying the conditions under which labels can be used.
Chain of custody – There is a long and often complicated path from the forest to the point of sale: the product supply chain. To be able to guarantee the consumer that a particular product comes from a well-managed forest, this supply chain needs to be certified as well. The ownership and control aspect of the product supply chain is referred to as the 'chain of custody'.

Why all schemes appear the same but are not

All eight forest certification schemes examined in this report are based on the four elements listed above to varying degrees. Therefore at first glance all the schemes look similar. But when the design of the components, which together form an element, differs – as it does – what is actually delivered will be different as well. It is only by looking at the detail of how these components are required to be implemented that one can fully understand the differences between each scheme. For example, 'consultation' is often a component of the standard-setting process, and sometimes also a component of the certification process. A simple comparison of two schemes seeking to assess consultation as part of the certification process may not, however, reveal differences between:

Scheme A – which requires certification bodies to contact the forest departments and the local state government to inform them that the certification assessment is under way, and seek further comments, and
Scheme B – which requires certification bodies to inform a range of local and national organisations, including governments, academics, industry, NGOs and community groups, and to hold a series of public meetings to allow anyone interested to have an input.
While both approaches are called 'consultation', it is clear that they will deliver very different outcomes in terms of the objectives they meet. Failure to differentiate between

Amazon

Photo: Paolo Genari Tezza

them arises from a lack of precision in defining exactly what the requirements are for the consultation component. The difference is in the detail. For this reason, even though the general framework of certification schemes may appear similar, they cannot be readily compared without analysing their specific components and requirements.

This report examines a number of specific components in detail to understand what the eight schemes investigated can, and cannot deliver. The questions we ask are:
– Does the standard define the level of forest management that needs to be achieved?
– Who is involved in the standard-setting process?
– What does the certification process entail: field visit or just checking documents and plans in an office?
– Is the scheme sufficiently transparent?
– Does the scheme provide a consumer label that is honest and trustworthy?

It is all about standards

Of the five questions listed above, the first is the most fundamental. It is also the least understood. Standards provide the basis for quality in any certification scheme, and all product claims refer back to the standards. For a forest certification scheme, the standards define the level of forest management practice that must be achieved. There are two different types of standards: system standards and performance standards.

System standards
System standards specify the management systems that must be in place within an organisation to ensure it is managing quality and environmental and social performance consistently. System standards can be very powerful tools for helping organisations understand and improve their performance. However, they do not specify any minimum level of performance that must be achieved. Instead, they require forest management organisations to set their own performance targets and to use the management system to ensure they are reached. For example, a system standard might require pesticide use to be reduced over a set period of time, or for biodiversity to be monitored. These standards do not limit the amount of pesticide use that is acceptable or how much biodiversity loss is unacceptable; they simply require a monitoring system to be in place. The lack of defined performance requirements means that two forest companies both certified to the same system standard could achieve very different results in the forest. As a result, system standards do not provide any guarantee of product quality. Therefore, it is not appropriate to associate a product label with this type of standard.

Performance standards
Performance standards specify the level of performance or results that must be achieved in a forest. Since performance standards provide a guarantee of quality, it is appropriate to use them for product labels. For example, a performance standard might require 10% of a forest management unit (FMU) to be set aside for conservation, or for no GMO trees to be used, or for no certification to take place on land where ownership is disputed.

Performance and system standards are both valuable, but each delivers totally different benefits and cannot be considered equivalent. Things are not black and white either:

performance standards sometimes contain system elements and system standards sometimes include performance elements.

Conclusion

Despite the discrepancy that a forest certification scheme that is not based on minimum performance standards is unsuitable for a labelled product, most certification schemes researched in this report have standards that mainly consist of system-based elements. They do not have clear minimum performance thresholds for forest management. Such schemes include MTCC, CERFLOR, SFI, CSA, AFS, Certfor, and most European PEFC schemes. By contrast, the FSC national standards are all performance-based.

Furthermore, some standards (SFI and CSA) allow an individual forestry company to customise the standard against which it will be certified. This means that the standard of these schemes varries on a case-by-case basis, rather than being applied in a consistent and replicable manner.

Certification schemes that emphasise system-based standards may have a role to play in improving forest management, but they do not offer clear assurance to consumers about the level of performance delivered under the standard. Therefore they cannot, and should not, be linked to a product label for consumers. A system-based standard alone may lead to better forest management, but it gives no information to the consumer on what standard it is able to deliver.

An international agreement defining requirements for system standards, with ISO 14001 as a working model, exists. For a performance-based forest management standard the requirements are less clear. There are three main reasons for this: First, from a scientific perspective there is no clear definition of 'sustainable' forest management. Second, forest standards have to deal with a high degree of variability between forests across the globe. Third, and most importantly, defining sustainability is complicated by the need to balance conflicting social, environmental and economic demands. For these reasons, defining sustainable forest management performance thresholds is not just a technical matter but a social and political matter as well.

2   Forestry is not a technical matter

The need for credible and balanced participation of all stakeholders

What is sustainable forest management? This is the question at the heart of the certification debate. There is universal agreement that sustainable forest management is about more than sustained yield of timber supplies: it includes all forest values – social, environmental, economic, cultural and spiritual. But what does this mean in practice? Forest users including local communities and indigenous peoples, government management agencies, environmental NGOs, logging companies and timber concessionaires all have diverse, and often conflicting, interests in how forests are managed.

Each of these groups – and the individuals who represent them – is also rooted within a variety of cultures that influence the ways they view and interact with a forest. Forests are often sites where social and political conflicts are played out; these conflicts frequently derive from conflict over access to the forest, and the formal and informal means by which people gain that access.[2]

Deciding, therefore, what practices qualify as 'good' or 'sustainable' forest management is complex and controversial, with no objective or simple answer. From a scientific perspective there are no clear data to tell us the exact environmental and social impacts of certain forest management practices over time. From a sustainable development perspective, good forest management should be a compromise between ecological, social and economic interests. Yet, a certification standard defining 'sustainable' forest management, will vary greatly according to the interests, the background, values and experience of the people who define the standard.

Standard-setting for forest management, therefore, involves value judgements that differ depending on a person's perspective. This is quite unlike setting standards for motor crash helmets, light bulbs, and so on. As Markku Simula and Ewald Rametsteiner say:

> *"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".[3]*

It is a debate which should be considered in the wider context of forest management. For too long, forest management has been defined as providing a sustainable yield of timber with consideration given to some environmental aspects. Yet, forest management should start with developing a countrywide (or regionwide), broadly supported view of the future of a country's forests – developing a vision. This is the first step towards achieving sustainable forest management, and is, in essence, a political act. The first and foremost principle of sustainable forest management, therefore, must be the development of a vision of what can be considered sustainable forest management in a particular country or region. This vision needs to be developed with the full participation of all stakeholders and, particularly, the local people who own or use the forest.

**FSC certified
plantation in Mexico**

Photo: Juan Carlos Reyes Garcia

Although one can define general principles of sustainable forest management, how these principles should be implemented depends on national or regional circumstances. Developing a certification standard, which is used to certify a forest, is a political process and should be done with the full participation of all stakeholders in that region or area. No interest group should be able to dominate the process of developing a certification standard. To reach consensus on what sustainable forest management consists of in a particular region requires care and attention; developing a credible national or regional certification standard, therefore, takes time. Certification is not a quick fix. In countries where there is no capacity of local stakeholders to participate effectively in the national (or regional) standard-setting process, capacity building should be a first step. In countries where some local or national stakeholders cannot freely participate in the development of a standard, certification is not viable.

Six of the forest certification schemes examined in this report – SFI, PEFC, MTTC, CERFLOR, AFS and Certfor – are based on national forest standards, but lack the basic principle emphasised here that a forest certification standard can only be developed with the full participation of all stakeholders. In each of these certification schemes, forestry industry interests have dominated the standard-setting process. In the case of CSA the national standard-setting process was not unbalanced, but the development of the actual standard used for certification (i.e. the indicators and targets against which performance is measured) could be dominated by the forestry sector.

In contrast, the FSC does demand equal participation of ecological, social and economic interests in the standard-setting process. It is, therefore, a clear step ahead. In many countries, however, FSC certification has proceeded using generic standards developed by certification bodies based on the FSC Principles and Criteria. In some countries, such as Indonesia, Thailand and Malaysia, where stakeholder consensus on national standards has not been secured, such certifications have been criticised for undermining local and national calls for forestry reform.

A recent case study looking at forest certification in Indonesia concluded that the social acceptability of certification depends on the quality of the participation in decisions such as agreeing national standards, carrying out assessments and dealing with complaints. In Indonesia, for a variety of reasons, participation at all these levels has been poor and as a result certification decisions have generated disputes rather than led to improved forest management.[4]

Conclusion

Forest certification is most likely to succeed in countries where the certification standard has been developed with the balanced participation of representatives of different sectors, involving social, environmental and economic interests. Forest certification in the absence of national standards is problematic, and should only occur with utmost caution. Forest certification is problematic where there is no capacity or possibility for stakeholders to freely and fully participate in the standard-setting process. Certification schemes should, therefore, refrain from certification in countries where complex social political settings make it impossible for all groups of civil society to actively participate in standard-setting processes. Too much emphasis is put on certification as a quick fix for failing forest regimes.

3   Internationally agreed norms for certification schemes

Why are these not being followed?

Certification is envisioned as a non-governmental and non-regulatory market tool. Nonetheless, governments have been involved in assessing parameters for credible forest management and for credible forest certification schemes. Some governments, notably Australia, Brazil Canada, Chile, and Malaysia have played an active role in establishing national certification schemes.

Governments, industry and NGOs seem to agree on the key components of a credible certification scheme. This section outlines the major agreements and statements that have been made by governments that help us define credible forest certification schemes. Some contradictions have, however, emerged between theory and practice. Several of the certification schemes examined in this report do not reflect the specific requirements – for standards development, consultation and transparency – laid down by e.g. the United Nations (UN), the European Union (EU) and the World Trade Organisation (WTO).

Performance on the ground

The first intergovernmental agreement on forest certification was reached within the UN Intergovernmental Panel on Forests (IPF). In 1997 the IPF adopted a number of Proposals for Action relating to certification.[5] The Panel made a clear distinction between criteria and indicators to monitor forest management developed through governmental processes such as the Helsinki and Montreal processes – see box page 16 – and developing criteria and indicators that are suitable for use in standards for forest certification. The panel emphasised:

> *"[…] the development of criteria and indicators [through governmental processes such as the Helsinki and Montreal processes] is primarily intended for promoting and monitoring sustainable forest management, and not for imposing certification schemes for forest products… [These] criteria and indicators are not performance standards for certifying management at any level".*

The message that certification schemes need to be based on performance requirements has since been repeated in different forums, such as the FAO – see box page 16. Nonetheless, as outlined in chapters 1 and 4, many certification schemes are either partially or not at all founded on performance-based standards.

Transparency, participation and access

The IPF Proposals for Action, agreed by all governments, state:

"Governments have a role in encouraging transparency, the full participation of interested parties; non-discrimination and open access to voluntary certification schemes."[6]

The Proposal For Action 133, relating to certification and labelling, reads:

"…[the panel] *urged countries to support the application to certification schemes of such concepts as: open access and non-discrimination in respect of all types of forests, forest owners, mangers and operators; credibility;[7] non-deceptiveness; cost-effectiveness; participation that seeks to involve all interested parties including local communities; sustainable forest management and transparency."*

The International Forestry Industry Roundtable (IFIR) supports this approach in its report *Proposing an international mutual recognition framework.* It lists the following criteria for credible certification schemes: conformity with sustainable forest management standards and legislation; the influence of all stakeholders shall be balanced and consensus outcomes

Governmental processes

Many governments have worked towards a common understanding of the concept of Sustainable Forest Management (SFM) in line with the Forest Principles agreed at the Rio Earth Summit of 1992, through the development of common criteria. They have also agreed on a number of indicators by which 'sustainability' can be assessed, monitored and reported. This has resulted in nine international processes[8], including the Pan European Process that developed the Helsinki Criteria and Indicators, and the Montreal Process that developed the Montreal Criteria and Indicators. These criteria and indicators were developed primarily for identifying the basic parameters (e.g., water quality and biodiversity impacts) that need to be monitored and reported at the national level. They were not intended to assess the performance of forest management at the level of the forest management unit (FMU). They are, therefore, poorly adapted for certification. As stated by the FAO's Committee on Forestry these criteria and indicators *"are neutral assessment tools for monitoring trends and… therefore cannot be used as substitutes for minimum agreed-upon forest management standards which

underpin certification"[9]* The European Union supported this viewpoint when it stated that, *"it is important to recognise 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 standards that has to be achieved".[10]

Nonetheless, CERFLOR, AFS, PEFC and CSA use these governmental processes, and the criteria derived from them, as a basis for standard development. This is problematic; to assess whether a forest deserves a certificate as 'well managed' requires the definition of clear minimum thresholds before the forest can be assessed. Yet, these criteria and indicators were developed primarily for identifying what forest conditions need to be monitored, and reported at the national level. They were not intended to set thresholds of performance needed to assess the forest management at the level of the FMU. They are, therefore, poorly adapted for certification.

shall be sought; scientifically supported; continual improvement; non-discriminatory 'accommodating all forest types, sizes and ownership structures'; repeatability, reliability and consistency; independence and competence; transparency *('procedures and documentation shall be clear, concise and readily available')*; SFM claims *('all SFM claims are clear, unambiguous and substantiated')*; chain of custody.[11]

The Committee on Trade and Environment (CTE) of the World Trade Organisation has produced a 'status quo' report for the Cancun Ministerial meeting.[12] This report states:

> *"…voluntary, participatory, market-based and transparent environmental labelling schemes are potentially efficient, economic instruments in order to inform consumers about environmentally friendly products."*

Finally, the World Bank, when adopting its new Forest Policy in November 2002 states that:

> *"To be acceptable to the Bank, a forest certification system must require:*
> *a   compliance with relevant laws;*
> *b   recognition of and respect for any legally documented or customary land tenure and use rights as well as the rights of indigenous peoples and workers;*
> *c   measures to maintain or enhance sound and effective community relations;*
> *d   conservation of biological diversity and ecological functions;*
> *e   measures to maintain or enhance environmentally sound multiple benefits accruing from the forest;*
> *f   prevention or minimization of the adverse environmental impacts from forest use;*
> *g   effective forest management planning;*
> *h   active monitoring and assessment of relevant forest management areas;*
> *i   the maintenance of critical forest areas and other critical natural habitats affected by the operation.*

> *"In addition to the requirements above a forest certification system must be independent, cost-effective, and based on objective and measurable performance standards that are defined at the national level and are compatible with internationally accepted principles and criteria of sustainable forest management. The system must require independent, third-party assessment of forest management performance. In addition, the system's standards must be developed with the meaningful participation of local people and communities; indigenous peoples; non-governmental organisations representing consumer, producer, and conservation interests; and other members of civil society, including the private sector. The decision-making procedures of the certification system must be fair, transparent, independent, and designed to avoid conflicts of interest". [13]*

Conclusion

In short, the World Bank, governments and forestry industry all seem to agree on most of the conditions for credible certification schemes such as balanced participation, transparency, consistency and measurable minimum performance-based standards. Most of the certification schemes researched here, however, do not meet these demands. This report will show that no schemes, with the exception of the FSC, and arguably the CSA[14], require

balanced participation of all stakeholders and no schemes, with the exception of the FSC, are based on clear and meaningful minimum performance standards. The SFI and CSA allow individual forestry companies to customise the standards against which they will be certified. This means that the standards of these programmes vary on a case-by-case basis. Transparency is a serious problem in most schemes. CERFLOR does not have a certification standard that is freely available – it needs to be purchased. Until this report went to print, this was also the case for AFS. Summary reports of audits are only readily and routinely available with the FSC, CSA, the MTCC, and some national PEFC schemes. Finally, the World Bank clearly states that certification schemes must be designed to avoid conflict of interests; this demand is violated by AFS, PEFC, CERFLOR, Certfor and SFI, as the decision-making structure is clearly dominated by the forestry sector.

4   # Assessment of eight different schemes

Summary of findings

This chapter assesses eight forest certification schemes currently in operation, and updates FERN's 2001 report *Behind the Logo: An environmental and social assessment of forest certification schemes.* Five of these schemes are national schemes (Brazil, Malaysia, Chile, Canada and Australia), and a sixth is the US-based SFI scheme, which certifies in the US and in Canada. The remaining two, the PEFC and the FSC, are different animals as they are programmes that endorse national certification schemes. The PEFC has endorsed 13 national European schemes and the FSC operates at a global level and has endorsed 17 national and regional schemes. The FSC, however, also allows for certification in the absence of national standards, where the certification body has to develop an interim standard based on the FSC's global Principles and Criteria. The PEFC is about to endorse schemes outside of Europe, and is expected to endorse most, if not all, of the national schemes listed above.

Below follows a assessments of the eight certification schemes. A detailed description of these eight schemes can be found in this report pages 41-73. Full reports on which these summaries are based can be accessed at www.fern.org.

The following assessments focus on what the most important elements are of a certification scheme by asking the following questions:
–   Does the standard define the level of forest management that needs to be achieved?
–   Who is involved in the standard-setting process?
–   What does the certification process entail: field visits, or just checking documents and plans?
–   Is the scheme sufficiently transparent?
–   Does the scheme provide a consumer label that is honest and trustworthy?

Other indicators looked at include monitoring requirements, complaints mechanisms and whether the scheme certifies at regional or forest management unit level.

Key points

In 2001, only four schemes – FSC, PEFC, SFI and CSA – were considered sufficiently well developed to warrant detailed investigation in FERN's report *Behind the Logo.* Here, these four well-established schemes are re-examined, and a further four schemes – CERFLOR, Certfor, AFS and MTCC – are investigated.

Women going home from collecting bamboo from the nearby forests in Kg. Gerachi Jaya, Selangor a resettled Orang Asli village

Photo: Carol Young

The 'old' schemes

Canadian Standard's Association (CSA)

The area certified by CSA has increased from 4,215,000 hectares in May 2001 to 28.4 million hectares in January 2004. The Canadian CSA standard has been revised and now includes some performance requirements related to forest management. The main good point about the CSA scheme is a well described public participation process in developing the local standards (or 'targets') used for the certification of a particular forest management unit. Furthermore, the CSA's chain of custody requirements are arguably the most stringent of all the schemes.

The main problem is that the CSA allows applicant companies to control the development of the local certification standard (i.e. the indicators and targets against which performance is measured) used for their own audit – although with broad stakeholder input. Also, since the performance thresholds are written by each individual applicant on a case-by-case basis, the CSA does not measure performance against consistent, independently established benchmarks. This practice allows CSA to award certification to a wide range of forestry performance. On the other hand positive aspects of the scheme relate to transparency: the standard and summary reports are freely available. CSA is the Canadian member of the PEFC Council, presumably with the aim of having its standard endorsed by the PEFC.

Main positive points
– The revised CSA standard does include (some) minimum performance requirements.
– CSA has developed a well described participation process; each certification includes broad stakeholder participation and consultation.
– The CSA has a very well developed chain of custody system.

Main negative points
– Companies can develop their own certification standard on a case-by-case basis, thereby not presenting a consistent minimum standard.
– Although local stakeholder processes are well defined they are nevertheless under the control of the company and their scope is so broad that they may or may not be effective in truly improving forest management.
– Insufficient procedures for addressing the rights and interests of Indigenous Peoples.

