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GENEVA TIMBER AND FOREST DISCUSSION PAPERS

FOREST CERTIFICATION UPDATE FOR THE UNECE REGION, SUMMER 2002

By

Ms. Jenni Raunetsalo, Dr. Heikki Juslin, Dr. Eric Hansen and Mr. Keith Forsyth

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United Nations Economic Commission for Europe
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Timber Section,
Geneva, Switzerland

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Note

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

Abstract

"Forest Certification Update for the UNECE Region, Summer 2002" is the fifth in series of *Geneva Timber and Forest Discussion Papers* to present developments in certification of sustainable forest management in the UNECE region of Europe, North America and the Commonwealth of Independent States. This update from summer 2002 has chapters on developments in the major international certification systems, mutual recognition between systems, preconditions and drivers for forest certification, status of forest certification, status of the marketplace for certified forest products, future developments and a list of references.

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The objective of the Discussion Papers is to make available to a wider audience work carried out, usually by national experts, in the course of UNECE/FAO activities. They do not represent the final official output of the activity, but rather a contribution which because of its subject matter, or quality, or for other reasons, deserves to be disseminated more widely than the restricted official circles from whose work it emerged, or which is not suitable (e.g. because of technical content, narrow focus, specialised audience) for distribution in the UNECE/FAO *Timber and Forest Study Paper* series.

In all cases, the author(s) of the discussion paper are identified, and the paper is solely their responsibility. The UNECE Timber Committee, the FAO European Forestry Commission, the governments of the authors' country and the UNECE/FAO secretariat, are neither responsible for the opinions expressed, nor the facts presented, nor the conclusions and recommendations in the discussion paper.

In the interests of economy, *Discussion Papers* are issued in the original language only. They are available on the Timber Committee website, http://www.unece.org/trade/timber, and upon request from the secretariat. They are distributed automatically to nominated forestry libraries and information centres in member countries. Those interested in receiving these *Discussion Papers* on the continuing basis should contact the secretariat.

Another objective of the *Discussion Papers* is to stimulate dialogue and contacts among specialists. Comments or questions should be sent to the secretariat, who will transmit them to the authors.

Preface by the secretariat

The area of certified forests in the world has grown considerably over the last year, reaching about 124 million hectares by mid-2002, of which over 90% is in the UNECE region composed of the Commonwealth of Independent States, Europe and North America. The certification landscape includes the vital marketplace link, and the necessary steps to ensure that certified wood products eventually achieve their goals. Like the certified forests, those markets demanding certified forest products are also currently within the UNECE region.

The UNECE Timber Committee (TC) has a mandate to follow the market developments for certified forest products and the FAO European Forestry Commission (EFC) follows the developments in certification of sustainable forest management. This paper updates the developments in the region.

In 2001, in order to provide more comprehensive information, the TC and EFC formed an informal network of country correspondents on certified forest products markets and certification of sustainable forest management, mainly to provide information for this publication. The secretariat sent requests to heads of delegations to the TC and EFC and 39 of 55 countries nominated correspondents. In April 2002 the secretariat sent a request for information (annexed) to the nominated correspondents, the results of which provided part of the basis for this paper. More information on the survey is contained in the “approach” section.

The Committee holds a discussion on certified forest products at its annual Forest Products Market Discussions. In preparation for that discussion, the *Forest Products Annual Market Review*, an issue of the *Timber Bulletin*, now has a regular chapter on certified forest products markets. Partial results from the survey described above were used for the chapter. Also in preparation for the market discussions, member countries submit market reports which include a section on certified forest products markets. The reports received in electronic format may be found on the Committee’s website at the address below. Following the Timber Committee Session a press release is issued which contains a section on certified forest products markets. The press release is also on the website. The Market Information Service on the Committee’s website has a site devoted to certified forest products. Reactions from readers, feedback from the Committee and the Commission and hits on the website indicate that this series of *Discussion Papers* on certification is providing a comprehensive and neutral source of information on the developments in this market sector.

The secretariat would like to thank the authors, Ms. Jenni Raunetsalo[1], Dr. Heikki Juslin[2] Dr. Eric Hansen,[3] and Mr. Keith Forsyth[4] for conducting the survey, gathering additional current information and writing this update of the many certification initiatives in the ECE region. This *Discussion Paper* is not meant to be an all-inclusive source of information on certification. For example, information in their four previous *Discussion Papers*, i.e. *The Status of Forest Certification in the ECE Region* (1998), *Forest Certification Update for the ECE Region, Summer 1999, Forest Certification Update for the ECE Region, Summer 2000* and *Forest Certification Update for the ECE Region, Summer 2001* is not repeated (these former papers may be found on the Timber Committee website). Rather the authors report developments which have occurred since their last paper. It was through their generosity, and that of their employers, that we are able to continue to discuss and publish current, objective information regarding the status of certification of sustainable forest management and their impacts on forest products markets.

Your comments on this update will be referred to the authors. Likewise information for future updates would also be welcome.

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LIST OF ABBREVIATIONS

AF&PA	American Forest and Paper Association
AFTS	American Tree Farm System
CEPI	Confederation of European Paper Industries
C-O-C	Chain-of-custody
CSA	Canadian Standards Association
CFSCC	Canadian Sustainable Forestry Certification Coalition
CTF	SFI Canadian Review and Interpretation Task Force
EC	European Commission
EFC	FAO European Forestry Commission
EFI	European Forest Institute
ENGO	Environmental non-governmental organisation
FAO	Food and Agriculture Organisation of the United Nations
FSC	Forest Stewardship Council
GFTN	Global Forest and Trade Network
GTZ	German Technical Cooperation (Deutsche Gesellschaft für Technische Zusammenarbeit)
IFIR	International Forest Industry Roundtable
ITTO	International Tropical Timber Organisation
SFB	Sustainable Forestry Board
SFI	Sustainable Forestry Initiative
SFM	Sustainable forest management
SSR	National Association of the Swedish Sami (Svenska Samernas Riksförbundet)
TC	UNECE Timber Committee
PEFC	Pan European Forest Certification
PEFCC	Pan European Forest Certification Council
UNECE	United Nations Economic Commission for Europe
WWF	World Wide Fund for Nature

HIGHLIGHTS

- In the United Nations Economic Commission for Europe (UNECE) region[5], third-party certified forest area is currently 23.5 million hectares for the Forest Stewardship Council (FSC), 43.1 million hectares for the Pan European Forest Certification Scheme (PEFC), 32.5 million hectares for the Sustainable Forestry Initiative (SFI) and 8.8 million hectares for the Canadian Standards Association (CSA). Recently the American Tree Farm System has started third-party audits and now represents 10.5 million hectares. In addition, there are several national certification initiatives in the UNECE region, which will eventually be endorsed by the major international schemes.

- SFI saw a 162% increase of certified forest area in the United States and Canada since mid-2001. SFI has developed an on-product label, but thus far has chosen not to release it for use in the marketplace.

- In July 2001 CSA introduced its chain-of-custody process which is available for a wide range of forest products.

- FSC continues to be a dominant system in the marketplace with over 1500 companies in the UNECE region having FSC chain-of-custody certificates. FSC has also developed group certification for small businesses and is developing chain-of-custody certification for single, large organisations. The headquarters of FSC is moving from Mexico to Germany.

- The number of PEFC chain-of-custody certificates was 142 in six countries, and the number of PEFC logo users 3,743 of which over 90% were in Germany.

- Several attempts have been made in the past towards mutual recognition of the different schemes. However conflicts between the supporters of different schemes still exist.

- UNECE region country correspondents considered that prerequisites for forest certification are least well met in terms of domestic demand and benefits versus costs.

- Environmental groups, foreign industrial customers and foreign retailers are seen to have the most positive attitude towards forest certification. Foreign stakeholder groups are considered to have a more positive attitude than domestic ones.

- Forest owner attitudes are considered to be driven by improved market access and the importance of environmental image.

- Forest industry and industrial customer attitudes are considered to be driven by market access.

- Environmental groups and foreign retailers are perceived to be the strongest supporters of FSC while forest owners and forest industry are the strongest supporters of PEFC.

- Forest certification is considered to be driven by both market reasons and ENGO pressure.

- Company image enhancement and competitive advantage were seen as the most important drivers of demand for certified forest products.

- Lack of premiums and limited demand are seen as the most important factors constraining market development of certified forest products.

- Demand for certified forest products is created by all the major schemes but remains FSC driven.

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[5] Commonwealth of Independent States, Europe and North America.

- The Global Forest and Trade Network remains an important creator of demand for certified forest products.

- The SFI system has seen the largest growth during the past year with respect to third-party certified forestland.
- FSC saw the most development with respect to certified forest area in Estonia, Canada, Latvia, and in the United States during the past year.
- PEFC certified area increased the most in Austria, Germany and Norway. Latvia, Switzerland and France gained PEFC certified forestland for the first time during the past year.
- Environmental image has gained some importance as a driver of attitudes for forest owners.
- Correspondents felt that lack of supply would be less limiting to market development for certified forest products in the future: the amount of certified forest products on the marketplace is rising.
- Certified forest product demand was driven more by all the major schemes although FSC-driven demand was rated lower than last year.
- The Global Forest and Trade Network has grown from the previous year by the addition of four new country groups.

Chapter 1 – INTRODUCTION

This *Geneva Timber and Forest Discussion Paper* (DP) builds on four previous Discussion Papers (Hansen & Juslin, 1998, Hansen et al. 1999, Hansen et al. 2000, Vilhunen et al. 2001). It is designed to provide a summary of key certification developments during the period of August 2001 to July 2002. Starting last year, the DP was built on secondary data as well as on data collected from an informal network of country correspondents, which was formed by the UNECE Timber Committee and the FAO European Forestry Commission to provide a neutral source of information. This DP follows the same approach and assumes the reader is familiar with the content of previous DPs on certification. For information regarding previous DPs, see http://www.unece.org/trade/mis/cfp.htm.