Conclusion
The CSA standard can provide an effective tool to improve relations between the company and local people. However, the fact that there is no meaningful minimum performance threshold and that companies can influence the local certification standard (i.e. the indicators and targets against which performance is measured) used for their audit are problematic for a scheme that wants to deliver a product label. Broad stakeholder consultation is a good thing, but allowing companies to set their own standards on a case-by-case basis is not. A standard that does not result in standardised levels of performance is not a true performance standard. Therefore until the CSA has developed a clear minimum threshold a product label is not really suitable.

Forest Stewardship Council (FSC)

When FERN published its original comparison of forest certification schemes in 2001, the FSC emerged as the only scheme credible to NGOs. Since then, the area certified by FSC has increased from 22,165,741 hectares in May 2001, to 40,422,684 hectares in January 2004. The FSC remains the only scheme that demands a truly performance-based minimum threshold for forest management practices before a national standard can be endorsed. Its standard-setting process is not unduly influenced by the forestry sector. Its certification and accreditation procedures are well defined and thorough in formulation. The scheme is transparent: standards, procedures and summary reports of the certifications are all available. The standard does not allow for forest conversion, use of GMO trees, and includes protection measure for high conservation value forests. Since its conception, the FSC has both benefited from broad NGO support and received the most NGO scrutiny. This has led to NGOs reporting that FSC procedures are not always implemented, as they should be – particularly in those countries where there is no national standard. The consultation processes have not been satisfactory in a number of cases. The ongoing FSC certification of large-scale plantations has also raised many concerns and prompted FSC to undertake a review of its Principle 10 dealing with plantations.

Main positive points
– Balanced participation of economic, social and environmental interests in decision-making at all levels, including in the development of the standards.
– Thorough and well formulated procedures.
– A credible performance-based standards that qualifies for a consumer label: FSC certified forests prohibit the clearing of natural forests for replacement by plantations, exclude the use of GMO trees, includes the protection of high conservation value forests and afford the clear recognition of Indigenous Peoples' rights.

Main negative points
– Certification in absence of national standards is problematic (see chapter 2). Phasing out of certifiers standards as soon as possible is required.
– Consultation processes are not always implemented as required on paper. Clear improvement is needed to ensure adequate consultation processes are carried out.
– Current certification of large-scale industrial tree plantations has led to undermining of local and national campaigns in a number of countries. A revision of Principle 10, dealing with plantations, is urgently needed.

Conclusion
FSC remains by far the most independent, rigorous and, therefore, credible certification system. Its national standards are performance-based and their development requires full participation of all interest groups. The FSC's baseline prohibits the conversion of forests to plantations. GMO trees are explicitly excluded and the standard includes forest protection measures. FSC is also most advanced in recognition of forest peoples' rights. It rightfully uses a consumer label. For the FSC to retain the confidence of the environmental and social movement for the future, however, it needs to enforce stricter implementation of its procedures and seriously address the problems associated with the certification of plantations.

Programme for the Endorsement of Forest Certification (PEFC), formerly the Pan European Forest Certification scheme

The area certified under the PEFC has increased from 32,370,000 ha in May 2001, to 48.6 million ha in January 2004. Although the PEFC has improved in some aspects since our last assessment, it has not yet changed the fundamentals of the system by embracing equal participation of different stakeholder groups. It still gives the forestry industry and forest owners dominance in the development of the programme and in the development of the standards. It is, therefore, not an independent scheme.

Arguably, the PEFC is the most difficult scheme to assess properly because of the large variations between the national schemes. It is a great weakness of the PEFC scheme that the threshold for endorsement is so low, that most certification schemes can qualify. The PEFC umbrella, therefore, includes certification schemes such as PEFC Sweden, which certifies at FMU level and has clear minimum performance standards – even though they are seen as insufficient by environmental NGOs and Indigenous Peoples. The PEFC umbrella also includes PEFC France, which has no clear minimum performance standards, does not certify at FMU level and does not require any field visits. This does not bode well for the forests certified by tropical certification schemes that now want to accede to the PEFC. Transparency is a problem as summaries of certification reports are in most cases not available. The certification process itself is also limited, as field visits are not in all cases required.

Although there are reports that in some countries, such as Finland, the national standard has slipped backwards, in other countries, such as Sweden, standards have improved. The adoption of the core ILO standards[15] is a clear recognition of the importance of the social issue. However, the PEFC's failure to give full recognition to the land rights of local people is a serious omission, as is its lack of a requirement for proper consultation with local stake-holders during the certification process. This is particularly relevant as the PEFC is about to endorse non-European schemes in countries where the discussion about land rights and reform of forestry laws holds the key to improved forest management. Without recognising this issue, the PEFC seriously risks coming under attack from a wide range of social and environmental organisations in these countries as well as in the North.

Main positive points
– Inclusion of core ILO standards as a requirement for all certification schemes under the PEFC umbrella.
– Increased transparency in some member countries, notably in Sweden and Germany by (planning to) publish summary reports of certifications.
– A revision of the national standards is required every 5 years.

Main negative points
– The variability of PEFC's standards leads to a serious lack of consistency in what the PEFC delivers and stands for, making it inappropriate for a consumer label.
– The scheme, as well as the development of standards, is governed by forest owners and the forestry industry; the independence of the schemes is, therefore, questionable.
– The programme does not require certification at FMU level; most PEFC endorsed schemes certify at regional level.

Conclusion

Given the variability in the national programmes admitted, the PEFC does not represent a consistent and credible performance-based standard for forest certification. It is, therefore, not suitable for a product label. Lack of participation of other stakeholder groups in standard-setting procedures and lack of transparency are also problematic. Although PEFC seems to be trying to improve its procedures and over time, hopefully, its standards, it remains to be seen whether this process will continue if it starts endorsing many of the less credible schemes outside Europe.

Sustainable Forestry Initiative (SFI)

The area certified under the SFI has grown from 11.336.032 ha in May 2001, to 30.319.476 ha in July 2003. Unfortunately, this large increase is linked to certification of near status quo practices, as allowed under the SFI standard. The SFI is probably one of the least credible of all schemes researched. There is no chain of custody – although they have adopted a weak policy on wood procurement – and no recognition of social issues. Although SFI has a set of core indicators that each company is expected to address, individual companies can customise the standards to assess them with optional indicators that they may write themselves, thus undermining the consistent application of SFI certification across companies. Few of the SFI's mandatory performance measures and indicators require companies to produce specific on-the-ground outcomes. This open-ended nature of the SFI standards also calls into question the consistency of SFI certification across companies.

The SFI is, in essence, a certification scheme by the forestry industry for the forestry industry. Although the American Forest & Paper Association (AF&PA) has broadened participation in, and independence of, the SFI programme through the development of an independent board, this board is still dominated by vested forestry interests. The AF&PA furthermore controls the use of the label and endorses changes to the standards suggested by the board. Summary reports of the certifications are not consistently available. The extent to which in depth field evaluations are required during the certification process is also unclear. SFI is the US member of the PEFC Council, presumably with the aim of having its standard endorsed by the PEFC.

Main positive points
– Quality of the standard has improved, including some recognition that some critical forests need conservation.
– An attempt has been made to increase the independence of the SFI and its board from the AF&PA, and to widen participation on the SFI's board to include some environmental NGOs.
– If the SFI's standards are improved, the SFI framework could potentially improve the practices of many US and Canadian forestry companies.

Main negative points
– Certification of near status quo: there is no meaningful minimum performance-based standard including preventing conversion of natural forests to plantations, adequately protecting rare and endangered species and addressing social issues, including Indigenous Peoples' rights and workers' rights.

– Companies can customise the standard used to assess them; certification is therefore not independent. Furthermore, although there is an 'independent board', this board is still dominated by forestry industry interests.

– There is no formal chain of custody certification requirement for product labelling, but rather a weak wood procurement system that allows SFI certified companies to include certain non-SFI wood sources in their SFI labelled products. As much as 100% of products carrying the SFI label can originate from forests not even managed to the SFI's standards, without any indication of it on the labels.

Conclusion

Because the SFI requires broad participation by AF&PA member companies, it has considerable potential to influence their forest management practices. However, SFI has no clear performance requirements, and allows for misleading labelling of products that do not originate in SFI certified forests. The SFI also gives vested interests considerable influence over the programme and the certification process. SFI is, therefore, not suitable for a product label.

The 'new' schemes

Australian Forestry Standard (AFS)

As a new scheme, only one forestry operation (about 220,000 ha) has been certified under the AFS.[16] The Australian standard was established by governmental departments and the timber industry, and covers all types of forests in Australia. There is no label yet, but a process for labelling and chain of custody standards is under consideration. The standard is largely system-based with only few performance criteria, making it difficult to be used for product labelling. The standard allows for clear felling, logging of old growth forests and the conversion of forests to plantations. The interim certification standard has only just been made available as this report went to print, but is now freely available on the website.[17] AFS is the Australian member of the PEFC Council, and has presented its standard for assessment by the PEFC with the aim of having its standard endorsed by the PEFC.

Main positive points
– AFS certification will help reduce illegal logging by encouraging managers to comply with legal requirements for forestry operations in Australia.
– Chain of custody provisions are on a par with other certification systems.

Main negative points
– No requirement for balanced participation.
– No meaningful performance-based standards.
– The scheme lacks transparency: the certification standard has only just been made available and it is unclear whether certification reports, or summaries thereof, will be publicly available.

Conclusion
AFS is a forest certification scheme that suffers from the lack of clear nationally consistent

performance-based thresholds. Where minimum thresholds are indicated these are set very low, allowing near status quo forest management practices to be certified. The lack of meaningful performance-based standards, lack of participation of environmental NGOs in the development of the standard, and the lack of transparency make the AFS not suitable for a consumer label. Environmental NGOs have heavily criticised the standard as a foil for 'business as usual'.

Sistema Brazileiro de Certificação Florestal (CERFLOR)

CERFLOR is a relatively new industry-dominated and government supported Brazilian certification scheme. Up until now, only one plantation of 50.000 ha has been certified. The standard for natural forests is under development and expected to be approved in 2004. No social groups have participated in the standard-setting process. In a country such as Brazil, where the discussion over land and user rights is one of the most important issues, a certification scheme that does not acknowledge this issue is likely to support further encroachment of peoples land by plantation companies. The lack of transparency of the scheme is also a serious problem; even the standard itself is not publicly available (needing to be purchased), and summary reports are only available for a short period of time. Lastly, the scheme is heavily system-based with very few performance-based requirements. Existing performance requirements are weak; forest conversion as well as use of GMO trees are allowed. CERFLOR is the Brazilian member of the PEFC Council, presumably with the aim of having its standard endorsed by the PEFC.

Main positive points
– There are clear procedures and requirements described in the different documents.
– There is a set of detailed requirements for forest auditors and certification bodies.
– The scheme requires specific training of auditors and certification bodies.

Main negative points
– The scheme lacks transparency: the certification standard is not freely available but needs to be purchased and a summary report of the existing certification is not freely available.
– There is no clear minimum performance-based threshold, as the scheme is largely system-based. There is no clear recognition of Indigenous Peoples' rights in line with ILO 169.
– The standard has been developed in a process dominated by forestry industry and not with balanced participation of all stakeholders.

Conclusion
CERFLOR is an industry dominated certification scheme. Although it is a requirement of the system to involve different interests and have a balanced participation of different sectors of Brazilian society, the certification standard has been mainly developed by economic interests. Because of a clear lack of minimum performance-based standards, lack of transparency and no, or insufficient, participation of social and environmental groups, the CERFLOR scheme does not meet the requirements for a product label.

Certificación Forestal (Certfor)

As a new scheme Certfor Chile has only certified four forestry operations totalling 900,000 ha. Its goal is to have 8 million ha certified by 2005. Currently, Certfor only certifies plantations, although its aim is to develop standards for all Chilean forest types. The plantations standard is mainly system-based, although some principles contain some performance requirements. The performance requirements are considered weak from an environmental point of view, as they allow for GMOs and for the conversion of forests to plantations. Field visits are required in the certification process and summary reports of the certified plantations are available. Certfor is the Chilean member of the PEFC Council and has presented its standard for assessment by the PEFC with the aim of having its standard endorsed by the PEFC.

Main positive points
– Education of forest managers in national and international environmental commitments the Chilean government has signed, such as the CBD.
– Requirement that land ownership and user rights should be clarified before certification is possible.
– Summary reports of certifications and standards are freely available.

Main negative points
– There is no clear minimum performance-based threshold, as the scheme is largely system based. Performance requirements that are available are weak and allow for GMO trees and forest conversion.
– No requirement for balanced participation in the standard-setting process.
– Unclear procedures in relation to standard-setting, approval of standards and certifications.

Conclusion
Although Certfor has some positive elements its main weakness is the fact that the standard is largely system based. The few performance requirements formulated in the standard are set at such a low level that there is a serious danger Certfor will certify the status quo, rather than ensure good forest management practices. Furthermore the certification standard has not been developed in a balanced participatory process, nor are there clear and transparent rules for decision-making. Because of a clear lack of minimum performance-based standards and no, or insufficient, participation of social and environmental groups, the Certfor scheme does not meet the requirements for a product label.

Malaysian Timber Certification Council (MTCC)

The MTCC is the 'oldest' of the 'new' schemes. 4,111,406 ha of forests in Malaysia have been certified as of October 2003. The scheme certifies at FMU level, although this is variously defined in different states. In Peninsular Malaysia, for example, a FMU is the permanent reserved forest. In Sabah, an FMU will be the area covered by each Sustainable Forest Management License Agreement, while in Sarawak an FMU is defined as an individual concession area. The MTCC is more transparent than most other schemes, with the exception of CSA and FSC. However, its Achilles heel is the lack of performance-based

standards, and particularly the lack of recognition given to the rights of local people. In countries where land disputes are as serious as in Malaysia, certification can only work if these rights are recognised, and if local communities and NGOs can freely participate in the standard-setting process.

Main positive points
– Demonstrates a potential legal framework in accordance with various laws, policies and regulations of the three regions in Malaysia: Sabah, Sarawak and Peninsular Malaysia.
– MTCC has made an attempt to work towards compatibility with FSC Principles, Criteria and Indicators.
– Procedures, standards and guidelines are clearly documented and freely available.

Main negative points
– There is no clear minimum performance-based threshold.
– There is no full recognition of land rights of local and Indigenous Peoples and no requirement for full participation of these groups.
– There has been no acceptable participation of environmental and social NGOs and representatives of Indigenous Peoples in the development of the certification standard.

Conclusion
Although the MTCC has positive aspects in comparison with some of the other schemes, the standard used for certification is not sufficiently performance-based to allow for a credible consumer label. Furthermore, there is no clear recognition of land rights and user rights in the standard, which is a serious omission in the Malaysian context and has, as a consequence, seriously undermined support for the standard in Malaysia.

Comparison

Although tables are often not the best way to show a comparison, as it is not always possible to compare like with like, what table 1 does reveal is that in all schemes, except the FSC and arguably the CSA[18], the forestry sector dominates the standard-setting process. Although by itself this does not mean that these standards cannot contribute to better forest management practices, it does not create conditions for truly independent certification, nor does it guarantee that the standard describes truly good forest management in a given context. A certification standard ought to be developed in a fully participatory process which includes all stakeholders – see chapter 2.

Furthermore, a consumer label is required to inform the consumer about what certification means. Consumers care about old growth forests, pesticide use, clear cutting, land rights of Indigenous Peoples and other issues. All certification schemes, therefore, ought to be based on clear minimum performance-based standards that allow consumers to make an informed choice – see also chapter 1. As table 1 shows none of the schemes – again with the exception of the FSC – has meaningful performance-based standards that provide this guarantee. All certification schemes with the exception of FSC allow for the conversion of forests to plantations – by bending the definition of 'forest' to include 'plantation' these schemes are making a mockery of 'good forest management'.

Transparency is one of the essential requirements for a credible certification scheme, as outlined in chapter 3. Despite this, only the CSA, the FSC, Certfor and the MTCC are considered 'transparent' based on the fact that certification standards and summaries of all certification reports are readily and routinely available. Other requirements are field visits to ensure the forests are well managed in practice (required by most schemes, except some PEFC schemes; SFI requirements are unclear), annual monitoring visits (required by all schemes, except SFI) and a well-defined chain of custody (required by all, except SFI). A

Table 1

	Is the scheme based on a set of clear minimum performance-based thresholds?	Does the scheme require balanced participation in standard-setting process?	Is the standard-setting dominated by forestry sector?	Does the certification scheme certify at Forest Management Unit or regional level?	Are field visits required?
AFS	No	No	Yes	FMU	Yes
CERFLOR	No	No	Yes	FMU	Yes
Certfor	No	No	Yes	FMU	Yes
CSA	No	Yes	No	FMU	Yes
FSC	Yes	Yes	No	FMU	Yes
MTTC	No	No	Yes	FMU	Yes
PEFC	No	No	Yes	Mostly regional	Not always
SFI	No	No	Yes	FMU	Unclear

proper consultation process should be an essential part of the certification process, as outlined in chapters 1, 2 and 3. The FSC, MTCC, Certfor and CSA all require stakeholder consultation as part of the certification process, but the quality of the process differs considerably. A yes in one column therefore means something very different in practice than a yes in another column, see chapter 1. The SFI, PEFC and CERFLOR do not have any consultation requirements.

Table 2

	Coverage	Forests or plantations	Area certified
AFS	Australia	Both	± 220,000
CERFLOR	Brazil	Both	50,000
Certfor	Chile	Both	900,000
CSA	Canada	Both	28,405,000
FSC	Global	Both	40,422,684
MTTC	Malaysia	Both	4,111,406
PEFC	Europe	Both	48,600,000
SFI	US, Canada	Both	30,319,476

Is consultation of stakeholders in certification process required?	Is annual monitoring of certified areas required?	Is the scheme transparent (i.e. are standards and summary reports freely available on websites)?	Is there a label and well defined chain of custody available?	Does the scheme prohibit the conversion of forests to plantations or other land uses?	Does the scheme prohibit use of Genetically Modified Organism trees?
Unclear	Yes	No	Yes	No	No
No	Yes	No	Yes	No	No
Yes	Yes	Yes	Yes	No	No
Yes	Yes	Yes	Yes	No	No
Yes	Yes	Yes	Yes	Yes	Yes
Yes	Yes	Yes	Yes	No	No
No	Yes	No	Yes	No	No
No	No	No	No	No	No

5   **Is certification possible under WTO rules?**

Many NGOs and some governments argue that forest certification and labelling are under threat from the WTO. It is true that a few governments, notably Canada[19], are considering using WTO rules to undermine some independent forest certification schemes, but there is currently no WTO agreement that disallows certification and labelling schemes. In fact, there are 723 mandatory labelling schemes that have been notified to the WTO, 51 of which have been put in place for environmental protection.[20]

There is no official WTO position on certification or labelling. Nonetheless, the discussion between trade rules and product labels has been a contentious issue since the creation of the WTO in 1994. WTO rules do not prevent countries from imposing different require-ments, including labelling, on products that have different characteristics. However, where the requirements relate to aspects that have no bearing on the commercial or indeed practical 'substitutability' of the products (relating instead to the way in which products are produced), discrimination may contravene WTO rules. Put simply, if a consignment of certified timber and a consignment of uncertified timber are equivalent in terms of their function and appearance when they are sold, the WTO does not allow the different ways the timber was produced to be of relevance in, for example, setting tariffs. Most of the discussion within the WTO has therefore focused on whether labelling based on 'process of production methods (PPM)' is allowed, and much of the controversy has focused on the status of voluntary eco-labelling programmes.