The UNECE region covers the countries of Europe, the Commonwealth of Independent States and North America. The systems we cover include those of the American Forest and Paper Association's Sustainable Forestry Initiative (SFI), Canadian Standards Association (CSA), Forest Stewardship Council (FSC) and the Pan European Forest Certification System (PEFC). In this DP, the American Tree Farm System (AFTS) which recently started third-party audits in the United States is not covered. For this DP, like for the previous DP, we have not included information concerning the ISO 14001 environmental management system. In this DP we concentrate on systems specific to the forestry and wood products sector. However, ISO remains an attractive option for forest industry companies and many have chosen to use the system for both their forestry and production operations.

This DP focuses on three issues:

- development of the major systems
- progress of forest certification in the UNECE region
- status of the marketplace

DIAGRAM 1
Framework for the report

1) Status of the major systems (SFI, CSA, FSC, PEFC)

- External growth
- Internal progress

2) Progress of forest certification

- Existence of preconditions
- Development phase of the systems
- Expected future developments

3) Status of the marketplace

- Demand for CFPs
- Supply of CFPs

Chapter 2 – APPROACH

Diagram 1 provides a framework for the report and shows the topics covered and how they are related to each other.

The discussion is based both on secondary data and on primary information received from the informal network of country correspondents. The request for information (attached in the annex) on certified forest products markets and forest certification was sent in April 2002 to correspondents in 39 countries within the 55 country UNECE region. Unlike previous year, requests for information were not sent to FSC national initiative organisations, members of the Pan European Forest Certification Council (PEFCC), the CSA and SFI organisations or to the members of the Global Forest and Trade Network in the UNECE region. These organisations were covered by the survey for *Forest Products Annual Market Review 2000 – 2001* chapter on certified forest products marketplace[6].

The informal network of correspondents on certified forest products and certification of sustainable forest management was created in the spring of 2001 by the UNECE Timber Committee (TC) and the FAO

[6] UNECE/FAO Forest Products Annual Market Review, Chapter 11 on certified forest products marketplace by Dr. Ewald Rametsteiner.

European Forestry Commission (EFC). The informal network of correspondents was built by asking each of the heads of the TC and EFC heads of delegations in the 55 countries in the UNECE region to nominate one or two correspondents. Most of the countries in the UNECE region chose to nominate a correspondent. This approach is designed to provide more consistent, independent and comprehensive information about the developments of certified forest products markets and forest certification in the UNECE region. Unfortunately no official statistics on certified forest products markets and forest certification exist because they are not currently recognised in customs classification codes.

By 11 June 2002, 30 correspondents had returned information about their country. The following countries contributed to this report by returning one or more requests for information. Furthermore, two correspondents, Macedonia and Cyprus, stated that forest certification is not relevant in their country.

We express our appreciation to all those country correspondents who replied in time to the survey.

- Austria
- Canada
- Croatia
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Hungary
- Italy
- Ireland
- Latvia
- Lithuania
- Malta
- The Netherlands
- Norway
- Poland
- Portugal
- Romania
- Russian Federation
- Slovenia
- Slovakia
- Sweden
- Switzerland
- Turkey
- Ukraine
- United Kingdom
- United States
- Yugoslavia

The following countries had nominated a correspondent but did not respond in time for this publication.

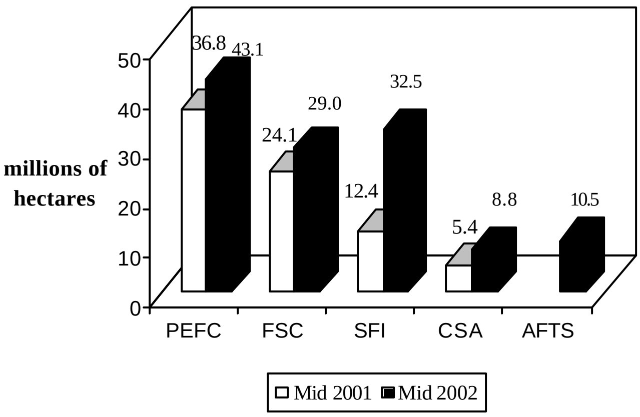
- Albania
- Belgium
- Greece
- Kyrgyzstan
- Liechtenstein
- Luxembourg
- Spain

Chapter 3 – STATUS OF THE MAJOR SYSTEMS AND MUTUAL RECOGNITION

3.1. Developments in the Major Systems

The area of forest certified according to FSC, PEFC, SFI and CSA has increased from approximately 78 million hectares to more than 113 million hectares during the past year. Recently the American Tree Farm System has started third-party audits and now represents 10.5 million hectares. The certified area in the PEFC system increased over the last year by approximately 17% to 43.1 million hectares. The area certified under the FSC system increased by approximately 20% to 29 million hectares. The certified forest area under the SFI system saw a 162% increase reaching almost 33 million hectares during the past year. Finally the area certified under the CSA system increased by nearly 63% to 8.8 million hectares. While all certification schemes experienced an increase in area, the growth rate over the past year was lower than the previous year, with the exception of the SFI scheme, which experienced higher growth.

GRAPH 1
Third-party certified forestland under the major systems, 2001 and 2002



Sources: Vilhunen et al., 2001; PEFC, 2002; FSC, 2002; SFI, 2002; CFSCC, 2002; American Tree Farm System, 2002.