A forest certification scheme is in this respect a voluntary PPM-based labelling scheme. WTO members have until now failed to agree on the extent to which PPM-based labelling schemes are covered under the Technical Barriers to Trade (TBT) Agreement, let alone whether they are permissible. It is, however, increasingly argued, notably in a paper prepared by the OECD,[21] that discrimination of products on the basis of PPM is now allowed under WTO, since a WTO ruling (Appellate Body) in the 'shrimp turtle case'[22] removed the restriction on using PPMs for the development of environmental regulations. The condition given was that the process and production measures should be implemented in a manner that conforms to WTO rules. Therefore, the argument follows that if there is no WTO-related restriction on PPM-based environmental regulations, then there should be no difficulty with eco-labels using a similar approach.[23] This approach has not, however, been put to the test.

If a certification scheme were to be challenged in the WTO, it might allege failure to meet obligations under the following WTO Agreements: Government Procurement, Technical Barriers to Trade (TBT), Subsidies and Countervailing measures and the Sanitary and Phytosanitary Agreement (SPS).[24]

Currently, the only area under discussion among WTO members in relation to labelling and certification is the TBT Agreement.[25] The TBT Agreement tries to ensure that regulations, standards, testing and certification procedures do not create unnecessary obstacles to trade. The agreement recognises a country's right to adopt the standards it considers appropriate – for example for human, animal or plant life,

Taiga forest

Photo: Greenpeace

for health, for the protection of the environment, or to meet other consumer interests.

In order to prevent too much diversity, the agreement encourages countries to use international standards where these are appropriate. The agreement sets out a code of good practice for the preparation, adoption and application of standards by central government bodies, which is applicable to WTO members and open to all non-state-bodies developed in standard-setting. The code of good practice requirements includes avoiding duplication of standards, making every effort to achieve national consensus, and (wherever appropriate) requiring performance-based standards.

In its final report to the Cancun meeting in September 2003,[26] the WTO's CTE Committee stressed the importance of the TBT Agreement's Code of Good Practice. Moreover, it recalled that the TBT Committee's decision on the principles for the development of standards provided useful guidance. These principles include transparency, inclusiveness or openness (that all stakeholders be involved in the development of the standard), impartiality and consensus, effectiveness and relevance, coherence and whenever possible responsiveness to the needs and interests of developing countries.

In line with ISO clauses (laid down in the *ISO Guide of Good Practice for standardization*)[27] and WTO requirements (laid down in the *TBT Code of Good Practice* and the *Principles for the Development of International Standards*), all forest certification schemes should ensure that:

- Standard-setting processes for certification schemes are open and equally accessible to all interest groups at all stages and all levels.
- The standard-setting process is consensus based.
- Standards are performance-based.
- They do not duplicate other standards or processes.
- They operate in a transparent, coherent and impartial way.

Conclusion

Although forest certification and labelling based on PPM are under discussion in WTO circles, there is as yet no plan to prohibit voluntary certification and labelling. NGOs and governments should, therefore, refrain from using 'WTO arguments' to argue against certification. It is unlikely the WTO would ever rule against voluntary certification schemes as long as they meet WTO and ISO rules. Arguably, FSC meets these rules better than other schemes as the FSC scheme contains performance-based standards, includes all stakeholders in standard development, is transparent and impartial.

6   Relevant developments in the debate

As this report describes, there are problems with regards to setting and upholding certification standards, with different certification schemes applying different standards, procedures and rules. These are not, however, the only concerns. This chapter evaluates an approach to three further relevant issues: mutual recognition, the step-wise approach and illegal logging.

Mutual recognition

A few years ago **mutual recognition** was a key topic in the forest certification debate. Mutual recognition is a reciprocal arrangement under which one scheme's standards body or system recognises, and accepts, other standards or certification systems as substantively equivalent in intent, outcome and process. Given the proliferation of certification schemes on the market, it is not surprising that there are calls for mutual recognition between different schemes. Such calls are often supported by governments and industry.

At present, the differences between the certification schemes examined here are too great to justify mutual recognition. Nonetheless, it is clear that this is exactly the aim of PEFC: to develop mutual recognition agreements with schemes within and beyond Europe, with the sole exception of the FSC. Demonstrating this, AFS, SFI, CSA, CERFLOR, Certfor and MTTC are all represented on the PEFC Council with the aim of having their standard endorsed by the PEFC. The AFS and Certfor have already submitted their schemes to the PEFC for assessment. This is a peculiar development as PEFC was originally created to meet the demands of the small forest owners. If this situation continues, the founding intention of the creation of the PEFC will undoubtedly be undermined by big industry – the most obvious beneficiary from mutual recognition.

Conclusion

Although the debate on mutual recognition is less prominent than a few years ago, mutual recognition is happening at a grand scale. Virtually all existing certification schemes, with the exception of the FSC, are attempting to assemble under the PEFC umbrella.

Step-wise approach

A topic of growing interest in the certification debate is **step-wise approach**. In 2002, a study by the International Tropical Timber Organisation (ITTO) found that less than 8% of the world's certified forest area is in the tropics i.e., in ITTO member producer countries.[28] As a result the ITTO concluded that certification schemes have not been designed in a way that helps developing countries make fast progress in this field. The step-wise approach is the process whereby continuous improvement is essential, and different starting levels are recognised. As such, this phased approach is proposed as a potentially feasible option for tropical timber producers to gain recognition for their efforts to

implement certification. The step-wise approach should be based on commitment to achieve certification to a defined standard for SFM, which is acceptable to the market. Some see verification of legality as a first step in market acceptability. In particular, European governments that have adopted timber procurement policies see verification of legality as a first step, followed by the production of sustainable timber. This may be problematic. ITTO says it wishes to consult widely, including NGOs, forest owners, local communities and Indigenous Peoples, in the development of this approach. However, it remains to be seen whether ITTO will be true to its word.

Conclusion

Step-wise approaches are happening at different levels. The response of companies whose practices cannot meet the standards developed by a certification scheme (originally those set by the FSC), has been to create other certification schemes with standards that they can meet. The response of some consultancies, notably Proforest, to solving the difficulties that forest managers are having meeting certification standards (notably the FSC's), has been to develop steps (modules) for companies to allow them to climb up to a certifiable level. The response of some retailers has been to pick and choose the certification schemes that they believe credible and acceptable. While NGOs have not developed a joint response to step-wise approaches, they have by and large not been willing to acknowledge certifications according to standards that are lower than the FSC's. Thus NGOs are likely to have difficulty publicly acknowledging forest managers who adopt lower performance standards under a step-wise approach.

Illegal logging

With **illegal logging** in the spotlight, it is not surprising that many make the link between illegal logging and forest certification as both require chains of custody, auditing, and so on. Certifying legality is now sometimes seen as a first step towards certifying sustainability. However, several studies have pointed out problems with this approach. A recent final draft of a report by SGS Global Trade Solutions, written for the World Bank/WWF Alliance states:

> *"Certification schemes such as FSC, PEFC or ISO 14000 […] may not be the most appropriate and comprehensive solutions to the illegal logging problem […]These 'quality assurance' systems have not been designed as tools to enforce the law and to be made compulsory. They are not based on regular and unannounced audits and on continuous sampling and they rely on paper-based chain-of-custody systems that are possible to forge. Given this, certification schemes do not provide the level of confidence that is likely to be required to demonstrate legal origin."[29]*

The same report points out that improving the current rules and regulations may not be adequate to detect illegal logging and to prevent fraud concerning certification in Africa, the report states:

> *"By design, certification cannot be used as a detection tool: although 'respect of all national and local laws and administrative requirements … and of all the provisions of*

binding international agreements…'. is part of FSC principles 1.1 to 1.5, certification audits do not involve probing, in-depth investigation for fraud. Legality is not the primary concern: assessors are not policemen. Certification is a quality assurance approach and demands trust and goodwill. Initial assessments and surveillance visits are limited in time, frequency and area. Current chain-of-custody requirements and audit systems are therefore vulnerable to abuse."[30]

There are cases, in the US for example, where the concern over legality will be more focused on compliance with laws governing forestry practices, endangered species, water quality, etc. In these cases, unannounced visits, in depth chain of custody analysis and the like are less necessary to control the logging, as the impact and design of a logging operation cannot be easily hidden.

Another recent World Bank report,[31] clearly states the need for physical segregation of certified products from non-certified products throughout the chain from forest to retailer, as well as the need for independent monitoring of the chain of custody to detect illegal practices. If a label stating that the forest product is coming from well-managed forests is to be used as verification that the wood is legally sourced, three conditions have to be fulfilled:
– the forest certification standard needs a clear requirement that national laws have to be abided by;
– the standard needs to be implemented effectively;
– there needs to be effective chain of custody control from the forest to the point at which the product is labelled.

In order to effectively exclude non-certified content, a credible chain of custody should include three main elements: identification, segregation and documentation. Segregation requires clients to physically keep certified wood separate from uncertified wood at all phases of transportation, production, distribution, sale and export. Accurate records need to be maintained for the production of certified products.

Conclusion

Many link discussions on forest certification with the verification of legality, necessary to identify illegally sourced timber. This report argues that forest certification schemes are not ideal tools to address illegal logging practices, although some schemes (FSC and CSA) are notably better in identifying them than others. Even these schemes are not based sufficiently on the unannounced audits, continuous sampling, and in depth chain of custody analyses that are seen as essential for verification of legality in cases where fraud could be a problem. Furthermore, certification schemes do not address – or adequately address – the legality of the non-certified timber supplies. While most certification schemes are attempting to address the legality of non-certified timber supplies procured and purveyed by certified companies, the procedures are still largely inadequate. It is therefore advisable to de-link the discussions on verification of legality from the qualitative auditing of forest management practices.

7   Executive summary

This report looks at the current practices and challenges ahead for forest certification. It argues that for a certification scheme to be credible several conditions need to be met. These include an inclusive standard-setting process that is independent of vested economic interests, a certification process that emphasises auditing the forest itself rather than documents in an office, and transparency. Furthermore, for a product label to be meaningful and trustworthy to consumers, the certification standards should clearly define the minimum threshold that a forest owner or forestry company must meet before the forest gets certified. Finally, to ensure the product that the consumer buys comes from a certified forest, a credible tracing and tracking system needs to be in place.

The importance of an inclusive standard-setting process is often poorly understood. There is, however, no scientifically correct definition of 'sustainable forest management'. Criteria and indicators describing what constitutes good forest management in a given national or regional context need, therefore, to be developed jointly by different interest groups including representatives from economic, social and environmental sectors. The standard-setting process needs to be independent of vested economic interests; a certification standard that has been developed by the forestry industry alone is not credible.

The conditions that need to be met for a certification scheme to be credible, including the criteria mentioned in this report, have all been identified by governments and industry in numerous official positions. Nonetheless, as this report shows, most of the eight forest certification schemes currently in operation do not fulfil most of these criteria.

The eight forest certification schemes examined – AFS, CSA, CERFLOR, FSC, PEFC, SFI, MTCC and Certfor – clearly demonstrate how different certification schemes tell different stories and therefore will yield different results. Each applies different forest management standards, with different procedures and labelling rules. The problem is that most of these forest certification schemes certify the status quo thereby undermining the concept of certification. To give just one example, all schemes assessed, with the exception of the FSC, allow for the conversion of forests to plantations. In other words, consumers can buy a piece of timber that they believe comes from a 'well managed forest' while, in fact, that forest has been cut down to make place for a plantation. We believe that the expectations of the consumer are not in this circumstance met, and that any scheme that allows this scenario is not a credible one.

Moss in tree, food for reindeer

Photo: www.pefcwatch.org

Looking carefully at whether the examined schemes meet the above-mentioned conditions for credibility, this report concludes that with the exception of the FSC the forest certification schemes do not meet these conditions. Six out of the eight schemes, FSC and CSA[32] being the exception, have standards primarily developed by the forestry sector, thereby putting the independence of certification into doubt. Half of the schemes assessed are not transparent, as summary reports of certifications or even the standards themselves are not freely available on websites. Social issues, and specifically land and user rights issues, arguably one of the most important discussions in the current forest debate, are not (or not

sufficiently) addressed by any of the schemes, although the FSC again is well ahead of its competitors.

Considering these results, it should come as no surprise that for most NGOs the FSC remains the only credible scheme.

Although much attention has been focused on the threat for forest certification posed by the WTO, this report argues that that this threat has been exaggerated. As long as a certification scheme fulfils international rules for standardisation, which most and notably the FSC does, then it is wholly WTO compatible.

Many link discussions on forest certification with the verification of legality, necessary to identify illegally sourced timber. It should be kept in mind however, that forest certification schemes are not ideal tools to address illegal logging practices – although some schemes are notably better in identifying illegal practises than others. Even these schemes are not based sufficiently on the unannounced audits, continuous sampling and independent monitoring of the chain of custody that are seen as essential for verification of legality. It is, therefore, advisable to disassociate the discussions on verification of legality and the qualitative auditing of forest management practices.

With the majority of certification schemes currently in operation certifying the current status quo of forest management, the credibility of certification as a tool to improved forest management is on the line. Unless existing forest certification schemes improve and tighten their procedures and practices, forest certification can achieve very little in improving forest management. The FSC should still be seen as the benchmark for credible certification, as it has clear minimum performance-based national standards and a balanced and inclusive decision-making process. It is also transparent and has well developed certification, accreditation, chain of custody and labelling procedures. Nonetheless, the FSC has also come under close scrutiny for failing to implement its own policies, and will have to improve its performance on the ground (rather than its procedures) to ensure forest certification remains a credible tool for improving forest management.

An aerial view of the Klabin plantation in Brasil   Photo: Edward Parker

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Eight forest certification case studies

The workings of the eight certification schemes described in chapter 4 are dealt with in further detail in this section. The information is derived from eight case studies commissioned by FERN for this report. The full text of the eight case studies is available at FERN's website: www.fern.org. The eight schemes are categorised as 'old' schemes – the CSA, FSC, PEFC and SFI – and 'new' schemes – the AFS, CERFLOR, Certfor Chile and MTCC. The case studies have been carried out by NGO representatives chosen – wherever possible – from the region where the scheme operates. All certification schemes have had the chance to provide comments, improvements, and suggestions to the summaries included in this report. All comments indicating factual mistakes, have been duly incorporated. None of the individuals, or NGOs involved in drafting the case studies is, however, responsible for the analysis or the content of the remaining part of this report.

**Certified timber
Mexico**

Photo: Juan Carlos Reyes Garcia

Canadian Standards Association Standard (CSA)

Based on a report by Sierra Club Canada

1 History and characteristics

Creation

The Canadian Standards Association (CSA) is an independent, not-for-profit, non-statutory, voluntary membership organisation engaged in standards development and certification activities. It was chartered in 1919, and in 1973 was accredited by the Standards Council of Canada – the federal agency responsible for Canada's National Standards System.

The CSA has a separate division, called QMI, which carries out registration of management systems, including the CSA's Sustainable Forest Management system. Another CSA Division called CSA International carries out product certification. CSA International's Forest Products Group delivers the Forest Products Marking Program, which is the chain of custody, and product-marking component of the CSA SFM Program. CSA International is the Canadian member of the PEFC Council, with the aim of having the CSA standard endorsed by the PEFC.

Funding

The development of the CSA SFM standard was supported with proponent funding from the Forest Products Association of Canada and the Federal Government of Canada.

Motivation

The CSA's Sustainable Forest Management system was developed to, *"promote the use of internationally recognized sustainable forest management certification standards in Canada in order for Canadian producers to continually move towards sustainable forest management, secure a sustainable supply of raw material, and to ensure marketplace acceptance of Canadian forest products".[33]*

Coverage

The CSA standard must be applied to a 'defined forest area' in Canada but does not specify an upper or lower size limit.

Amount of hectares certified

33 Certificates have been issued, comprising a total area of 28.4 million ha. The size of forest lands certified under each certificate ranges from a low of 110,000 ha, to a high of 4,940,000 ha, with an average size of 760,000 ha and a median size of 470,000 ha. An industry survey projects that 71.7 million ha will be certified under the CSA scheme by the end of 2006.[34] CSA International has issued 44 chain of custody certificates covering 76 sites in Canada. Three sites are licensed to apply the CSA SFM Mark on certified forest products.

Label and chain of custody

There is a label and chain of custody in operation through CSA International's Forest Products Group.

2 Quality of the standard

Performance or system

The CSA claims that its standard is a performance standard, because it, *"prescribes use of a mandatory set of criteria and elements"*, and, *"gives the public an opportunity to assist in setting specific values, objectives, indicators and targets at the local forest level for each of the elements."[35]* The public performance requirements, while laudable, are not relevant to the claim that it is a performance standard, since they describe a process that must be followed rather than a result that must be achieved. The CSA's claim to be a performance standard rests on its 'CSA SFM elements', a set of 17 broadly worded requirements. They are roughly comparable to the 10 global principles of the FSC. The difference is that in the case of the FSC, the principles are interpreted through 56 criteria, all of which are then interpreted through national or regionally specific standards subject to approval by FSC International. In the case of the CSA, however, the applicant is responsible for providing additional detail on each of the 17 elements, including values, objectives, indicators and targets. The standard itself provides an accountability check only on the process used to incorporate public input and develop the SFM plan, and not on the specific targets in the plan. The CSA SFM standard is, therefore, a management system standard with a detailed framework for the development of performance requirements by the applicant in consultation with affected publics.

Comments

The strengths of the CSA standard are that it was approved unanimously by a Technical Committee comprising a diversity of interests. It has strong requirements for public

participation; it has excellent provisions for tracking chain of custody and it has outstanding requirements for transparency. As a result, it is a good tool for a forestry company to foster better relations within affected communities.

Its limitations are that the Technical Committee that approved the standard lacked representation from Aboriginal organisations, or from environmental organisations involved in active public campaigns to highlight negative forestry practices. Furthermore, it is a difficult standard for managers of small forests to implement. Lastly, as mentioned above, the standard lacks detailed performance requirements. These inherent limitations in the CSA SFM standard make it inadequate for use in influencing purchasing decisions made by green consumers or retailers.

3   Standard-setting procedures

Who is involved?
Responsibility for developing CSA standards rests with Technical Committees, whose members are appointed from various sectors intended to reflect a "balanced matrix" of academia, environmental and general interest and government and regulatory bodies. The Technical Committee that approved the current CSA SFM standard comprised five industry representatives, six governmental representatives, six environmental, or general interest representatives, and eight academics, professionals or other individuals.

Is balanced participation required?
The standard was developed in a balanced and open way. The CSA and the Technical Committee made genuine efforts to resolve conflicts that arose. It was not possible to resolve all conflicts, however, and three organisations – the Sierra Club of Canada, the Alberta Wilderness Association and the National Aboriginal Forestry Association – withdrew from the Technical Committee before the remaining Committee members unanimously approved the standard. The failure to address the concerns of environmental and Aboriginal representatives on the Technical Committee was not due to an unfair or imbalanced process, but rather to a fundamental disagreement about what the standard should include in its scope.