3.1.1. American Forest and Paper Association's (AF&PA) Sustainable Forestry Initiative (SFI)

The SFI third-party certified forestland has grown significantly during the past year. Currently there are approximately 32.5 million hectares of SFI third-party certified forestland, the United States having 24.3 million hectares and Canada 8.2 million hectares (AF&PA, 2002).

In its seventh annual progress report SFI states that the SFI program saw considerable development during 2001. The most recognisable steps were the review and adoption of the 2002-2004 SFI Standard, and the formation of the independent Sustainable Forestry Board (SFB) (AF & PA, 2002).

The SFB was established in 2000 to manage the SFI standard, verification procedures and program compliance. In January 2002, the SFB became a separate corporation, the Sustainable Forestry Board Inc. The new structure has a 15-member Board, which has one third SFI Program Participants; one third conservation and environmental community interests, and one third broader forestry community representation (SFB, 2002).

Enhancements to the SFI Standard, Verification Procedures and Program Compliance documents from the year 2001 were made. In the summer of 2001, the SFB undertook an open review comment process where anyone who wished could have taken part through the SFB web-site. The changes made to the standard and certification procedure documents were effective from the beginning of 2002. Now the SFB has established a three-year review cycle and the next review will occur in 2004, with any resulting changes or enhancements taking effect on January 1, 2005 (SFB, 2002).

Changes to the SFI 2001 Standard and certification procedure documents concerned either operational procedures, such as building on a mutual recognition agreement with the American Tree Farm System, or program reach or intent, such as adding a sixth principle, legal compliance to the program or emphasising formally, social responsibility. In addition, many other specific changes concerning for example site productivity, environmental protection and continual improvement were made to the Standard and certification procedure documents (SFB, 2002).

Furthermore, a SFI Canadian Review and Interpretations Task Force (CTF) was established in March 2002 to ensure that the operating conditions, cultural differences, laws and regulations are taken into consideration when the SFI is applied in the Canadian context. The CTF plans to complete its work and make recommendations to the SFB in September 2002 (SFB, 2002).

During the past year the SFI did a lot of groundwork for the on-product labelling mark: "A Good Sign that

Somebody Cares[sm] which was registered legally in several countries during the past year (AF & PA, 2002). However there have been several delays in releasing the label for industry use.

3.1.2. Canadian Standards Association (CSA)

The CSA forest certification scheme is only in use in Canada. There are currently about 8.8 million hectares of CSA third-party certified forestland in Canada. According to the Forest Products Association of Canada, the Canadian forest industry projects that by 2005 there will be 33 million hectares of CSA third-party certified forestland (CFSCC, 2002).

Currently approximately 110 million hectares of the Canadian forestland is certified. The largest area of forestland, 108 million hectares, is certified according to the ISO 14001 Environmental Management System Standard. FSC has a share of approximately 974,000 hectares and SFI 8.2 million hectares. Some forests are certified according to several systems, for example to CSA and ISO, therefore the total area certified is less than the sums of the areas under each system (CFSCC, 2002).

CSA introduced in July 2001 a new chain-of-custody process called the Forest Products Marking Program. The CSA chain-of-custody certification is available for a wide range of forest products, from lumber and pulp and paper to specialty products such as maple syrup and Christmas trees. Canfor - Canadian Forest Products Ltd. became the first company, in September 2001, to have one of its sawmills certified under the CSA chain-of-custody standards (CSA, 2002).

The National SFM System Standard developed in 1996 was reviewed in 2000 and the revised certification standard has now been approved. A review of the Standard must occur every five years. For this review the CSA incorporated public organisation will provide input once again. The conservation representation was also strengthened on the SFM Technical Committee. It now includes representatives from Wildlife Habitat Canada, the Canadian Wildlife Federation, and the Ontario Federation of Anglers and Hunters. (CFSCC, 2002; Network of UNECE region country correspondents, 2002).

3.1.3. Forest Stewardship Council (FSC)

Forests certified by FSC-accredited certification bodies as of May 2002 totalled almost 29 million hectares in 56 countries. Of the total area 23.5 million hectares (81%) are in the UNECE region. Compared to the 24 million hectares certified in mid-2001, the area of FSC certified forest has increased by almost 5 million hectares.

The number of chain-of-custody certificates has grown significantly. There are currently over 2,000 companies with a FSC chain-of-custody certificate, an increase from 1,405 or 42% in a year. In the UNECE region 1,544 companies have FSC chain-of-custody certificates. The countries that have the largest number of companies with FSC chain-of-custody certificates are United States (457), United Kingdom (260), Germany (142), the Netherlands (123), and Poland (103). These countries account for over 50% of all FSC chain-of-custody certificates (FSC, 2002). The world-wide distribution of FSC certified forestland and the number of chain-of-custody certificates are presented in Table 1. The UNECE region countries that have the largest forest areas certified according to the FSC certification system are Sweden, Poland, United States, Estonia, United Kingdom and Canada.

TABLE 1
FSC-certified forestland and the number of chain-of-custody certificates, mid-2002

Region	Hectares certified	Number of chain-of-custody certificates
Sweden	10,130,310	91
Poland	4,013,160	103
United States	3,509,234	457
Estonia	1,063,517	3
UK	1,051,366	260
Canada	973,856	76
Other UNECE	2,793,383	554
Total UNECE region	**23,534,826**	**1,544**
Other countries	5,298,614	470
Total	**28,827,037**	**2,014**

Source: FSC, 2002

The world's first group chain-of-custody certification was awarded by the FSC in April 2002 in the United Kingdom to Independent Forestry Ltd, a group of small sawmills and timber merchants. Group certification is designed to provide cost-effective access to certification for small businesses. The FSC has also recently defined guidelines for the chain-of-custody certification of single, large organisations made up of multiple sites, branches, or production units (FSC, 2002).

At present there are 11 FSC accredited certification bodies and an additional 5 have applied for accreditation (FSC, 2002).

In April 2002 the Forest Leadership Forum was held in Atlanta, Georgia, USA and over 1000 participants joined the Forum organised by WWF-US, the Certified

Forest Products Council, and the Global Forest & Trade Network. The Forum was similar to previous WWF sponsored events in the UK and Germany. However, the Forum had a clear North American orientation and the major certification systems except PEFC were represented as exhibitors (FSC, 2002).

Key organisational changes are taking place in the FSC. In October 2001 the FSC announced a new Executive Director, Mr. Heiko Liedeker. The FSC headquarters will also be moving nearer its key markets in Europe. In March 2002 the Board of Directors of the FSC approved the FSC headquarters move from Oaxaca, Mexico to Bonn, Germany (FSC, 2002). In the United States, FSC-US Executive Director Hank Cauley announced his resignation as of end of July 2002. A search for a new Executive Director was started immediately (FSC-US, 2002).

3.1.4. Pan European Forest Certification Scheme (PEFC)

The PEFC Council (PEFCC) endorsed the first national PEFC schemes in May 2000. The number of endorsed national schemes in July 2002 was twelve, with a total area of 43.1 million hectares being certified according to the PEFC approved national standards. The most recent scheme endorsed by the PEFCC was the Spanish Forest Certification Scheme. The Belgian Forest Certification Scheme, the UK Certification Scheme for Sustainable Forest Management and the Swiss Q Label Holz Scheme have also been endorsed within the last year. Furthermore, PEFC Denmark has recently submitted its application for assessment of the Danish Forest Certification Scheme to the PEFC Council. Compared to the 37 million hectares certified in mid-2001, the PEFC certified forest area has increased by 6.1 million hectares. The schemes endorsed by PEFCC and the number of chain-of-custody certificates are shown in Table 2. In May 2002 the number of PEFC chain-of-custody certificates totalled 142 in six countries and the number of PEFC logo users was 3,734 (of which 93% were in Germany) (PEFC, 2002).

TABLE 2
The schemes endorsed by PEFCC and the number of chain-of-custody certificates, mid-2002

Schemes endorsed by PEFCC	Hectares certified	Number of chain-of-custody certificates
Finnish Forest Certification Scheme	21,910,000	50
Norwegian Living Forests Standards and Certification Scheme	9,352,000	2
German Forest Certification Scheme	5,584592	35
Austrian Forest Certification Scheme	3,924,000	39
Swedish Forest Certification Scheme	2,052,115	12
Swiss Q Label Holz Scheme	57,190	0
Latvian Forest Certification Scheme	7,000	0
Belgian Forest Certification Scheme	0	0
French Forest Certification	200,000	0
Czech Forest Certification Scheme	0	0
Spanish Forest Certification Scheme	0	0
UK Certification Scheme for SFM	0	0
TOTAL	**43,086,897**	**142**

Source: PEFC, 2002.

Independent consultants have recently audited the PEFC framework, made comparisons between PEFC and the other schemes and provided recommendations for the improvement of the PEFC scheme and procedures. The recommendations made by the consultants are currently under consideration. The PEFC Council members met in May 2002 for a workshop to facilitate discussion and consideration of the details of the proposals for changes to the PEFC scheme. The Board is now developing those further and the final proposals will be announced to the General Assembly in November 2002 (PEFC, 2002).

There are currently 18 members in the PEFC Council: PEFC Austria, Woodnet asbl (Belgium), CSA (Canada), PEFC Czech Republic, PEFC Finland, PEFC France, PEFC Germany e.V., PEFC Ireland, PEFC Italia (Italy), PEFC Latvia, PEFC Norway, Conselho da Fileira Florestal Portugesa (Portugal), PEFC España (Spain), Svenska PEFC (Sweden), HWK-Zertifizierungsstelle (Switzerland), PEFC UK Ltd, SFI and American Tree Farm System (United States). The PEFC Council has received three new applications for membership, from Australia, Chile and Estonia. In addition, there are 8 extraordinary members in the PEFC Council. The European Network of Forest

Entrepreneurs (ENFE) has recently applied for extraordinary membership (PEFC, 2002).

3.2. Mutual Recognition between Systems

3.2.1. More Conflict

Last year's DP reported several achievements and considerable efforts made by the different stakeholders towards mutual recognition. The conflicts continue, although the quarrel between the major systems has lost some intensity. Some see mutual recognition as important for the future of forest certification while others see competition between the certification systems as positive.