The standard states that when CSA set out to review the original standard it *"strengthened the conservation represen-tation on its SFM Technical Committee".*[36] This refers to the

two conservation groups that withdrew from the Technical Committee. The claim is misleading in implying that the standard was approved by a strengthened Technical Committee.

4   Certification process

Who does what?
The certification process follows the following steps:
–   The organisation files a formal application with the certifier.
–   A review of preliminary documentation is completed to assess readiness to proceed to the preliminary assessment audit.
–   A preliminary audit is done to assess just how prepared the organisation is for the upcoming certification audit. The preliminary audit is a combination of a field (forest) audit, interviews with employees and document review.
–   The certification audit ascertains whether or not the organisation meets the standard, with a high proportion of audit time spent in the field.
–   The certificate of registration is awarded.
–   Annual surveillance audits are done at least once a year.
–   A full re-certification must be done every three years.

During the certification audit, the certifier determines whether each of the 17 SFM elements identified in the standard has been addressed by the applicant organisation. The auditor first confirms that each element has been addressed, meaning that it has one or more objectives, indicators and targets associated with it, and these are being implemented. The auditor is also required to assess whether or not a valid indicator has been chosen for each element, and whether the associated objectives and targets will, if implemented, provide a sufficient guarantee that the requirement will be met. An auditor must note and report any weaknesses in the link(s) between a requirement and its associated objectives and targets.[37]

Major non-conformances (precluding certification), include any one or combination of the following:
–   one or more requirements of the standard have not been addressed;
–   one or more requirements of the standard have not been implemented; or
–   several minor non-conformances exist that, taken together, lead the auditor to conclude that one or more requirements have not been addressed.

There is a separate independent third party audit required of the chain of custody requirements set out in CSA PLUS 1163. This is needed as a first step if an organisation is interested in using the CSA Mark (label) on the wood products derived from a certified forest.

Is stakeholder consultation required?

The CSA process requires public participation in the standard-setting process (identification of values, objectives, indicators, targets based on the CSA SFM elements), as well as in the review of the SFM management plan, in the design and monitoring, and in discussing and resolving any issues relevant to SFM, among others. The public participation requirements of the CSA SFM standard are in many aspects exemplary. As written, they allow for local stakeholders to play an effective role in influencing forestry operations in their region.

The key components of the CSA's public participation process require the organisation to:

– establish and implement a public participation process;
– openly seek representation from a broad range of

interested parties, including efforts to contact Aboriginal forest users and encourage their participation; and
– ensure that the public participation process works according to clearly defined operating rules that are agreed to by the participants. The process must also include provisions on, *inter alia*, timelines, internal and external communications, resources, roles and responsibilities of participants, conflict of interest, decision-making methods, access to information, participation of other experts and government, and a dispute-resolution mechanism.

There are, however, several cautionary points worth noting:

– No standard can guarantee that a public participation process is truly effective at elucidating, addressing and resolving public interests and concerns with forest management.
– A poorly facilitated process, or one that is manipulated by the applicant to meet a predetermined outcome, may technically fulfil all of the public participation requirements of the CSA standard, but without achieving the desired result of an engaged and satisfied public.

Canada   Photo: Ian McAllister/raincoast.org

– Local public advisory groups often lack independent expertise with knowledge of the latest advances in science, or in best management practices.
– Although local residents are most directly affected by forestry operations it remains the case that forests and forest health are a matter of national and even global concern. Any standard that incorporates local public involvement must strike a delicate balance between the need for regional flexibility and the, sometimes, conflicting need for national or international consistency.

These cautionary notes apply to all public participation processes. They are especially important in the case of the CSA standard, however, because of the high degree of importance assigned to the public participation process. It is through that process – rather than the standard itself – that organisations receive guidance on specific targets or thresholds.

Monitoring
Annual surveillance audits are required. A certificate is valid for three years.

Complaints procedures
Appeals regarding the standard are to be initially addressed to the CSA (if it pertains to the standard), or to the registrar (if it pertains to a certified client). If the matter is not resolved by these agencies then the Standards Council of Canada should be approached.[38]

5 Transparency

The CSA standard is available for free downloading from the CSA website. The organisation obtaining CSA SFM certification must make three important documents publicly available:
– its SFM plan;
– an annual report on its performance in meeting and maintaining the SFM requirements;
– the results of independent certification and surveillance audit reports.

These requirements set a high standard for transparency and accountability. The certifier is further required to make the initial certification reports and annual surveillance audit reports publicly available.

6 Label protection and chain of custody

Within the CSA International Forest Products Marking Program there are three marking options. These marking options are based on how the inventory of certified forest products are managed. The marking options include:
– 100% of the product has been tracked and monitored from its point of origin (a CAN/CSA Z809 certified forest) to the end consumer. This mark appears on the product and/or the packaging.
– At least 70% of the input used to make this product line has been tracked and monitored from its point of origin (a CAN/CSA Z809 certified forest) to the end consumer. This mark appears on the product and/ or packaging.
– At least 70% of the content of this composite product has been tracked and monitored from its point of origin (a CAN/CSA Z809 certified forest) to the end consumer. This mark appears on the product and/or the packaging.

The CSA's chain of custody guidelines are not set out in a standard, but rather in a supplementary publication prepared internally by CSA. These guidelines are published without prior review or approval by the CSA's Strategic Steering Committee on the Environment. The CSA chain of custody guidelines are also set out without being approved as a standard by the Standards Council of Canada. Nonetheless, the CSA's chain of custody requirements equal or surpass those of any other major forest product chain of custody labels, with the exception of its approach to wood from controversial sources.

Policy on controversial sources
In the case of percentage-based claims, none of wood-based raw material may come from controversial sources. Controversial sources are defined as *"wood or wood raw material from illegal or unauthorised harvesting such as harvesting in forest areas protected by law. Also, wood or wood raw material from forest areas officially published by government authorities (or the body with the legal authority to do so) as planned to become strictly protected by law, without the government authorities (or the body with the legal authority to do so) giving permission to harvest."* The requirement that wood from controversial sources not be included is limited to illegal logging, rather than to logging of rare old growth or other high conservation value forests. The lifecycle analysis requirement is progressive but may be hard to audit.

Forest Stewardship Council (FSC)

Based on a report by Chris Lang

1   History and characteristics

Creation

The FSC was founded in 1993 by 130 representatives from environmental, economic and social sectors of society. Its aim is to support environmentally appropriate, socially beneficial and economically viable management of the world's forests. It became operational in 1994 as a membership organisation. FSC members are divided over three chambers representing environmental, social and economic interests. Each chamber has equal voting rights. The FSC is governed by an International Board, with equal representation from the environment, social and economic chambers.

Funding

The FSC is funded by accreditation and membership fees, governments, environmental organisations and private foundations.

Motivation

"The scheme was created because a group of timber users, traders and representatives of environmental and human rights organisations met to discuss how they could combine their interests in improving forest conservation and reducing defor-estation. Their meeting confirmed the need for an honest and credible system for identifying well-managed forests as acceptable sources of forest products. It was from these beginnings that FSC has developed". [39] The FSC was founded, *"[…] in response to public concern about deforestation and demand for a trustworthy wood-labelling scheme".*[40]

Coverage

The FSC provides a platform for certification at Forest Management Unit level only. There are mechanisms available for certification of small businesses. The scheme covers both plantations and forests.

Amount of hectares certified

As at January 2004, 40, 422, 684 ha in 59 countries had been certified under the FSC scheme. On its web site,[41] the FSC divides its certificates into the following categories: plantations, semi-natural and mixed plantation and natural forests.

Label and chain of custody

The FSC has a system for tracing certified products through the chain of custody. It also has a label and rules established for label use. The FSC has issued most chain of custody certificates: 3,405 certificates in 72 countries.

2   Quality of the standard

Performance or system

National FSC standards are based on the 10 international FSC Principles and Criteria and Indicators. The national (or regional) standards are performance-based, but include system-based standards as well. All national and regional (i.e., sub-national) standards must meet the FSC Principles and Criteria as well as its process requirements. There is some difference in quality between the different national and regional standards, caused by the fact that these standards are developed at the national (or regional) level, and therefore reflect national or regional priorities.

Quality

FSC standards are inclusive of social, spiritual, environmental and economic values. National/Regional Forest Management Standards are set at national or regional level. For example, the US is divided into nine different regions for the purpose of standard-setting. FSC national standards are detailed and specific. They require compliance with national regulations. They include requirements such as: harvest can't exceed growth; no conversation of natural forest to plantation, or to non-forest land; proportion of existing plantations to be restored to natural forests; protection of high conservation value forest; protection of workers' rights and indigenous rights, and no use of GMO trees.

There are currently 17 adopted regional FSC standards in nine countries. However, the FSC has certified forests in 59 countries. Many FSC certificates have thus been awarded in the absence of national standards. In these cases, the certifi-cation body uses its own generic standards adapted to the local situation, which must be based on the FSC Principles and Criteria, but is often much less specific. It is, therefore, understandable that in those cases that FSC certificates have been challenged, this has mostly been in countries where there is no national FSC standard. FSC is addressing this problem by improving harmonisation in the use of certifi-cation bodies' interim or generic standards, and providing more detailed guidance on standards development. It is also

promoting the development of national standards through its policy of decentralisation. Where draft national standards exist, certification bodies are required to take these into account for the purpose of forest management evaluation.[42]

Comments

The FSC Principles and Criteria do not allow for GMO trees, prohibit the conversion of forests to plantations and have clear requirements for protection of high conservation value forests as well as workers' rights and indigenous rights. As with other certification schemes, it is seen as a problem that a certification body can allow for certification if a minor failure occurs, while a major failure, defined as a failure at the level of the Principle, would bar a forest management unit from being certified. At the moment of writing this report, there is no clear definition of what constitutes a major failure, nor what is a reasonable timeframe to rectify a minor failure. This opens the door to abuse of the system, which has occurred in some cases. The new accreditation standard, which will be operational from 2004 onwards is, however, expected to provide detailed guidance on major and minor failures.

3   Standard-setting procedures

Who is involved?

Standards are developed by a national working group, which has a separate legal identity, but agrees on FSC's mission and purposes. The FSC's National Initiative Manual sets out requirements for national standard-setting processes.[43] A National Working Group must have a balanced composition of social, environmental and economic interests. Any interested stakeholder group must be given access to the National Working Group. As a minimum requirement, the Working Group must have two representatives from each chamber. However, where a balance of interests is not represented in the Working Group, a clear demonstration must be made of extra efforts to seek input from under-represented interests.

The National Working Group decides upon decision-making procedures, but consideration should be given to the FSC's three-chamber and voting system. FSC recommends that all national initiatives take decisions through consensus. When disagreement exists issues should be put to a vote, with a

FSC certified products   Photo: EdwardParker

required two-thirds majority. All FSC Working Groups may include non-members as full participants, or as observers. Once a national standard has been finalised, the FSC international secretariat must confirm that all consultation requirements and recommendations are explicitly and adequately addressed before a standard meets the FSC Principles and Criteria, and is sent to the FSC board for final approval. The board and secretariat check specifically whether any particular interest group has dominated the development of the standard, whether there have been fair decision-making procedures, whether all FSC members have been contacted and whether there is a mechanism for revision.

Is balanced participation required?

The system requires balanced participation in the creation of National Working Groups in voting procedures and in the general FSC International board.[44]

4 Certification process

Who does what?

There are 12 FSC accredited certification bodies. In countries where there is an adopted FSC standard, this standard is used for certification. Where no FSC endorsed standard exists the certification body produces an interim standard before the assessment takes place. The interim standard must be finalised and circulated to stakeholders at least one month prior to the certification decision.[45]

The certification process is as follows: a forest owner/manager asks a certification body, accredited by the FSC, to certify the forest. The certification body conducts an audit of the forest. If the forest is found to conform to FSC standards, a certificate is issued. Even if the certificate is issued, the certification body may issue conditions or corrective action requests, which describe improvements which are to be made within a given timeframe.

Is stakeholder consultation required?

Consultation of stakeholders in the certification process is required by the FSC, and the accreditation manual contains guidelines on minimum levels of stakeholder consultation. There is, however, evidence in a number of cases that the stakeholder process does not always work in practice as it is envisaged on paper. In its new Accreditation Standards, the FSC has apparently provided more detailed guidance to certification bodies on requirements for stakeholder consultation.

Monitoring

Certificates are awarded for a five-year period and are then re-assessed. Certificate holders are audited on an annual basis during this five-year period.

Complaints procedure

If a forest is unjustifiably certified or refused a certificate, there is an elaborate complaints mechanism open to FSC members. In the first instance, the FSC encourages concerns to be raised directly with the parties concerned.[46] If a complaint becomes a formal dispute, it must be supported by at least two FSC members. However, both the FSC secretariat and some FSC members agree that the mechanism is complicated and cumbersome, and needs to be revised. A revision process is underway.

5 Transparency

Are summary reports available?

Full certification reports are not available. The certification body is, however, duty bound to prepare a summary for each certified forest management enterprise. FSC's accreditation manual gives a recommended, but not required, structure of a public summary. Random checks show that public summaries are available from the web sites of the certification bodies.

Are standards and procedures freely available?

Yes, standards and procedures are available on the FSC website, in draft or in final form.

6 Label protection and chain of custody

Label use

The FSC label can only be used on products where the chain of custody has been audited and is monitored annually. If there are several stages of processing in different plants or even different countries, each stage must be audited to ensure that wood that is claimed to be FSC certified, is in fact genuinely FSC certified and originates from a specific certified forest. Any FSC-labeled product will have a chain of custody certificate number on the label and this can be used to identify the certificate holder in the event of a question arising. If the minimum-percent approach is used, the label should specify what the percentage is.

Chain of custody procedures

The current chain of custody system is based on two approaches:

a) minimum percentage input and b) segregation.

–   Approach a) means that if a minimum percentage of FSC certified material enters the product chain, the full output from this process can be labelled as FSC certified – with the relevant percentage of certified material specified on the label. FSC accepts that the FSC label is used on products that contain less than 100% FSC-certified virgin wood or fibre, with the balance being made up of some combination of non-certified (and uncontroversial or controlled) virgin wood or fibre, reclaimed/recycled wood or fibre, or non-wood fibre. The threshold for labelling products that contain less that 100% FSC content vary for different product categories i.e., chip and fibre products such as paper or chip board, assembled products such as veneers or solid wood products e.g., logs or planks.

–   Approach b) means that certified timber is kept separate from non-certified timber, via physical separation, marking, etc.

The current process is under review and a new proposal has been developed. Under the new proposal, which is not yet approved, an input-output volume credit system is envisaged. This proposal, currently being pilot tested with sawn-wood products, would allow a sawmill to label an equivalent volume of sawn timber (finished product) as the volume of FSC certified logs (raw material) it processes. In this system at least 10% of the logs must originate from FSC certified forests. This new draft standard is accompanied by new labels: labels for premium forestry (100% certified), verified forestry (solid wood products from the volume credit system), and verified blend (assembled products, chips and fibre products, and products containing volume credit and recycled material). At the time of writing, the FSC was still evaluating this proposed new labelling system.[47] It is envisaged as part of the trial that 100% post-consumer recycled material will be allowed to carry the FSC label.

Policy on controversial sources

All certificate holders producing products that contain less that 100% FSC certified material are required to exclude controversial wood from their FSC product lines. No product carrying an FSC label should, therefore, include wood from what the FSC describes as 'controversial sources' The FSC defines 'controversial' as wood that is: *illegally harvested; from genetically modified trees; from areas where traditional or civil rights are violated; from uncertified high conservation value forests; or from endangered forests*[48] The FSC has produced a 'sample company policy', which gives guidelines to companies on how to deal with controversial sources. The FSC currently relies on the companies themselves to take 'reasonable measures' to ensure that its wood is from non-controversial sources. As part of its review of chain of custody standards, the FSC is developing more stringent require-ments, and renewed guidance for companies and certification bodies to ensure that any non-certified wood in FSC product lines is controlled.

Programme for the Endorsement of Forest Certification Schemes (PEFC)

Based on a report by Elisa Peter

1   History and characteristics

Creation

The PEFC was set up between 1998 and 1999 by the national forestry interest groups – mainly associations of small-forest owners in several European countries as the Pan European Forest Certification Scheme. The scheme is governed by the PEFC Council, which consists of representatives of national certification schemes[49] and are the PEFC's members. All of the other forest certification schemes examined in this report, with the exception of the FSC, are members of the PEFC Council. The PEFC is not a single certification scheme with a single standard, but a programme for the endorsement of national certification schemes. The PEFC Council has so far endorsed 13 European schemes.[50] Many other European

schemes, and five non-European schemes are expected to put their national schemes forward for endorsement.[51] Once these non-European schemes are adopted, the PEFC will no longer be a European scheme. It has prepared for this change by renaming itself as the Programme for the Endorsement of Forest Certification Schemes.

Funding

The PEFC is funded by its members through membership fees.

Motivation

The scheme was created by a group of small-forest owners and parts of the timber industry who felt the FSC did not address their needs and was dominated by NGOs. The purpose of the scheme was, *"to establish an internationally credible framework for forest certification schemes and initiatives in European countries (in first instance) which will facilitate mutual recognition of such schemes".[52]*

Coverage

Schemes under the PEFC umbrella can certify at regional

European beach forest   Photo: Daan van Beek

level, at forest management unit (FMU) level, or issue a group certificate. All current PEFC schemes certify at the regional level with the exception of Sweden, Norway and Switzerland, which certify the Forest Management Unit.[53]

Amount of hectares certified
In the 13 countries that have PEFC approved certification schemes, a total of 48.6 million ha have been certified. It is unknown how small or large the forest holdings are that have been certified.[54]

Label and chain of custody
There is a label and chain of custody available.

2 Quality of the standard

Performance or system
All PEFC approved schemes have developed a national standard. To be accepted as a PEFC scheme, this standard should be based on the 'Pan European Criteria for Sustainable Forest Management' or criteria developed by other regional processes, such as the Montreal Process, or the International Tropical Timber Organisation (see page 16 for an explanation of these processes). These criteria are not performance-based. Instead, they were developed by governments to monitor and report on the status of forests at the national level. They were not developed to assess any performance level. It is, therefore, not surprising that the 13 different schemes so far approved by the PEFC Council have widely diverging standards. Some, such as Sweden, are clearly based on performance, but most of them, with France being the clearest example, are system-based standards, which do not specify a minimum performance level that needs to be met before a certificate is awarded. A recent improvement within the PEFC system is that more emphasis is put on the Pan European Operational Level Guidelines (PEOLG) – which now form the reference for the adoption or revision of national certification standards. The PEOLG include more performance-based criteria.

Quality
The environmental performance of the different PEFC national standards varies enormously from high environmental performance, such as in Sweden, to virtually no environmental performance requirements, such as in France. The PEFC Council has made the ILO core labour standards obligatory. Therefore all national standards will have to

incorporate these seven standards in their national standard.[55] There is no such requirement to recognise the land or user rights of indigenous peoples (which is in line with ILO 169), or those of local communities.

Comments
In all PEFC standards, indigenous rights are not recognised. This is of particular concern, as PEFC will soon incorporate tropical schemes where the indigenous rights and land rights issues are of great concern. The PEFC's failure to recognise the land rights has already caused problems for the Sami people in Scandinavia.