As reported in last year's DP, PEFC, CSA and SFI have been targeted several times by environmental non-governmental organisations (ENGOs). Some supporters of FSC appear unwilling to recognise other forest certification systems (Vilhunen et al., 2001).

A battle between some small private forest owners and indigenous Sami people in Northern Sweden has been going on for over a decade. In the fall of 2001 a report called "Land is Life: Traditional Sami Reindeer Grazing threatened in Northern Sweden" was published by Taiga Rescue Network which is an international network of NGO's, indigenous peoples and nations. The report was funded in part by Svenska Samernas Riksförbundet (SSR, the National Association of the Swedish Sami) and WWF and it claims that the PEFC standard does not respect indigenous peoples rights or interests (Borchert, N., 2002). In April 2002 WWF Sweden produced a report called "Behind the scenes - an analysis of PEFC in Sweden" which proposed that the PEFC system is not as credible as some other schemes (WWF-Sweden, 2002).

Logging in some Finnish state-owned and PEFC certified forests in north-eastern Finland is not acceptable to some ENGO's. This relates to the different views concerning old growth forests and has led to several demonstrations during the winter 2002. Some Finnish ENGO's, mainly Greenpeace and Finnish Nature League, aimed to halt logging in those forests. According to Greenpeace, clearcutting in those forests is once again an example of the weak ecological and social criteria of the PEFC (Greenpeace, 2002). WWF has also criticised logging in those forests. It claims that the PEFC certification system continues to present itself as industry-biased. (WWF, 2002)

The German private forest owners subjected the leading DIY-chain in Germany, OBI, to a demonstration in May 2002. According to forest owners OBI's wood policy favours FSC-certified wood. Some forest owners say that OBI discriminates against domestic wood use and favours imported raw material because most of the German certified area is certified by the PEFC standard. As a result of the demonstrations, OBI has agreed to meet with private forest owner representatives to find a solution to this issue (OBI, 2002; PEFC, 2002).

3.2.2. Cooperation

The mutual recognition framework undertaken by the International Forest Industry Roundtable (IFIR) in February 2001 is currently under an external review process to finalise the framework including the criteria (CSFCC, 2002). The PEFC mutual recognition program is also functioning and now 12 national standards have been endorsed by the PEFCC. (PEFC, 2002). In June 2001 the representatives of the SFI, The American Tree Farm System (AFTS) and the CSA became members of the PEFC Council (Vilhunen et al., 2001). Now the CSA and SFI standards are interested in pursuing PEFC endorsement (CSFCC, 2002; PEFC, 2002).

The European Commission (EC) hosted an international workshop on forest certification called "Forging Novel Incentives for Environment and Sustainable Forest Management" which was arranged by Indufor and the European Forest Institute (EFI) in Brussels in September 2001. The workshop was built on the results of the FAO-GTZ-ITTO seminar: "Building Confidence among Forest Certification Schemes and their Supporters" in Rome, February 2001, the CEPI Seminar on Mutual Recognition of Credible Forest Certification Systems in Brussels, November 2000 and the PEFC/EU Technical Seminar on the Requirements of Mutual Recognition between Sustainable Forest Management Certification Schemes in Brussels, June 2000. In the workshop the participants suggested that there is a need to have an agreed set of evaluation criteria to assess forest certification standards and systems (EFI, 2002).

The Confederation of European Paper Industries (CEPI) recently released a third edition of its forest certification comparative matrix. The idea of this update was to provide information on a continuous basis and to stimulate further debate on criteria for assessing the credibility of certification schemes. According to CEPI, there is a growing demand for comparative information on forest certification schemes from a wide range of stakeholders. Even though CEPI attempted to include the views of the broader range of stakeholders into this edition, CEPI reports that still more has to be done to accommodate the wide range of opinions expressed (CEPI, 2002).

There have been several non-partial attempts during the past year aiming to determine the differences among the major forest certification schemes. The Meridian Institute published a report in October 2001 that compares the FSC and SFI programmes. The AF & PA, FSC-U.S. and The Home Depot, home improvement retailer, commissioned the study. The report has succeeded in improving mutual understanding of the objectives of the forest certification systems in the United States (CFSCC, 2002).

In Sweden, a document called Forest Dove “Skogsdovan” was released in December 2001. The aim of the document was to break the deadlock in the discussion on certification in Sweden by highlighting the difference between the Swedish FSC and PEFC forest management standards. However, according to WWF the document is not connected to the international debate on mutual recognition between standards, but is rather a way forward to raise the standards of forest management. The document was produced by WWF Sweden, Swedish Nature Conservation Association, forest owners and forest industries (FSC, 2002; WWF-Sweden, 2002).