3 Standard-setting procedures

Who is involved?
The process of development of a standard is initiated by national forest owners' organisations,[56] which have to create a Forum of all interested parties. The parties should represent the different aspects of sustainable forest management and include forest owners, forestry industry, environmental and social NGOs, unions, retailers and other relevant organisations. The views of the national forest owners' organisations have to be documented and considered in an open and transparent way. Some national governing bodies decide by reaching a consensus, others by a voting procedure.

Once a standard-setting process has started, this has to be communicated to the public – the final draft is sent out for a formal national consultation process lasting 60 days. Although environmental and social groups can be part of a national governing body, in most cases NGOs have refrained from participating in the PEFC standard-setting processes. The exception to this is France, where a large coalition of environmental NGOs has been part of the standard-setting process, and is currently actively participating in regional PEFC processes. In other countries (e.g., Germany and Latvia) small environmental and social NGOs are participating in the standard-setting processes, but no large environmental organisations have been involved.

Once a national standard has been developed and approved by the National Governing Body, it is submitted to the PEFC Council for endorsement. The Council then assesses the standard (and the other elements of the certification scheme). The assessment compares the scheme with the PEFC Council requirements in relation to certification standards, standard-

setting procedures, scheme implementation procedures, chain of custody standards and certification procedures. A checklist of minimum requirements is available. The assessment is carried out by a consultant, starting formally after the national scheme has been submitted for endorsement, and a press release has been issued by the PEFC Council to allow for comments to be received.

If the assessment is positive, the Council endorses the scheme. As all existing endorsed schemes are Council members, this means in effect that schemes vote for each other to be included in a 'mutual recognition' agreement. In theory, assessment reports are publicly available from the National Governing Body, but this is not always the case in practice.

Is balanced participation required?

The PEFC Council encourages consultation of all interested parties during the standard-setting process at the national level. In all existing PEFC schemes, decision-making power rests largely with the forestry industry and forest owners during standard-setting, as well as system development and maintenance. Even where social or environmental NGOs participate, the distribution of voting power is such that they can always be overruled by the joint votes of the forest owners and forestry industry.

4 Certification process

Who does what?

As the rules set by the PEFC Council are minimal, the certification procedure is mainly developed by the certification body. The certification procedure is required to fulfil relevant ISO Guidelines.[57] The vast majority of the PEFC-endorsed schemes certify at the regional level with whole regions certified in one go. Although the procedures and terminology vary slightly from country to country, a regional certificate is usually issued by a third party certifier to a regional applicant entity, which qualifies all forests in that region for the certification process. Once a region is thus 'certifiable', forest owners have to take an active step in order to join the regional certification by signing an agreement with the regional entity. Only the forests of those forest owners who commit themselves to respecting PEFC minimum requirements (by signing the agreement), are considered as certified forests. In Sweden, field visits are mandatory before a forest can be certified, but this is not the case in France and Germany.

As most PEFC-endorsed standards are system-based standards and lack clear performance-based requirements, the certification process is logically based on a process that focuses on assessing documents provided by the applicant rather than on an evaluation of forestry practices on the ground. Regional and individual applicants alike undertake certain commitments in regard to environmental aspects of forest management, but most of these are system-, rather than performance-based.

Stakeholder consultation required

Stakeholder consultation during the certification process is not required, although some national schemes have carried out stakeholder consultations.

Monitoring

Surveillance audits take place once a year, but are on a random basis – which means that not all holdings are audited every year. All certificates need to be re-assessed every five years.

Complaints procedure

All PEFC-endorsed schemes are required to establish an independent dispute settlement body that takes care of complaints arising from scheme implementation, or certification procedures that cannot be addressed in the dispute settlement procedures of the relevant accredited certification body.

Responsibility for the handling of complaints is usually divided between the accreditation body, the certification body and the PEFC Council. The accreditation body usually has procedures in place to handle complaints regarding the accreditation process, but nothing specific for accreditation of PEFC certification bodies. Certification bodies are also required to have mechanisms in place to deal with complaints. However, since neither accreditation reports nor certification reports are publicly available, it is difficult for a third party to bring forward complaints. The very few complaints made so far have therefore come from applicants.

5 Transparency

Are summary reports available?

Neither full certification reports nor summaries are available, or even made available to interested parties on request. None of the national PEFC web sites visited contained any

assessment or summary reports, with the exception of Germany.[58] PEFC Sweden plans to publish summary reports on the internet from the beginning of 2004.

Are standards and procedures available?

The standards and the basis for assessing certification schemes are available, as are general policy requirements. Minutes of the General Assembly are not available to non-members, although the PEFC secretariat states they are 'widely available' as many members distribute them widely in their country.[59]

6   Label protection and chain of custody

Label use

PEFC has a logo that can be used with or without the following claims, *"from sustainably managed forests", or, "promoting sustainable forest management"* See below for requirements for each claim.

Chain of custody procedures

There are currently over 600 chain of custody certificates awarded, and this amount is forecast to increase dramatically. The chain of custody certification is currently based on the following three approaches:

I   inventory control and accounting of wood flows via a 'percent in - percent out' system.

II   inventory control and accounting of wood flows via minimum average percentage system.

III   physical segregation.

Using the input-output option of the first approach means that when a known percentage of PEFC certified wood enters into processing, the same percentage of the production output is considered certified. The minimum average percentage option means that a total batch of products can be labelled as certified, when the amount of certified wood in the input batch exceeds 70% by volume or by weight. The third, physical segregation, approach means that certified timber is kept separate from non-certified timber. Only when this third approach is used can the claim, *"from sustainably managed forests"* be made. When approaches I) or II) are used only, the claim, *"promoting sustainable forest management"* is allowed.

Policy on controversial sources

All schemes are required to demand from all suppliers of raw wood materials or purchased products at least a signed self-declaration that the supplied raw material or products do not contain any wood raw material from controversial (i.e., illegal) sources. This is implemented in Sweden, which also includes wood from key biotopes as a controversial source, but no evidence was found of other schemes having similar policies.

Sustainable Forestry Initiative (SFI)

Based on a report by American Lands

1   History and characteristics

Creation
The Sustainable Forestry Initiative was launched in 1995 by the American Forest & Paper Association (AF&PA). The AF&PA is the predominant national trade association for the U.S. wood and paper industry. AF&PA members control the majority of the U.S.' industry-owned forests, and account for a large percentage of the wood products manufactured in the U.S. All AF&PA member companies are required to participate in the SFI program. SFI is also open to non-AF&PA participants called licensees that manage forests in the United States and Canada, such as local government entities, land trusts, and Canadian companies. Together all SFI partici-pants control over 40,485,830 ha of forests in the United States and Canada. The SFI is a member of the PEFC Council.

Funding
SFI is funded principally by the SFI programme participants.

Motivation
The programme was developed in response to public concerns about the forest products industry's environmental performance. AF&PA research on public perceptions found that the public felt industry was not protecting wildlife, lakes and streams, preserving wilderness, or practising sustainable forestry. Clear-cutting was a major concern. The AF&PA established the SFI to overcome these negative public perceptions, and to promote awareness of things the industry felt it was doing well, such as replanting.

Coverage
SFI certification usually occurs at the company or landowner scale, although companies can certify only part of their forests. The average size of SFI certified forests, across both the U.S. and Canada, is 705,104 ha.[60] Roughly one fourth of AF&PA member companies and SFI licensees have had their operations SFI certified. The AF&PA has also begun to address non-industrial private forestlands in the U.S. by 'mutually recognising' the American Tree Farm System (ATFS), a programme of the American Forest Foundation to educate and recognise the management of private forest owners in the US. There are 65,549 certified tree farms covering 26 million acres, approximately 60% of forest land in 48 states.

Amount of hectares certified
As of July 2003, 43 companies and landowners had 17,714,505 ha certified under the SFI in the U.S., and 12,604,971 ha certified in Canada. Most SFI certified entities are large, integrated wood products companies, while a few are smaller wood products companies, timber investment management organisations, state forests, or university forests.

Label and chain of custody
The AF&PA now allows SFI certified companies to label their wood and paper products as being from an SFI certified company. According to the SFI's office of label use, as of April 2003, over 20 companies were authorised by the AF&PA SFI to use this label. The AF&PA also allows companies to make other marketing and public relations claims in connection with SFI participation. The SFI's wood procurement standards lack most elements of a chain of custody system.

2   Quality of the standard

Performance or system
The SFI standards are divided into 6 principles, 11 objectives, and a large number of performance measures, core indicators, and non-core indicators. The SFI standard and certification process emphasise evaluation of system-based measures and Indicators, rather than field performance-based measures and Indicators. To be certified, forestry operations must address a subset of 'core-indicators'. These indicators focus largely on system-based measures that can be assessed in an office rather than in the field. The use of all other SFI verification indicators remain discretionary. Only about two-dozen of the SFI's 154 performance measures and core indicators require companies to produce specific on-the-ground outcomes. Examples of the SFI performance measures and core indicators' more concrete requirements include: limitation of individual clear-cut units to an average of 120 acres and replanting within 2 years of logging.

Quality
The SFI standards do not address social issues. While the introduction to the SFI standards and procedures reference an expectation that companies will comply with laws,

including those relating to social issues, there are no specific performance measures or indicators in the SFI standard to assess performance with respect to social issues such as respect for indigenous peoples' rights and requirements to meet ILO standards. The SFI standards are very weak with regard to most ecological issues. As a consequence, a number of SFI certified companies continue to log old growth and endangered forests, eliminate rare and endangered species' habitats, replace natural forests with tree plantations and residential sprawl, and clearcut and apply chemicals at excessive and unnecessary levels. The SFI standard does not adequately or consistently require companies to maintain natural forest ecosystems. Nor does it require any habitat restoration on larger properties to help support imperiled species' recovery.

Comments

Under the SFI's certification procedures, participants are granted significant flexibility to tailor the standard and define the indicators that will be used to assess the forest management. Although there is an expectation that company forest managers and certifiers will address a set of core indicators – providing some measure of consistency and replicability to the standard – company forest managers (and certifiers) are also encouraged to customize the standard for each applicant in order to address local conditions. This includes altering core indicators that are not considered appropriate, writing new indicators, and/or selecting which, if any, of SFI's other optional indicators to use. One SFI certification report states that *"discretion is provided to forest managers as to the specific performance criteria for the majority of indicators…."*[61]. Furthermore, many of the "core" indicators required for certification do not require assessment of field-level performance. Consequently, the SFI standard fails to require a consistent benchmark for environmental performance. One company's field performance under the SFI may mean something very different from another, yet both can claim compliance with the SFI standard, and receive the same certificate.

This was Murrelet Grove on Pacific Lumber Company Land, SFI certified   Photo: www.dontbuysfi.com

3 Standard-setting procedures

Who is involved?

The SFI's standards and procedures were largely developed and approved by industry for industry, rather than by a balance of environmental, social and economic interests. To develop the SFI standards and procedures, the AF&PA established a forest resources task force in February 1994, which hosted regional workshops to gather input from AF&PA members and allied organisations. In October 1994 the AF&PA board formally approved the SFI's first set of standards. Limited changes to the standards were made in 1998,1999 and 2000.[62] The AF&PA Board approved the 2000 Edition of the SFI Standard in July 2000 after review by AF&PA members, the SFI's Expert Review Panel, consultants, and other invited parties.[63] In July 2000, the AF&PA appointed a Sustainable Forestry Board (SFB), which has governed more recent changes to the SFI Standard. The SFB completed two rounds of revisions in August 2001 and June 2002, resulting in the current 2002-2004 version of the standard. In 2004 the SFB is embarking on a third revision expected to produce a new standard in 2005.

AF&PA established the SFB to help manage, evaluate and improve the SFI standard and procedures, and monitor and resolve non-compliance. AF&PA appointed three conservation/environmental organisations to the SFB and 11 forestry interests as follows: six AF&PA companies, a logger, a non-industrial plantation owner, a state forestry representative, a foresters' representative, and a university forestry department representative. The SFB does not include social interests. AF&PA later dropped an AF&PA company and added a conservation and a university representative, bringing the total to 15 members, two thirds of whom represented forestry interests. In January 2002, the SFB became an 'independent' non-profit body, responsible for revising the SFI standards, subject to AF&PA's endorsement. AF&PA's board endorsed the SFB's most recent revisions on 26 June 2002. The power to appoint new SFB members now rests with the SFB. While the SFB includes five conservation groups, it remains dominated by forestry interests.

Is balanced participation required?

Balanced participation of environmental, social and economic interests is not required. The standards have essentially been set through industry dominated processes. While participation of conservation and environmental groups has improved with the establishment of the Sustainable Forestry Board, this Board is not balanced and truly independent, or accountable to broader and more balanced stakeholder bodies. The majority of board members represent forestry interests that were originally appointed by the AF&PA. The SFB does not include social interests.

4 Certification process

Who does what?

The SFI certification applicant has considerable influence over the certification process. The SFI program procedures allow the certification applicant to work with the certification body to tailor the scope, location and extent of the audit, the audit plan, the audit team and the audit report content.[64] Participants define their own corrective actions. There is no stakeholder consultation or public input process. A control audit will take place within three years, and every five years thereafter.

The certification process involves the following basic steps:

– the forestry company that wishes to be SFI certified identifies and hires a certification body that meets the SFI's accreditation requirements;
– the forestry company decides which of its forests to have assessed;
– the forestry company and the certification body agree upon which elements of the SFI standards to use for the assessment i.e., develop the standard;
– the certification body assesses the forestry company's performance under the defined standard, using some combination of a review of the company's policies, plans, and on-the-ground practices;[65]
– the certification body decides if the company meets the SFI standard;
– the company and certification body agree upon any corrective actions that may be required;[66]
– the certification body and the company write a certification report;
– the certification body conducts re-assessments in subsequent years.

Is stakeholder consultation required?

SFI certifiers are not required to consult with knowledgeable scientists, conservation organisations, community groups, and others likely to have independent knowledge of the wood product company's management practices and their impacts. Nor are SFI certifiers required to consult with neighbouring landowners, downstream water users, fishing groups, and others potentially impacted by the company's practices.

Monitoring

Initial re-verifications are to occur within three years of the original certification. Subsequent re-verifications may happen as infrequently as every five years. 'Periodic surveillance audits' of unspecified intervals are also required for companies using an on-product SFI label. These latter audits are more cursory in nature.

Complaints procedure

The Verification/Certification Principles and Procedures clause establishes limited procedures for appeals of certification decisions by outside parties. The ultimate arbiters of appeals over individual practices are the SFI's State Implementation Committees' Inconsistent Practices Programs, or the AF&PA SFI National Inconsistent Practices office. The ultimate arbiters of appeals over entire certification decisions are the SFB's Certification Appeals Subcommittee and, potentially, an SFI Ad-Hoc Certification Review Task Force. There is anecdotal evidence that the SFI State Implementation Committees may lack sufficient independence from SFI certified companies.[67] Equally important, it is questionable whether the SFI standards contain sufficiently clear threshold (or, 'bottom-line') requirements to engender appeals in the first place. As noted by NRDC (2001),[68] the lack of concrete information in public summary reports, and the lack of public access to private timberlands will also make it difficult to appeal SFI certification decisions.

5   Transparency

Are summary reports available?

Although the SFI policies require written certification reports for companies that are certified, these same policies also state that, *"[ ] all information related to the SFI verification is the sole property of the Program Participant"*, and that the, *"[…] Participant will determine the distribution of the verification report or summary"*. Public summaries of the certification reports are only required when companies wish to make public claims regarding their certification. However, up to date public summaries are not provided at the SFI website, or at the website of the certification bodies. They are also not available upon request from the certification bodies. To obtain reports, interested persons must make a request to the company that was audited.

As the summary reports are written by both the forestry company and the certification body their independence and

objectivity can be questioned. The only substantive content requirement for SFI public summary reports is a list of the indicators used and a summary of findings. This means that in practice, the quality of SFI public summary reports varies considerably.[69]

6   Label protection and chain of custody

Label use

AF&PA controls all decisions about the SFI label and its use. SFI program participants must apply to the AF&PA's Office of Label Use & Licensing for permission to use the label. There is one label for those mills that receive most of their raw material directly from the forest ("Primary Producers"). There is a second label for mills that run largely processed wood ("Secondary Producers").

Chain of custody procedures[70]

AF&PA does not use a traditional chain of custody system as a basis for product labelling; its does not require segregation and tracking of SFI certified wood from the forest through manufacturing and labelling to assure the certified content of labelled products. Instead SFI has a wood procurement accountability system. For product labelling and claims, AF&PA requires all wood used by primary producers (i.e., forest managers) and two-thirds of wood used by secondary producers (i.e., manufacturers) to come from sources (certified and non-certified) that are allowable under AF&PA's *SFI On-Product Label Use Requirements* and SFI's standards governing non-SFI wood procurement by SFI certified companies.

Allowable sources (and sourcing policies and systems) are broadly defined. They include:
– wood from SFI certified forests;
– recovered wood fiber;
– wood from plantations and forests outside of the United States and Canada that: (I) buyers recognize as well managed according to generally accepted practices, and (II) are not illegal according to SFI's definitions and indicator for company *"procurement policies that contribute to elimination of illegal logging."* Furthermore, such sources should not conflict with SFI's indicator for company *"procurement policies that promote conservation in biodiversity hotspots and major tropical wilderness areas"* identified by the SFB. The policies are expected to help conserve, not preserve, such forests;

– wood from non-industrial private forest owners who are certified by the American Tree Farm system – a deficient system whose standards do not even encompass most of SFI's requirements and lack most basic protection measures for environmental and social values.

It appears that wood from non-certified non-industrial private owners is also allowable as long as SFI participants follow the indicator to *"encourage [not require] landowners to reforest following harvest and to use Best Management Practices"* and have a system to evaluate whether progress is made. Furthermore, the *AF&PA Guidance Document on Wood Flow Accounting and Legality, May 2003,* suggests that wood from 'conversions' also might be allowable.

The SFI's performance measures ask companies to *"…clearly define and implement their own policies to ensure that mill inventories and procurement practices do not compromise adherence to the Principles of Sustainable Forestry."* The core indicators also ask companies to have *"procurement policy in place for the purchase of raw material from qualified logging professionals, wood producers and other wood suppliers."* Independent third party certifiers must check that SFI certified companies have procurement policies and systems to buy from allowable sources, although there is no written requirement that certifiers actually assess the sources or the chain of custody from them to the SFI company. This is called a having a third party certified procurement system in conformance with the SFI. As long as wood originates from third party certified SFI producers, and/or third party certified procurement systems for non-certified wood, it may be labelled. The SFI does not require certification labels to indicate the percentage of wood batches that are actually from SFI certified forestlands

Comments

Under SFI's third party certified wood accountability and procurement system, as much as 100% of a batch of wood carrying the SFI label may originate from a broad range of forests that are not managed to the SFI's full set of standards, without any indication of this on the product label. Thus, the concept of SFI certified and labelled products is confusing and misleading to consumers. Although it provides an extra measure of accountability about wood sources, the SFI's wood procurement system allows labelling of status quo or near status quo wood supplies.

The Australian Forestry Standard (AFS)

Based on a report by Tim Cadman

1 History and characteristics

Creation

The Australian Forestry Standard was established as a joint initiative between the Ministerial Council on Forestry, Fisheries and Aquaculture (renamed as the Primary Industries Standing Committee of the Primary Industries Ministerial Council) and the forestry industry – represented by the National Association of Forest Industries (NAFI), Plantation Timber Association of Australia (PTAA) and Australian Forest Growers (AFG) – with secretarial support provided by the Federal Government's Department of Agriculture, Forestry and Fisheries. A company, AFS Limited, was created on 23 July 2003 and manages the AFS along with other components of the Australian forest certification scheme. The AFS is a member of the PEFC and has submitted its scheme for assessment to become a PEFC endorsed scheme, and enter into a mutual recognition agreement with the other 13 PEFC endorsed schemes.

Funding

The development of the scheme is funded in equal parts by the participants to the Primary Industries Standing Committee of the Primary Industries Ministerial Council, i.e., the Commonwealth and the State and Territory Governments, and the peak forest and timbers industry bodies i.e., NAFI, PTAA and AFG.

Motivation

The reasoning behind the creation of the standard is described on the AFS website as: *"Buyers of timber, like buyers of other goods such as food and clothing, are becoming more interested in where the product they buy comes from, and how it has been produced. In order to satisfy this interest, timber producers around the world have begun to investigate various systems of independent certification of forest management. The Australian Forestry Standard (or 'AFS') applies community values and the science of forest management to identify the economic, social, environmental and indigenous criteria that are most important for assessing whether a forest is well-managed".[71]*

Coverage

The standard covers all forest types and land tenures, small, medium or large. A provision for group certification of forest owners is part of the system.

Amount of hectares certified

One certificate has been issued to the company Gunns ltd. The certificate covers approximately 220.000 ha.[72]

Label and chain of custody

There is no label available as yet. A process for labelling and a chain of custody standard has been prepared and is currently under consideration for recognition as an Australian Standard by Standards Australia. AFS Limited has a logo, which can also be used as a label. Labelling rules are under development for use in 2004.

2   Quality of the standard

Performance or system

There is one standard that will be interpreted regionally, based on state- and territory-specific regulations. The standard is a combination of largely system-based criteria, with some performance-based, prescriptive measures included. The criteria are based on the international governmental system-based criteria contained in the Montreal Process for the conservation and sustainable management of temperate and boreal forests (see page 16). Furthermore, national and regional agreements and state specific management guidelines form part of the standard.

Quality

As stated above the standard is based on the Montreal Process and interpreted in a regional context via the National Forest Policy and Regional Forest Agreements. As there is considerable divergence as to how forests are managed regionally by state governments, management procedures and guidelines vary considerably. The standard is, therefore, open to considerable interpretative flexibility – including different targets for soil and water conservation, use of chemicals and conservation of rare species.

The standard claims to be inclusive of social, spiritual, environmental and economic values. Nonetheless, environmental NGOs withdrew from the process because they believe the standard does not include these values. Environmental organisations were not able to progress beyond concerns

regarding the processes of the AFS and resigned before any substantive progress was made in addressing environmental concerns. Environmental concerns with the current draft standard refer to the use of clear felling, chemical use (particularly the native wildlife poison 1080), logging of old growth forests, and the conversion of native forests to plantations. Indigenous peoples were represented on the AFS Technical Reference Committee via the peak body ATSIC (Aboriginal and Torres Straight Islander Commission).

Comments

The standard has been heavily criticised by a number of environmental NGOs in Australia for not addressing key environmental concerns, and certifying 'business as usual' forest practices including the conversion of native forests to plantations, the use of GMOs etc.[73] AFS states it will review some issues in the first review period including the use of GMOs and carbon sequestration.[74]

3   Standard-setting procedures

Who is involved?

The structure, composition and terms of reference for the AFS were originally developed by the government and the forestry industry. A technical reference committee was subsequently established comprising ten people representing the forestry industry and nine people representing other interests, including community and consumer interests, scientists, regulatory or controlling bodies and forest owners and processors.

In the early stages, the development of the standard occurred without the involvement of environmental NGOs or Indigenous Peoples' Organisations. In a second phase two representatives of the environmental movement participated in the committee responsible for the development of the standard. These were WWF and the Native Forest Network Australia (representing itself and six other environmental NGOs). They stated consistently that their full participation was contingent on restructuring the AFS to make it more inclusive. After repeated attempts to renegotiate the structure it became apparent that this was not going to change, and these NGOs withdrew from the process.

Comments

Subsequent to their withdrawal from the AFS process, the AFS website continues to carry information that implies that environmental NGOs are still associated with the AFS.[75] There

seems to be some confusion within the AFS about the difference between the development of national or regional forest programmes, policies and the development of a certification standard, considering the following statement:

> *"Public consultation and participation is an integral part of developing legislation, policies and plans for the management of Australia's publicly owned forests. In all states there are formal public consultation and participation processes to ensure that the interests and opinions of the community are considered in the forest management planning process".[76]*

Is balanced participation required?

As indicated above, there is no requirement for balanced participation. No equal weight is given to environmental, social and economic interests.

4   Certification process

Who does what?

The certification body uses the generic standard of the AFS and takes regional (State or Territory) regulations into account. The standard itself is generic enough to permit this. The forestry company approaches a certification body, which will ask for some basic information to provide a quote and a formal proposal. A pre-assessment might take place. When a forest owner is ready to process with certification they complete a formal application form, and agree a fee with the certification body. The certification body carries out an initial visit and confirms the audit plan is appropriate, that the team has the right competencies and that the system is ready for an audit. During the audit the certification body evaluates the management of the forest against the requirements of the certification standard. If the audit is positive a certificate will be issued. The certification body will check the certificate holder to ensure continued compliance with the standard. They will also check that corrective actions the forest owner was asked to carry out have been completed.

It is unclear under which corrective actions a certificate can still be issued, and when corrective actions are too big for a certificate to be issued. The documentation makes a distinction between major non-conformances – when forest

Management practices permitted under AFS standard   Photo: Native Forest Network

management is failing to meet a relevant requirement – and minor non-conformances – when forest management is partially failing to meet a requirement, or there is a risk of a requirement not being met. If a major non-conformance is found, no certificate can be awarded until the requirement is met. If there is a substantial time-lag before the major non-conformance is addressed, a new audit may be required in order to achieve certification.

Is stakeholder consultation required?

Requirement for consultation or participation of NGOs and local communities in the certification process are unclear, as is guidance given on how consultation should take place. The AFS states the following on participation: *"In general, participation in certification should be fostered. However, the level of participation should be appropriate to the particular stage of the certification process, with broader stakeholder involvement during establishment and dispute resolution stages, and narrower representation during accreditation and certification stages".*[77]

Monitoring

There is an annual surveillance audit and certificates are to be reassessed at three yearly intervals.[78]

Complaints procedure

The final draft standard states that procedures for dealing with complaints and disputes could include issues such as: identification and recording of complaints and disputes received; a mechanism for substantiation of complaints and disputes, and identification of immediate and longer-term corrective and preventative actions; documentation of agreements reached to resolve disputes; and documentation of corrective and preventative actions taken and assessments of their effectiveness.[79] It is, however, not clear if a complaints mechanism is in operation or planned, nor indeed, how it would work.

5   Transparency

Are summary reports available?

Unknown.

Are standards and procedures available?

Although the scheme claims transparency,[80] transparency was considerably hindered by the fact that the current official 'interim' standard accredited by Standards Australia was, up

to the moment this report went to print, not freely available. It was only available for purchase. This has, however, now been rectified as the standard is now available on www.forestrystandard.org.au/where.html

6   Label protection and chain of custody

Label use

There is a label in preparation and label rules are under development for use in 2004.

Chain of custody process and main requirements

A draft (18/08/03) chain of custody procedure is available,[81] and is very similar to that of the PEFC. There are two different approaches to the chain of custody companies can choose under the AFS:

a   an inventory control and accounting of raw material flow option;
b   a physical segregation and/or marking of raw material option.

Option a) incorporates two approaches, an input-output system for solid wood, or a minimum average percentage for composite products. The minimum percentage should not be less than 70% by volume or weight for all wood or forest products, including solid wood, assembled goods, pulp and paper, woodchips and fibre. This percentage can include also timber from forests certified under other (not specified) certification schemes.

Comments

The scale of chain of custody verification under the AFS goes beyond the products and the AFS allows for market claims to be made through chain of custody certification to a batch of products (or a single product), a single production unit (or plant, site, facility or line) and a whole organisation operating within a region or at national level.

Policy on controversial sources

The draft policy states that organisations shall ensure that no wood raw material known to be from illegal sources enters any stage of the certification chain. The organisation shall document the origins of wood raw material or forest products to demonstrate that steps have been taken to confirm the legal status of the products.

Sistema Brazileiro de Certificação Florestal (CERFLOR)

Based on a report by Cristina Soutelo Soeiro Timmer

1   History and caracteristics

Creation

The first concept of CERFLOR was presented in 1991 at the World Forestry Congress in Paris, by the Brazilian Silviculture Society, a private forestry organisation. Originally initiated by the private sector, the concept slowly obtained support from research and governmental institutions, developing into the Brazilian governmentally accepted scheme for certification of forest management. In August 2002, the Ministry of Development, Industry and Trade (MDIC) officially launched the scheme, in the presence of five other Ministries. It became operational in March 2003.

The scheme is managed by INMETRO – The National Institute of Metrology, Normalization and Industrial Quality – which is also responsible for accrediting certification bodies. ABNT (Brazilian Association of Technical Norms), a private body recognised by the government as the National Forum for Normalisation, is responsible for co-ordinating the establishment and revision of the CERFLOR rules. These rules are developed in working groups, with representatives of different sectors of society. In November 2002, CERFLOR became a member of the PEFC Council, with the aim of having its standard endorsed by the PEFC.

Funding

The development of the scheme was partly funded by ITTO. It is unclear who funds the current scheme.

Motivation

The expansion of FSC in Brazil has stimulated a movement by some forest industry leaders, dissatisfied with FSC standards, to create a set of national standards for certification of forest management and chain of custody systems (CERFLOR). The private forestry sector together with the Brazilian Government, therefore, developed a system, *"that would satisfy both consumers and producers of forest products".[82]*

Coverage

The scheme intends to certify both plantations and natural forests in Brazil, but certification is currently only possible for plantations (named 'planted forests'). A standard for 'native forests' is still under development. Certification takes place at the Forest Management Unit level. There is a group certification process that makes certification for small businesses possible. However, this has not yet been tested.

Amount of hectares certified

Currently only one forest management unit of 50,000 ha Eucalyptus plantations of the company INPACEL Agrofloresta Ltd belonging to the International Paper Group, has been certified in Paraná. Another company, Aracruz Cellulose, has also initiated the process for certification of an area of 164,596 ha of Eucalyptus plantations, spread over eight municipalities.

Label and chain of custody

A label and chain of custody have been developed, but are not yet being implemented.

2   Quality of the standard

Performance or system

At the moment there is only a standard for the certification of plantations.[83] A standard for natural forests has been under development since April 2001. This standard is expected to be finalised in 2004. The plantation standard has five principles, each accompanied by criteria (19) and indicators (100). Principles and criteria are mandatory, indicators can vary depending on local conditions. The standard is largely a system-based standard, with very few performance-based requirements. A lot of emphasis is put on management plans, monitoring exercises and developing plans for local communities.

The standard does not have clear minimum performance-based environmental or social requirements. The social requirements do not extend beyond what is legally required. There is no recognition of the requirement of self-determination of indigenous peoples. The standard does demand respect for the, *"[...] non depleting habits and customs of local communities"* (Indicator 5.1.b), and, *" […]respect for the rights of use and tenure of land with natural forests by local communities"* (Indicator 1.2). It is, however, not very clear what the latter means for certification of plantations. There are no requirements relating to spiritual values.

Quality

The environmental quality of the standard is elaborated in principles 3 (biodiversity) and 4 (soil and water), but with a few exceptions (indicators 3.1.a.b.d) all the criteria and indicators refer to plans, programmes or activities being in place, rather than specifying minimum performance levels.

Comments

CERFLOR requires compliance with national legislation. Principle 1 requires the forest owner/company to fulfil the requirements of all existing legislation with regard to environment, forest, social welfare, labour and taxes. Also, other criteria[84] focus on fulfilling legal requirements before certification can be granted.

3 Standard-setting procedures

Who is involved?

In March 2001 ABNT, with support from MDIC and INMETRO, created a temporary committee for the study of forest management. This committee was put in charge of co-ordinating the development of the CERFLOR program, and later became a permanent working group of the Technical Subcommittee for Forest Management (SCT-CERFLOR). The draft standard was available on the internet for consultation, although there is no explicit requirement for public consultation before the standard is finalised. Apparently, some comments were received and incorporated, but it is not known what the results were of this consultation.

The plantation standard was developed with the participation of private sector (55%), researchers and technical advisers (24%), government (13%), environmental NGOs (1%) and others (7%).[85] No representatives of social or indigenous groups participated. The standard was finally approved by SCT-CERFLOR, with equal voting rights of its four chambers: producers, consumers, neutrals and regulating bodies.

There are virtually no environmental NGOs, or representatives of indigenous or local groups involved in the development of the CERFLOR standards.

Deforestation in South West Amazon   Photo: José Paulo Genari Tezza

Is balanced participation required?

Although it is a requirement of the system to involve different interests and balance participation of different sectors of Brazilian society, so far the system is based on economical interests rather than on social or environmental concerns. A true balanced public participation was not reached, or yet sought.

4   Certification process

Who does what?

Certification procedures are detailed by INMETRO[86] and ABNT,[87] with the latter also specifying the qualifications criteria for the forest auditor.[88] Certification can be asked by the company that wishes to be certified or any other legal body.

After a formal request for certification, the company presents the relevant documents to the certification body. The certification body informs the client of all requirements, and once satisfied that there is sufficient information available, adequate resources and support for the audit, accepts the proposal to do the audit. The certification body then establishes an Audit Team, and a Certification Committee, although it is not clear if a different Team or Committee is created for each process. The criteria[89] for certification bodies require that members of this Certification Committee should represent a balance of different interest groups, from environmental and productive sectors, organised civil society and neutral people. Both Audit Team and Certification Committee have to be approved by the client. There is no information available of the composition of the Audit Teams or Certification Committee in the INPACEL case, or in the ongoing Aracruz case.

After a pre-audit, an audit plan is developed by the Audit Team in accordance with the client. The audit consists of an initial meeting, the collection of evidence (including field visits and interviews), analysis of the found evidences and a closing meeting, after which a report is presented to the client. The results of the audit are released in a summary report for a limited period of time. At the end of the stipulated period, the results are analysed by the Certification Committee, taking into account any comments received. When the Certification Committee has a favourable opinion it advises to issue a certificate. The responsibility for bestowing and monitoring plantation certificates lies with

CERFLOR. The label for chain of custody is controlled by INMETRO, the body that also monitors certifiers periodically to evaluate their compliance with accreditation requirements. Currently, there is only one CERFLOR accredited certifier, BVQI – Bureau Veritas Quality International.

Is stakeholder consultation required?

Although the certification process is said to be open to "all interested parties", there is no requirement for consultation of local people, nor a description of how such a consultation could take place. In the process of certifying Aracruz, BVQI has stated that, *"representation of civil society is fundamental for a complete evaluation"*, and has therefore done this in the form of public meetings where local people were invited to participate. This invitation was, however, not widely and timely distributed. Furthermore, Aracruz was also present (as an observer) making it difficult for people to present their concerns.

Monitoring

A certificate is awarded for five years, after which it receives compulsory re-assessment. All certificate holders are to be revisited in the field once a year.

Complaints procedure

In the case of complaints, the initial appeal should be made to the certification body. If no solution is found, the complaint is passed to INMETRO, and in the last instance to CONMETRO, the National Council of Metrology, Normalisation and Industrial Quality.

Comments

It is possible to appoint auditors from inside the client's organisation, or ask that those be part of the Audit Team, as long as they fulfil the conditions and rules of INMETRO, and do not represent a conflict of interests. The auditor needs to have done a training course in forest management. Leaders of an Audit Team need to have four years relevant experience, or a minimum of two years if accompanied by a post-graduate qualification in forestry.

5   Transparency

The information with regard to the certification can only be released with permission of the audited. Certification reports are considered property of the client, and not for publication. Draft summary reports are to be released for a minimum of

40 days before the meeting of the Certification Committee, but are not available afterwards. Also the official documents are not easily accessible when in development, and once finalised they are not freely available – needing to be purchased. Although there is involvement of different groups of stakeholders in the development of these procedures, it is mainly based on forestry industry interests.

6   Label protection and chain of custody

The CERFLOR label certifies, *"the forest management unit is managed according to the principles, criteria and indicators of forest sustainability ABNT/CERFLOR. With this certificate, the forest producer can prove that the wood comes from a sustainable origin".*
The chain of custody requirements states that, *"the control system must ensure traceability [sic] of the raw material in each stage of the process in relation to the origin, the quality of the material coming from each FMU must be registered, the organisation must ensure that the raw material is identified and segregated in accordance with the origin".*[90]

The chain of custody works on basis of input-output and requires minimum 70% of raw material certified, in volume or weight. Material recycled before use can be included in this minimum percentage, while material recycled after use (from consumers or factories) can represent maximum 50% of the final product, in volume or weight.

Policy on controversial sources
There are minimal guidelines for dealing with controversial sources, such as timber that has been illegally harvested. This can be found in requirement 9 of the chain of custody control system: the organisation must ensure that raw material or products that are not according to requirements be identified, and controlled to avoid its use or non intentional delivery. The exact meaning or consequences of this statement is still to be found, since no chain of custody audit has yet been performed.

Certificación Forestal en Chile (Certfor)

Based on a report by Sue Hulme

1   History and characteristics

Creation
Certfor Chile is a national certification initiative led by a non-profit organisation – Fundación Chile. Created in 1976 to market innovation by a conglomeration of: the Chilean Government, the US based ITT Corporation, the Instituto Forestal de Chile (INFOR) – the Chilean Government agency for forest research and official statistics – and the Chilean Wood Manufacturers Association (CORMA). CORMA represents private industrial landowners, but is heavily influenced by the two largest forest companies in Chile, Forestal Arauco and Forestal Mininco. Fundación Chile acts as the secretariat of Certfor Chile, while INFOR is responsible for technical advice. Certfor Chile was accepted as a full member of the PEFC Council in November 2002, and has submitted its scheme for endorsement by the PEFC.

Funding
In 1997, the EU funded INFOR to develop a standard of sustainable forest management. In early 2000, the Development and Innovation Fund of the Industrial Promotion Agency (CORFO) funded the development of Certfor Chile, specifically requesting Fundación Chile to set it up as a joint venture with INFOR, in order to take advantage of the previous effort carried out by these organisations.[91] The creation of the system was funded by CORFO with a non-returnable fund (public bidding fund) of approximately $ 200,000 (50% of the remaining costs came from companies and CORMA).[92] Today, Certfor Chile is still funded by CORFO. In late 2003, it also received new funding of an equivalent amount to develop standards for native forests under the same requirements.

Motivation
The objective of Certfor Chile is to develop an internationally recognised National Forest Certification Standard for Chilean plantations, lenga forest and second-growth beech forests.[93] The Certfor Chile scheme was created in response to the impact of global environmental requirements on interna-tional trade and on the marketing of forest products.[94] This

new demand has its origins mainly in Europe and North America, where consumers are asking for products that come from well-managed forests. To avoid being left behind, the Chilean Government and Chilean timber industry jointly initiated the development of a Chilean standard for sustainable forest management. Certfor Chile's goal is to have 8 million ha certified by 2005.[95]

Coverage

When fully operational, the Certfor Chile standard is intended to be applicable to all forest types, sizes of operations and tenures, including group certification. The standard is designed to be applicable at the Forest Management Unit level.