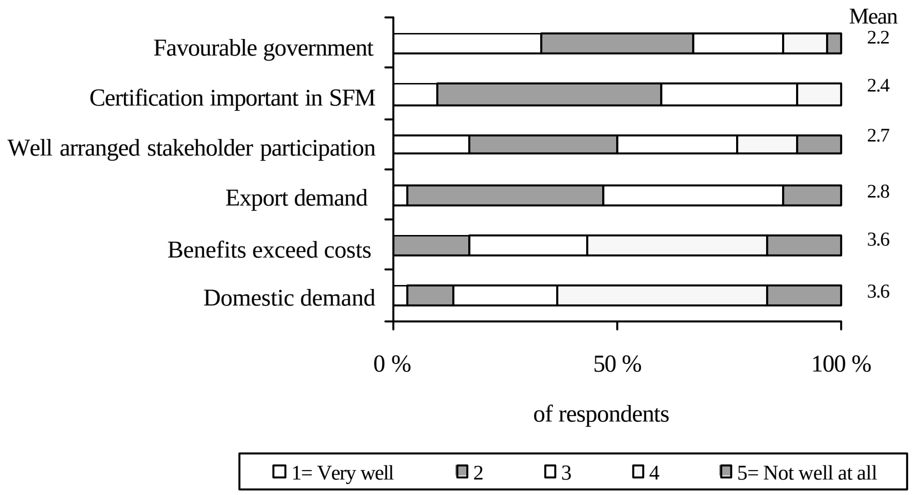
Chapter 4 – PRECONDITIONS AND DRIVERS FOR FOREST CERTIFICATION

Except where noted, the following results are based on responses from the informal network of country correspondents. The number of responses ranges from 23 to 30. Where comparisons between this year and the previous year are made, it must be noted that the responses from the previous year included data collected from the FSC national initiative organisations, the members of the Pan European Forest Certification Council, the CSA and SFI organisations and the members of the Global Forest and Trade Network. This year the requests for information were sent only to the network of country correspondents.

4.1. General Prerequisites

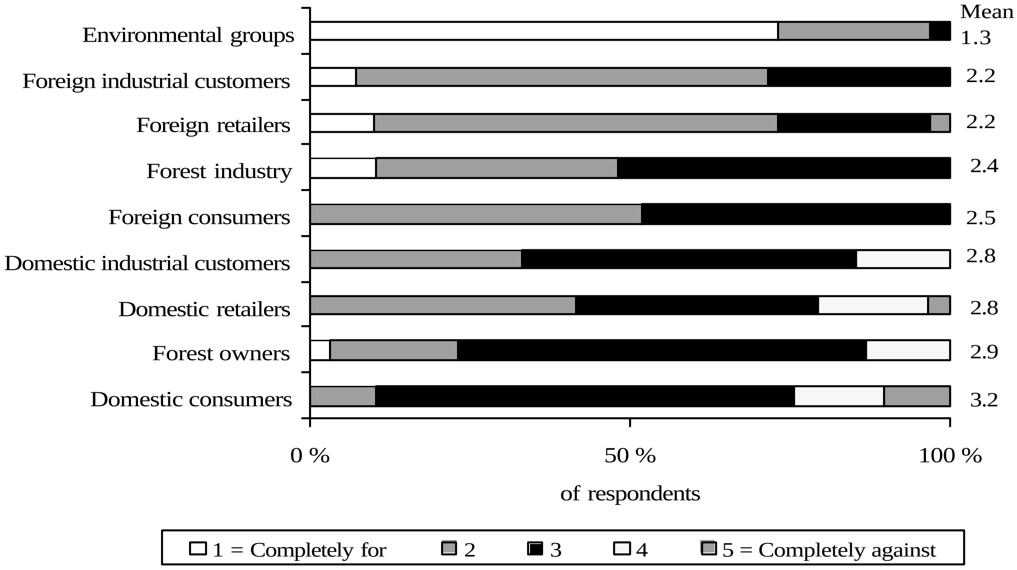
The correspondents were asked to reply on three market prerequisites (domestic demand, that benefits exceed costs and export demand); two institutional prerequisites (well-arranged stakeholder participation and certification important to SFM); and one political prerequisite (favourable government). Graph 2 represents the distribution of the responses in percentages and shows the average score.

GRAPH 2
How well the prerequisites for forest certification are met



Political and institutional prerequisites are perceived as having been met rather well, but very strong market prerequisites still do not exist. The majority of correspondents sees that governments are favourable towards certification, more than 60% of the correspondents feel that this prerequisite is either very well or quite well met. In sustainable forest management (SFM) forest certification is perceived to be rather important. The Graph shows that the responses to the well-arranged stakeholder participation vary, therefore it can be concluded that in some UNECE countries stakeholder participation is perceived as having been met very well, but in some other countries not well at all. Export demand is seen to exist quite well, however the correspondents feel that domestic demand does not yet exist. Some 60% of the correspondents indicated that the domestic demand prerequisite is not met well or not well at all. More than 50% of the correspondents feel that the benefits of forest certification are still smaller than the costs. Prerequisites seem to have changed very little from the last year.