Amount of hectares certified

Certfor Chile has so far certified only four forestry operations: Bosques Arauco, Forestal Cholguán, Forestal Celco y Forestal Valdivia,[96] adding up to a total of 900,000 ha of pine and eucalyptus plantation.

Label and chain of custody

There is a label and chain of custody system.

2   Quality of standard

Performance or system

The plantation standard has been completed, and is being assessed by the PEFC as part of the assessment of the Certfor Chile certification scheme.[97] The draft 'Principles, Criteria and Indicators' for the plantation standard (2002), show that Certfor Chile is mainly a system-based certification programme. The standard consists of 9 principles (1. planning and long term objectives; 2. biodiversity; 3. productivity maintenance; 4. water and soil protection; 5. local communities; 6. indigenous peoples; 7. forest workers and labour relations; 8. law and international agreements; 9. monitoring) 43 criteria and 179 indicators. The first draft of the standards for natural forest is available, and it is expected that to be completed by 2005.[98] This report focuses on the plantation standard.

Quality

–   Principle 1 is fully system-based. Criterion 1.1. reads *"forest managers are formally committed to sustainable forest management and can demonstrate their intention to continue with forestry activities in the FMU for at least one more rotation"*, which reveals the interest of the timber industry.

–   Principle 2 (biodiversity) contains some performance-based indicators such as 2.2.1, which requires at least 10% of the FMU to be destined for conservation purposes, and 2.14, which requires that areas identified as corridors are not planted. However, most principles are system-based and focus on inventories and monitoring. The existing performance-based indicators are weak, unclear,[99] or contradictory. The standard allows for the use of GMOs and also allows for native forest conversion when forests are not of 'high environmental value', 'natural productive forest', or 'corridor forest'.

Although principle number 5 is entirely concerned with local communities, all criteria are system-based. Furthermore, principle number 6 dealing with indigenous peoples focuses on legally recognised land titles, and does not allow for self-determination. The scheme demands mapping of indigenous lands, but it is not clear whether this refers to lands identified by indigenous peoples as theirs, or lands identified by the state as belonging to indigenous peoples. Requirements to halt timber extraction from disputed lands only relate to legal disputes. The social principles related to workers' rights are largely performance-based.

Comments

Positive elements of the standard refer to the training of workers, the need to educate forest workers in Chile's national and international environmental commitments of forest managers, and the requirement to achieve clarity of land ownership and user rights before certification.

3   Standard-setting procedures

Who was involved?

The Certfor Chile standard was developed in five stages: Definition of Principles Criteria, and drawing up of the first draft of the National Forest Certification standard (December 2000).

–   Definition and Indicators for plantations.

–   Definitions and Indicators for lenga forest.

–   Definition and Indicators for secondary forest.

–   Design of the certifier accreditation system and editing of final documents.

Fundación Chile hired two consultants (from South Africa and Sweden) to produce a first draft standard after a round of meetings with relevant actors. At this stage, INFOR's work in the context of the EU-funded proposal was also taken on board. It is, however, not clear to FERN if, and how, the input provided by those consulted was taken on. There was no response from Certfor when asked to comment on this draft report.

There also exists a Working Group. This is a three-member group reporting to the Technical Committee. The Working Group is responsible for preparing draft documents to be revised by the Technical Committee and, upon their recommendation, discussed and approved by the Superior Council.[100] Information about who participates in the Working Group or the Technical Committee is not available. There is no reference to these two bodies in the Certfor Chile statutes.

The draft standard was discussed at a workshop with interested stakeholders. Recommendations were considered by the Certfor Chile board of Directors or Superior Council (consisting of seven individuals participating on a personal basis, which instruct the Working Group to introduce approved modifications into the text of the standard).

Although the standard-setting process has been open to stakeholders to submit comments as part of public consultation activities, there is nothing in the structure of the standard-setting process that ensures that the views of one group of stakeholders is not able to dominate the standard's development. It is further unclear if and how comments provided have been taken on in the final standard.

National and international certification bodies will be accredited by the Chilean State National Accreditation System, Instituto Nacional de Normalizacion (INN), in order to certify to Certfor Chile's sustainable forest management standard, the group certification standard and the chain of custody standard.

Is balanced participation required?

No.

4   Certification process

Who does what?

Certfor Chile procedures state that the certification process starts when a forest company contacts an accredited certifying organisation.[101] The certifier goes in the field and completes a certification audit. Later, the results of this audit are evaluated by a group of independent experts. Their evaluation is then communicated to the certifier who ultimately decides whether or not to certify the forest company.

Is stakeholder participation required?

Stakeholder consultation goes through the following process.[102] The applicant prepares a list of stakeholders that is sent to the certifier to ensure all the relevant organisations are represented. A questionnaire is then sent to all the stakeholders 30 days before the final evaluation and, once all the information has been received, is summarised, and sent to the group in charge of the audit for consideration. If a stakeholder asks for a meeting, this must be organised. All resulting comments are required to be mentioned in section 6.0 of the certification report. In the case of Grupo Arauco, for example, 130 stakeholders were consulted through written interviews. During the audit, 97 people were interviewed; these were workers, neighbours, community representatives, public sector professionals, NGOs and others.

Monitoring

A certificate is valid for five years.[103] During this period, annual follow-up visits are carried out to make sure that the standard is respected.[104]

Complaints procedure

Criterion 5.4 of Certfor Chile's standard mentions that registration of complaints should be maintained and.processed according to set guidelines, and that community complaints are handled according to a pre-established procedure.[105] It is not clear, however, if the complaints mechanisms fully consider the views of local communities in the pre-established procedures.

At a higher level, according to Procedure 4.11, the Governing Board has the power to listen to complaints from either the certification body, or the client if they are not able to settle their differences and reach consensus among themselves.

If complaints cannot be solved between the involved parties, or do not lie within the competence of the certification body,

the Dispute Settlement Body deals with all complaints arising from the implementation of group or regional certification, interpretation of certification requirements, etc. The Dispute Settlement Body can also resolve possible grievances in chain of custody certification that do not exclusively concern an applicant and a certification body.

5   Transparency

Are summary reports available?

A brief summary of the certification process of Grupo Arauco is available on Certfor Chile's website.[106] In the Principles and Criteria, it is also mentioned that forest managers regularly need to make information about their management practices available to interested third parties.

Are standards and procedures available?

These documents are available on the Certfor Chile website and on the PEFC website.

6   Label protection and chain of custody

Label use

Forest managers can make use of their achievement both in accessing markets by providing labelled products, and by making the public aware of their achievement in their general advertising. Certfor Chile has produced a logo-use guide, which describes the rules for on-product labels, on-product statements, and general advertising and publicity.

Chain of custody procedures

The chain of custody standard of Certfor Chile takes into account three modalities of accounting for certified timber:[107]

a   Physical separation
Under this modality, certified timber in the chain of custody must be separated at all time from uncertified timber. Separation can be by product, space and/or time.
Product: Physically distinct materials (individual marking)
Space: Differentiated sections and/or production lines
Time: Use of the same spaces or production line but at different times
When physical separation is not feasible, the following two methods of inventory control are recognized.

b   Input-output
Based on the premise that when a known percentage of

certified materials enters a certain process (input batch), the same percentage of the production (output batch) is considered certified.

c   Minimum average percentage

Based on the premise that the production can be qualified as certified, if the amount of certified material in the input batch is equal, or bigger, than a claimed percentage. Therefore, at the end of the process, the product is not 100% certified, but rather equal to the percentage of certified timber claimed.

The minimum percentages established by Certfor Chile are:

I   Products elaborated from fiber (pulp, paper, wood-based panels, others): 17.5% of the total and 30% of the virgin fiber.

II   Solid wood: 70%.

III   Assembled products (remanufactures, furniture, plywood, others): 70%.

Policy on Controversial Sources

Certfor Chile's standard include requirements, which are in compliance with Annex 4, chapter 8 in that wood from controversial sources must not enter the chain of custody process, and that the company must acquire at least a self-declaration from all suppliers to that effect.[108] In principle 2 of the chain of custody standard, the issue is defined. Two criteria address the problem:

–   Criteria 2.7: A system for verifying that the supplier's chain of custody number is legitimate and that it covers the materials supplied. The purchaser should check with Certfor Chile that the chain of custody or SFM certificate is valid – This is carried out the first time that raw materials are purchased from a new supplier, and afterwards its validity checked once a year. The purchaser should check with Certfor Chile that the chain of custody, or SFM certificate, is valid – this is carried out the first time that raw materials are purchased from a new supplier and afterwards its validity is checked once a year.

–   Criteria 2.8: A system to verify that no illegally harvested timber or timber products can enter the system. There is a system to verify the legal status of all uncertified timber products.

There is also a system to verify the legal status of all uncertified timber products. There is a waybill identifying the timber's origin.

Malaysian Timber Certification Council (MTCC)

Summary, based on a report by Wong Meng Chuo of IDEAL

1   History and characteristics

Creation

The Malaysian Timber Certification Council (MTCC) was created in October 1998, and started operating in January 1999. The Council grew out of a joint initiative by the Malaysian Ministry of Primary Industries, and the Malaysian Timber Council who together organised a 'Seminar on Timber from Sustainably Managed Forests' in April 1994. This seminar resulted in the formation of a committee that was coordinated by the Malaysian Timber Industry Board. This committee in turn led to the establishment of the Malaysian Timber Certification Council (MTCC). The MTCC is a member of the PEFC Council.

Funding

The Council's main source of income is the interest from an endowment fund of RM 36,000,000 – equivalent to Euro 7,650,611 created by a timber export levy fund.[109]

Motivation

A leaflet produced by the MTCC states: *"With the growing concern over deforestation and the associated environmental effects, consumers of forest products, such as timber, want to be assured that these products have been produced through sound forest management practices. In this regard, timber certification has been promoted as a market-linked tool to encourage sustainable forest management practices in producer countries".*[110]

The purpose of the MTCC scheme was best summed-up by the Malaysian Primary Industries Minster Dato' Seri Dr Lim Keng Yaik: *"Malaysia wanted to revive its timber product exports to Europe where the trade has suffered from the ill-founded perception that the products did not come from well-managed forests".*[111]

Coverage

The MTCC scheme certifies at forest management unit (FMU) level, which means different things in different states.

In Peninsular Malaysia, an FMU is the permanent forest reserve. In Sabah, an FMU will be the area covered by each Sustainable Forest Management License Agreement, while in Sarawak an FMU is defined as the individual concession area.[112] There is no separate mechanism for the certification of small businesses.

Amount of hectares certified

As of November 2003, seven – out of a total of 13 states have been certified. They include: Pahang, Terengganu, Selangor, Johor, Kedah, Perak and Negeri Sembilan. A total of 4,111,406 ha have now been certified in Malaysia. The average size of these forests is 587,344 ha. In all cases, the Governments of the respective states are the official owners of the certified forests.

Label and chain of custody

The MTCC has a label and a chain of custody.

2   Quality of standard

Performance or system

The *Malaysian Criteria, Indicators, Activities and Standards of Performance (MC&I) for Forest Management Certification* is largely a system-based standard. A report on the *Assessment of Compatibility of Malaysian Criteria and Indicators for Forest Certification with FSC Requirements* points out that: *"The minimum performance levels or thresholds for failure for each criterion with the MC&I have not been predefined."*[113]

"The majority of MC&I indicators tend to concentrate on ensuring the existence of appropriate legislation, documentation and systems. They assess the quality and quantity of input. But the MC&I have relatively few output-related criteria or indicators."[114]

Quality

There are also some specific problems with the content of the standard. Under criterion 6, Economic, Social and Cultural Aspects, the economic aspects take account of, *"the ratio of domestic log production to processing capacity of wood industries"*, as well as the, *"existence and implementation of mechanisms for the effective distribution of incentives, and the fair and equitable sharing of costs and benefits among the parties involved".*[115] Unfortunately, the term 'parties involved' is narrowly defined and comprises only the State Government and the Federal Government.[116] Other parties affected in a

direct or indirect way – either through shared benefit or shared cost (such as environmental pollution or degradation) – are not considered.

Regarding socio-economic aspects, the standard includes criteria for the health and safety of forest workers, and for the creation of employment opportunities, but minimum performance levels have not been defined. On the rights of indigenous peoples and local communities, the criteria are input oriented and not performance-based. They ask for policies, rules, reports and so on, but do not specify any minimum performance levels. Cultural and spiritual aspects are not considered. Community places of worship and burial grounds would, therefore, not be safeguarded. Environmental values are reflected in criteria 4 (biodiversity) and 5 (soil and water). The indicators ('performance-based standards') for criteria 4 and 5 are, however, incomplete, unspecified and inconsistent between the three regions of Peninsular Malaysia, Sabah and Sarawak.[117]

Comments

The MC&I require adherence to national and regional laws. However, issues of legality are not necessarily adequately addressed. This is particularly true in the case of disputes with the local community over land rights. Native customary laws (described as *'adat'*) are very much part of the legal system in the pluralistic social context of Malaysia. But, users' rights are being challenged by the MTCC forest management certification scheme. This is due to the fact that forest lands were often untitled under native customary rights, although clearly demarcated among local people through usage and shared knowledge. By not recognising native customary law, the MTCC scheme aggravates the injustice to indigenous communities and challenges the legal rights of indigenous citizens as enshrined by the national constitution.

Certifications as of January 2005 will be based on a new standard of *FSC-compatible Malaysian Criteria and Indicators for Forest Management Certification* – (known as the MC&I2002), which will be field-tested in the three regions (Sabah, Sarawak and Peninsular Malaysia). This standard does include some criteria and indicators omitted by the current MC&I. Under principles 2 and 3, for example, the legal and customary tenure rights of local communities or indigenous peoples are considered. However, its' indicators depend on the availability of documentation that native customary land rights are not always able to provide. As for the other principles in MC&I2002, they do go into more

detail than the previous MC&I version, and cover missing aspects such as efficiency of utilisation, spiritual and cultural sites, genetic diversity, chemical use, illegal exploitation, forest fire, monitoring and assessment, and high-conservation-value forest. They are, however, still incomplete and not sufficiently performance-based.

3 Standard-setting procedures

Who is involved?

Between 1994 and 1998, the development of a technical design for the MC&I was co-ordinated by the National Committee of Sustainable Forest Management (consisting of the Ministry of Primary Industries, the Forestry Departments of Peninsular Malaysia, Sabah, and Sarawak, the Forest Research Institute of Malaysia, the Malaysian Timber Industry Board, the Malaysian Timber Council, and the Faculty of Forestry at the University Putra Malaysia). The design was derived from the ITTO's *Criteria and Indicators for the Sustainable Management of Natural Tropical Forests.*

During this period, there was no environmental or indigenous NGO involvement, nor were any NGOs asked to contribute to the process. Environmental and conservation NGOs, such as the Malaysian Nature Society (MNS) and World Wide Fund for Nature, Malaysia (WWFM), were invited onto the Board of Trustees when the National Timber Certification Council, Malaysia (NTCC) was established in October 1998. The MNS was not, however, invited onto the reconstituted Board in 2001, and WWF Malaysia resigned from the Board in January 2002 due to disagreements over the MTCC's decision to launch a scheme using standards that had been developed without balanced stakeholder partici-pation.[118]

The new MC&I2002 that will be implemented in 2005, were finalised at national-level consultations in October 2002 in Kuala Lumpur, and adopted as the standard for assessing forest management practices at FMU level for the purposes of certification. The participant list for this national consultation shows that, out of 106 participants, only 14 of them represented social and environmental interest groups.[119] Earlier in July 2001, 13 environmental and social NGOs had

Logs from Pahang, Malaysia, an MTCC certified forest   Photo: Carol Yong

withdrawn from the process, as their requests had not been taken into account.

Is balanced participation required?

As can be seen above, the scheme does not require a balanced participation of social, economic and environmental representatives.

4   Certification process

Who does what?

Applications for certification must be made using the appropriate application form. The MTCC then assigns a certification body from the pool of registered independent certifiers.[120] The applicant may arrange an optional pre-audit visit prior to the main assessment. This visit has three functions: (I) to confirm that the client understands the certification requirements; (II) to confirm the scope of the proposed certification; and (III) to determine whether the FMU is ready for the main audit. The main audit is then carried out either in accordance with the requirements of the *MC&I for Forest Management Certification.*

Any cases of non-compliance with the *MC&I for Forest Management Certification* are met with written Corrective Action Requests (CARs) from the assessor to the client. Major CARs prevent the client from being certified, whereas minor CARs do not preclude the FMU from being certified. When corrective actions have been satisfactorily implemented the certification body will 'close out' the CAR.

A peer review panel, appointed by the MTCC, evaluates the audit report. This panel normally consists of two members, and is given up to ten working days from receipt of the assessment report to submit their findings. Once the assessment report has been reviewed a Certification Committee (established by the Board of Trustees of MTCC and composed of four members from each of the interested groups on the Board – i.e., industry, research or academic institutions, non-governmental organisations and government agencies) makes the final decision. When a decision has been taken by the Certification Committee, a certificate is issued. A summary of the audit report is made available by the MTCC for the general public.

Is stakeholder consultation required?

Yes, the certification itinerary must include time for consul-

tation with interested parties within the FMU, including, as appropriate: environmental and social organisations, local communities, local and national government officials; forestry departments, educational and research bodies, workers unions and trade representatives. Anecdotal evidence suggests, however, that consultation, even if claimed, does not always occur.

Monitoring

The validity of a certificate lasts five years. During this period, an FMU is subject to reassessments under surveillance visits that take place once every 6-12 months.

Complaints procedure

Following a recent decision of the MTCC Board, an appeal against the decision of the Certification Committee will be considered by the Appeals Committee, which consists of the four Board members not involved in the Certification Committee. However, there are insufficient details of the mechanism to provide any clarity about its workings

5   Transparency

Are summary reports available?

Summary certification reports are available on the MTCC website.

Are standards and procedures available?

The standards and procedures are freely available. The minutes and proceedings of National Steering Committee meetings and of the national and regional consultations are not, however, made freely available to all the stakeholders in the process, even upon request.

6   Label protection and chain of custody

Label use

Certified products will be packaged and labelled in accordance with the requirements of the MTCC certification scheme. chain of custody certified products will bear the MTCC logo. According to MTCC as of October 2003, there are 37 companies awarded the Certificate for chain-of-custody[121]. These companies are allowed to export MTCC-certified timber products using the MTCC logo. Up to the end of September 2003, a total of 6,869 cubic metre of MTCC-certified sawn timber has been exported to the

Netherlands, Germany, Belgium, the United Kingdom, Australia and France.[122]

Chain of custody procedures

The Malaysian requirements for chain-of-custody certification were finalised in November 2000. The MTCC website reveals that 37 companies from Peninsular Malaysia are chain of custody holders as of October 2003. MTCC chain-of-custody is based on

a   an input-output system, or
b   a minimum percentage system. The minimum percentage of certified material is 70% for solid wood products, and 30% for wood fibre based products.

Malaysia

Photo: BMF

Endnotes

1   Proforest: Assessing Forest Certification Schemes: A Practical Guide; December 2002; www.proforest.net/index3.htm

2   FERN; Forests of Fear; December 2001 at www.fern.org. Forests to Fight Poverty, Creating National Strategies; Edited by Ralph Schmidt, Joyce Berry and John Gordon; Yale University Press; New Haven & London 1999.

3   Rametsteiner, Ewald and Simula, Markku (2001); Forest certification, forging novel incentives for the environment and sustainable forest management; workshop in Brussels, September 2001.

4   Colchester, M., Sirait, M. & Wijardo B. (2003). "Obstacles and Possibilities". Implementation FSC's Principles No.2 and 3 In Indonesia. Discussion Document, January 29-31, 2003. Study Commissioned by AMAN and Walhi in cooperation with the Rainforest Foundation.

5   Report of the ad hoc intergovernmental panel on forests on its fourth session. E/CN.17/1997/12. 20 March 1997

6   Report of the ad hoc intergovernmental panel on forests on its fourth session. E/CN.17/1997/12. 20 March 1997.

7   The term credibility is a vague term. Bass and Simula 1999 have interpreted this term as multi-stakeholder support, transparency, reliability and accountability

8   These are: The African TimberOrganisation; Dry Forest Asia; Dry Zone Africa; Pan European Forest Process –Helsinki Process-; Tarapota Proposal; Near East Process; Montreal Process; Lepaterique Process; ITTO Criteria and Indicators.

9   COFO, fifteenth session 12-16 March 2001 Rome; Criteria and Indicators of Sustainable Forest management of All Types of Forests and Implications for Certification and Trade

10 EU Statement regarding agenda item 6: Crietria and Indicators of Sustainable Forest Management of All Types of Forests and Implications for Certification; 7 March 2001.

11 IFIR; Proposing an international mutual recognition framework. Report of working group on mutual recognition between credible sustainable management certification systems and standards; February 2001. www.sfms.com/pdfs/ifirframework.pdf.

12 WT/CTE/8, 11 July 2003

13 http://wbln0018.worldbank.org/Institutional/Manuals/OpManual.nsf/tocall/C972D5438F4D1FB78525672C007D077A?OpenDocument

14 The main problem is that the CSA allows applicant companies to control the development of the local certification standard (i.e. the indicators and targets against which performance is measured) used for their own audit – although with broad stakeholder input via a public participation process. Although these processes are often consensus based, they still give the company a large say in setting its own targets.

15 Seven of the eight core labour standards adopted by PEFC are ILO Conventions : Right to Organize and Collective Bargaining Convention, 1949 (No. 98) ; Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87); Right to Organize and Collective Bargaining Convention, 1949 (No. 98); Forced Labour Convention, 1930 (No. 29); Abolition of Forced Labour Convention, 1957 (No. 105); Discrimination (Employment and Occupation) Convention, 1958 (No. 111); Equal Remuneration Convention, 1951 (No. 100); Minimum Age Convention, 1973 (No. 138)

16 The company Gunns Ltd has been certified under the AFS. A summary report has not (yet?) been made available.

17 www.forestrystandard.org.au/where.html

18 The main problem is that the CSA allows applicant companies to control the development of the local certification standard (i.e. the indicators and targets against which performance is measured) used for their own audit – although with broad stakeholder input via a public participation process. Although these processes are often consensus based, they still give the company a large say in setting its own targets.

19 G/TBT/W/196 March 2002

20 FERN; Ecolabelling, forest certification and the WTO; July 2003. Available at www.fern.org

21 Vitalis, ibid and Guy Salmon, Voluntary Sustainability Standards and Labels: the case for fostering them; Round Table on Sustainable Development, December 2002.

22 US/Shrimp Turtle, Recourse to Article 21.5 of the DSU by Malaysia, AB Report, 22 October 2001, WT/DS58/AB/RW

23 Vitalis, ibid and Salmon. Ibid

24 This agreement concerns the application of sanitary and phytosanitary measures – in other words food safety and animal and plant health regulations. The agreement recognises that governments have the right to take sanitary and phytosanitary measures but that they should be applied only to the extent necessary to protect human, animal or plant life or health and should not arbitrarily or unjustifiably discriminate between Members where identical or similar conditions prevail.

25 Within the WTO it is the TBT Committee that would have to give any interpretation of (voluntary) environmental labelling programmes and their legitimacy under WTO rules. The TBT Agreement applies in principle to both mandatory and voluntary product-labelling standards, including in principle labelling standards developed by non-state actors. Although the TBT Agreement itself does not specifically apply to non-state actors, Article 4 states that "*members* (i.e. governments) *shall take such reasonable measures as may be available to them to ensure that local governments and non-governmental standardizing bodies within their territories…. accept and comply with this* (i.e. the TBT) *Code of Good Practice".* Furthermore the Title of Article 3 of the TBT reads: *Preparation, Adoption and Application of Technical Regulations by Local Government Bodies and Non Governmental Bodies.* This assumes that when dealing with Technical Regulations, which are by definition mandatory, non-state actors would have to apply to TBT rules. It should be noted that the TBT Code of Good Practice for the preparation, adoption and application of standards is open to any standardizing body; hence, also for non-governmental bodies.

26 WT/CTE/8, 11 July 2003

27 ISO/IEC (1994). Code of Good Practice for standardization, Guide 59, clause 6.1.

28 ITTO; ITTO International workshop on comparability and equivalence of forest certification schemes. Kuala Lumpur 3 to 4 April 2002. Forest Certification: Pending challenges for tropical timber

29 SGS Global Trade Solutions (2003) "Legal Origin of Timber as a Step Towards Sustainable Forest Management", Final Draft, September 2002 – June 2003, World Bank/WWF Alliance, p. 2.

30 SGS Global Trade Solutions (2003) p. 9. Ibid

31 Dennis P. Dykstra et all; Technologies for wood tracking: verification and monitoring the chain of custody and legal compliance in the timber industry. Washington DC: Environment and Social development East Asia and Pacific Region Discussion Paper; World Bank Environment Department. Discussion Paper. Draft, December 2002

32 In the case of CSA the targets set for the audit are still influenced by the forestry company. Some would therefore argue that certification is unduly influenced by the forestry industry.

33 Canadian Sustainable Forestry Certification Coalition website, www.sfms.com/

34 Canadian Sustainable Forestry Certification Bulletin; December 2002. Available at www.sfms.com

35 CAN/CSA-2809-02, section 0.4

36 CAN/CSA-2809

37 Stefan Janhager, Standards Council of Canada, personal communication with Sierra Club Canada., Dec. 2, 2003.

38 In July 2001 three environmental organisations in Alberta (Albertans for a Wild Chinchaga, Canadian Parks and Wilderness Society – Edmonton Chapter and the Alberta Wilderness Association) registered complaints with QMI (in reference to Weldwood's Hinton SFM certificate) and KPMG (in reference to Canfor's Grande Prairie certificate). In both cases the complainants alleged that the measures described in the management plan were insufficient to adequately address a number of goals, including

protecting rare ecological sites, maintaining sufficient habitat for woodland caribou and conserving soil and water resources. In responding to the complaints neither QMI nor KPMG addressed the substance of the complaints. Instead, QMI responded that the public participation process requirements had been met, that "over 250 letters of invitation" had been sent, and that the complainants had had the opportunity to participate but had chosen not to. QMI proposed that the issues raised in the complaint be referred to Weldwood's public advisory group. KPMG responded that the public involvement process met all of the standard's requirements, and that KPMG agreed with Canfor that the specific objectives in the plan were "reasonable in the circumstances", without explaining why (or what circumstances were being referred to), acknowledging only that SFM is "not an exact science".

39   Frequently asked questions; www.fscoax.org; November 2003

40   "About FSC", FSC UK web-site accessed 27 October 2003 http://www.fsc-uk.info/about.asp.

41   http://www.fscoax.org/html/5-3-3.html),

42   Nonetheless in close co-operation with FSC members of the environmental chamber the FSC board representative, representing Northern environmental NGOs has phasing out of certifier's standards as a top priority for the FSC.

43   Available at http://www.fscoax.org/principal.htm

44   Despite these thorough requirements, in at least one instance problems have arisen: NGOs have complained that economic interests dominated the Irish standard setting process.

45   There is however at least one case where this has not happened and the interim standard was not produced till after the certification was approved.

46   http://www.fscoax.org/principal.htm

47   Options for revision of FSC Policy on chain of custody and labelling for assembled products. Reference code FSC-DIS-40-003

48   FSC chain of custody standard for sawn wood products, Annex 2

49   These are called national governing bodies. According to the PEFC statutes: The national forest owner's organisations or national forestry sector organisations having the support of the major forest owners' associations are responsible for inviting national organisations representing relevant interested parties to constitute a national governing body.

50   Finland, Norway, Germany, Austria, Sweden, Czech Republic, France, Spain,Switzerland, Latvia, UK, Belgium, Italy.

51   CSA in Canada, SFI in US, MTCC in Malaysia, CERFLOR in Brazil. The Chilean Certfor and the Australian AFS are currently being assessed by the PEFC.

52   'About the PEFC' at www.pefc.org, accessed February 2001.

53   The PEFC Council has commented in its response to FERN on the draft report that this information is incorrect. Apparently more national schemes certify at FMU level. However no more information was provide on which schemes. FERN was not able to find this information on the PEFC website.

54   The size of forest management certificates issued under the PEFC umbrella vary from 0.2 hectare to 158,000 hectare (individual forest management certificate holder); 3,000 hectares to 235,000 hectares (group forest management certificate holder) and 13,376 hectares to 6,590,000 hectares (regional fort management certificate holder).

55   Seven of the eight core labour standards adopted by PEFC are ILO Conventions : Right to Organize and Collective Bargaining Convention, 1949 (No. 98) ; Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87); Right to Organize and Collective Bargaining Convention, 1949 (No. 98); Forced Labour Convention, 1930 (No. 29); Abolition of Forced Labour Convention, 1957 (No. 105); Discrimination (Employment and Occupation) Convention, 1958 (No. 111); Equal Remuneration Convention, 1951 (No. 100); Minimum Age Convention, 1973 (No. 138)

56   "or national forestry sector organisations having the support of the major forest owners' organisations in that country" Annex 2 Technical Document, www.pefc.org, November 2003

57   ISO Guide 62,65 and 66.

58   Although here NGOs complained the summary reports did not contain sufficient information.

59   PEFC Council comments on draft FERN report, January 2004 version.

60   AF&PA. 2003. SFI Program Participants That Have Completed 3rd Party Certification. SFI webpage, www.afandpa.org, July, 2003. American Forest & Paper Assn., Washington, DC, USA.

61   KPMG. 2001. Final Audit Report: AF&PA SFI Program Third Party Verification Audit of Sierra Pacific Industries. August 17, 2001. KPMG, Vancouver, BC.

62   NRDC. 2001. Behind the Logo: An Assessment of the Sustainable Forestry Initiative in Comparison With the Forest Stewardship Council in the USA. Natural Resources Defense Council, San Francisco, CA, USA. Available at www.fern.org.

63   NRDC (2001). The ERP was selected by the AF&PA to advise the AF&PA and SFI, and to review companies' reports to the system. The ERP does not have management or decision authority within the SFI system.

64   The AF&PA SFI's requirements for the certification process are contained in the 2002 - 2004 SFI "Verification/Certification Principles and Procedures" and the 2002 - 2004 SFI Standard, in AF&PA & SFB (2002).

65   It is unclear when, if ever, the SFI requires "field" evaluations for most of a company's on-the-ground forest management practices and outcomes. The "Verification/Certification Principles and Procedures" do state that certifiers are to establish that companies' "…on-the-ground activities conform or comply with the [SFI Standard]." However, the SFI standards explicitly require field evaluations for only a few specific performance measures and indicators – implying that field evaluations may not be required for the other standards.

66   The "Verification/Certification Principles and Procedures" state that companies may not be certified until "major non-conformances" with the SFI standards have been corrected, and a plan for correcting any "minor non-conformances" has been established. However, major non-conformances are defined as failures to comply with the objectives and performance measures of the SFI standards. Most of the SFI objectives and performance measures do not require specific on-the-ground forest management practices or outcomes – raising the question of whether major non-conformances are likely to be found.

67   The chair of California's committee, for example, is reportedly an employee of Sierra Pacific Industries.i

68   NRDC. 2001. Behind the Logo: An Assessment of the Sustainable Forestry Initiative in Comparison With the Forest Stewardship Council in the USA. Natural Resources Defense Council, San Francisco, CA, USA. Available at www.fern.org.

69   American Lands Alliance reviewed one report which was a mere 6 pages long, and which failed to provide: a basic description of the natural resources found on the company's lands, a discussion of the company's performance relative to each SFI indicator, and timelines and requirements for each of the company's 12 minor nonconformances to be addressed. This report also failed to adequately address one of the most serious silvicultural and ecological problems occurring on some of the company's land.

70   Based on AF&PA Guidance Document on Wood Flow Accounting & Legality, May 2003; SFI Program On Product Label 09/15/03; Summary of Procurement System Requirements, SFI Program Standard 09/15/03.

71   http://www.forestrystandard.org.au/paper01.html – accessed by the researcher 19/11/03

72   Personal communication Mark Edwards, AFS Ltd, 30 January 2004

73   Including WWF, West Australian Forest Alliance,Friends of the Earth, Conservation Council, Native Forest Network etc.

74   Communication between Mark Edwards from AFS Ltd. and Tim Cadman, 15 December 2003

75   http://www.forestrystandard.org.au/paper05.html

76   http://www.forestrystandard.org.au/paper05.html

77   http://www.forestrystandard.org.au/paper05.html

78   http://www.forestrystandard.org.au/paper10.html

79   Final draft Australian Forestry Standard Page 171 of 207

80   "All stages of the certification process should be transparent. This includes the development of certification standards, criteria and principles, the operations of accreditation and certification bodies, and the non-commercial results of certification in forms that are accessible and meaningful" Dr Hans Drielsma, http://www.forestrystandard.org.au/paper1.html – accessed 19/11/03

81   http://www.forestrystandard.org.au/publications/pdf/draft3_Chain of Custody_standard_180803.pdf (accessed 19/11/03)

82   May, Peter H. (2002) Forest Certification in Brazil: Trade and Environmental Enhancement. Consumer Choice Council

83   NBR 14789 Forest Management –principles, criteria and indicators for planted forests.

84   Notably criteria 3.5. and 3.6

85   Greenpeace (2002), Certificacao Florestal; Cerflor Empresa e governo tem credibilidade para realizar ceertificacao florestal?

86   NIT-DICOR-053 Criteria for accreditation of organisms for forest management certification according to NBR 14789

87   NBR 14791 Guidelines for Forest Audits (GFA) – general principles, and NBR 14792 GFA – audit procedures – auditing forest management.

88   NBR 14793 GFA – audit procedures – qualifications criteria for forest auditors

89   NIT-DICOR-053

90   Are detailed in NBR 14790

91   A comparative Analysis of the Programs CertforChile and the FSC; EcoNativa, December 2002.

92   http://www.certfor.org/ingles/certfor.htm

93   www.certforchile.cl/english/i_q_somos.htm

94   http://www.certfor.org/ingles/certfor.htm

95   Certification Watch Conference http://www.certfor.org/documentos/FCW_AC.pdf

96   http://www.certfor.org/archivos/Sistema/certificados.htm

97   http://www.pefc.org/internet/html/members_schemes/4_1120_59/5_1246_309/5_1123_729.htm

98   Forest certification Watch Conference http://www.certfor.org/documentos/FCW_AC.pdf

99   Although the standard specifies that plantations will not replace native forests (2.1.3), big areas of second growth forests and open forest that are not economically viable can be replaced by plantations

100 PEFC council minimum requirement checklist http://www.pefc.org/internet/resources/_Toc3412738

101 http://www.certfor.org/faq.htm

102 Procedimiento de la realixación del proceso de consulta publica http://www.pefc.org/internet/resources/4_1334_686_file.597.doc

103 http://www.certfor.org/faq.htm

104 http://www.certfor.org/archivos/Sistema/certificados.htm.

105 http://www.certfor.org/documentos/Chilean_Standard.pdf

106 El proceso de certificación de Arauco http://www.certfor.org/archivos/Sistema/certificados.htm#P

107 Chain of Custody Standard and Checklist http://www.pefc.org/internet/resources/5_1185_747_file.581.doc

108 PEFC council minimum requirement checklist http://www.pefc.org/internet/resources/_Toc34127386

109 MTCC Annual report 2002

110 NTCC(1999) Leaflet "Conservation, management and utilisation".

111 Lim 2002 Quoted by Yong, Carol (2002). The Malaysian Timber Certification Scheme and the FSC, Case Study 8: Malaysia in 'Trading in

Credibility: The Myth and reality of the Forest Stewardship Council (The Rainforest Foundation). 2002:125.

112 Sandom, James and Simula, Markku, Assessment of Compaticbility of Malaysian Criteria and Indicators for Forest Certification with FSC Requirements (National Timber Certification Council, Malaysia, April 19, 2001 (draft). Page 31.

113 Sandom & Simula 2001:19 Ibid.

114 Sandom & Simula 2001:27. Ibid

115 MC&I 6.1 and 6.2, version 2001.

116 As shown in the second column – activities of MC&I, 2001

117 For Criterion 5.2 – on the subject of environmentally sensitive areas – there is no performance-based standard tabled at all for Sabah and Sarawak. And this is also the case for Criterion 4.2, on forest areas reserved for conservation purposes, in which only Peninsular Malaysia is given a figure of 5%, while Sabah and Sarawak have no such requirement. For Criterion 4.1, 'Existence and implementation of procedures to identify endangered, rare and threatened species of forces flora and fauna', the criterion for Sarawak is listed as 'Procedures for pre-felling inventory' without any specifications. Similar cases exist for Criterion 4.3, 'Procedures for the assessment of yield plots and long-term ecological research plots' and Criterion 5.4, 'Procedures for identifying and demarcating sensitive areas for the protection of soil and water'. Also, in Criteria 5.1 and 5.3 on the protection of soil and water and on buffer strips, the Standards of Performance for Sarawak are listed as the General Harvest Plan and the Detailed Harvesting Plan.

118 Ng, Ginny, Tong, Pei Sin & Lim, Hin Fui (2002), Environment and Social Components in Forest certification: Thorny Issues in Malaysia? (WWF Malaysia, Malaysian Nature Society, Forest Research Institute Malaysia)

119 Those present included WWFM, MNS, a woodworkers union, a consumer association, a national woman organisation, a rotary club, an environ-mental protection association and three indigenous organisations, namely Persatuan Murut Sabah, Kadazandusun Cultural Association (both newcomers) and Sarawak Dayak Iban Association

120 Eight certifiers are registered as assessors for forest management: Saytech (Sarawak) Sdn. Bhd., Gaya Tunas Sdn. Bhd., Chemsain Konsultant Sdn. Bhd., SGS (Malaysia) Sdn. Bhd., TropBio Forest Sdn. Bhd., Sirim QAS Sdn. Bhd., Forest Research Institute Malaysia (FRIM), and the Faculty of Forestry at the University Putra Malaysia (MTCC website as of August 2003).

121 Press release dated 31 October 2003

122 Comments by MTCC on 'A report on the Malaysian Timber Certification Scheme, November 2003 by Wong Meng Chuo, IDEAL