GRAPH 3
General attitudes towards forest certification



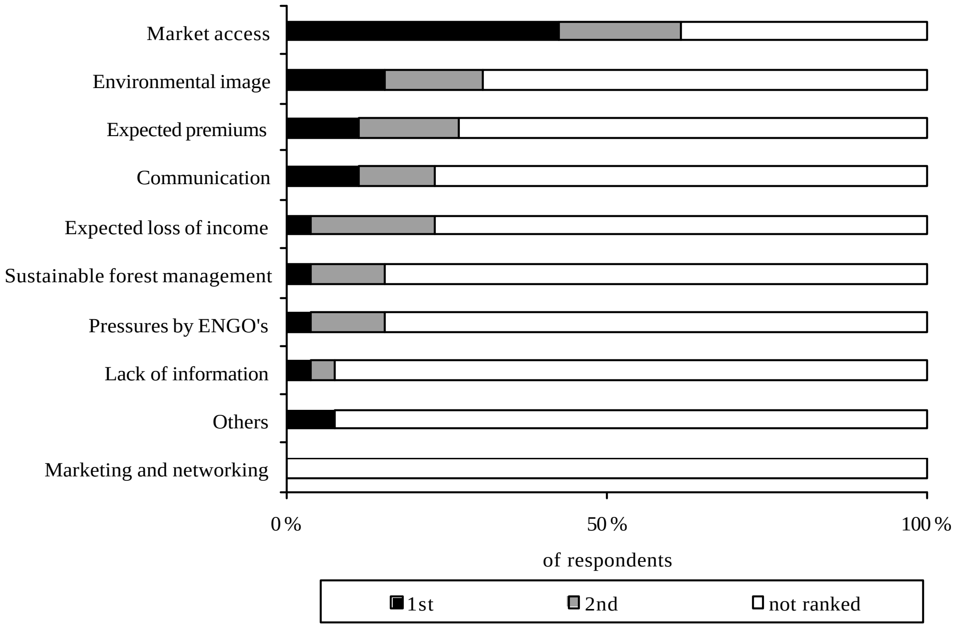
4.2. Stakeholder Attitudes

Attitudes towards forest certification were studied by asking about the general attitudes of the different stakeholder groups regardless of the system. Graph 3 illustrates the distribution of responses and shows the average score for each stakeholder group.

Environmental groups are seen to have the most positive attitude towards forest certification. Clearly, foreign stakeholder groups are seen to have a more positive attitude than domestic ones. Forest owners are seen to be neither against nor for forest certification while domestic consumers are largely seen as indifferent. However, only 10% of the correspondents consider that domestic consumers are completely against forest certification. It cannot be seen that any entire stakeholder group is against forest certification. The responses indicate that the general attitudes of the different stakeholder groups have not changed significantly during the past year.

Correspondents were also asked to mention two main drivers of attitudes for the three stakeholder groups: forest owners, forest industry and industrial customers. Correspondents' responses for the three main stakeholder groups are presented in Graphs 4, 5 and 6.

GRAPH 4
Main drivers of forest owner attitudes

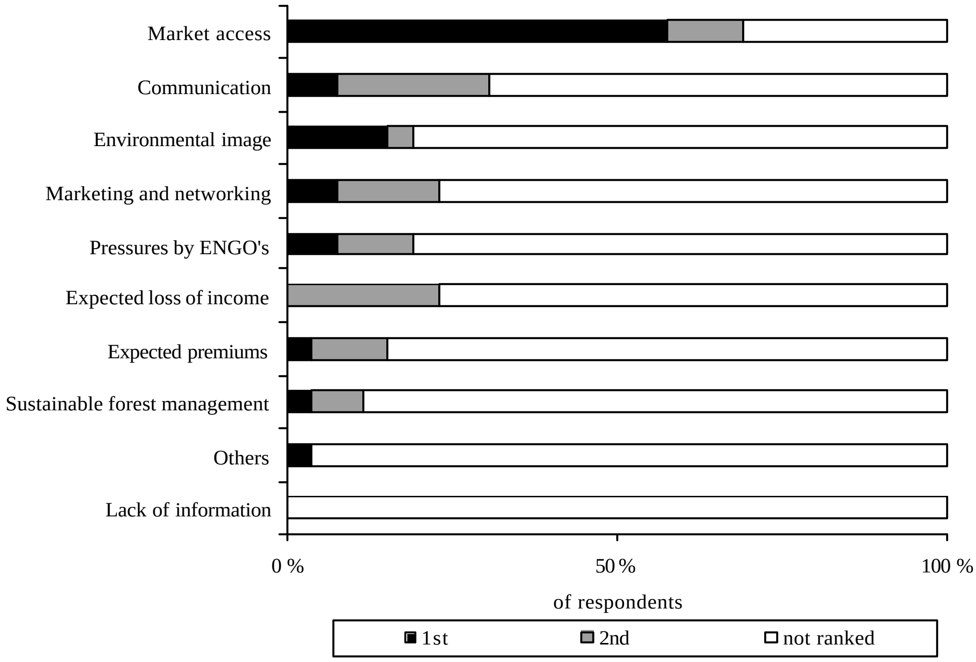


Forest owner attitudes (Graph 4) are considered to be driven by improved market access and importance of environmental image. Environmental image was not considered important last year - it was ranked the sixth most important driver. However, this year, it was ranked as the second most important driver of forest owner attitudes. Expected loss of income that last year ranked the second most important driver for forest owner attitudes was ranked the fifth most important driver this year. This suggests that environmental causes have risen in importance in forest owner attitudes. Last year more than 50% of correspondents stated that expected loss of income was either the most or the second most important driver of forest owner attitudes, while this year only approximately 25% of correspondents were of that opinion. Like last year, improved marketing and networking was considered to be the least significant.

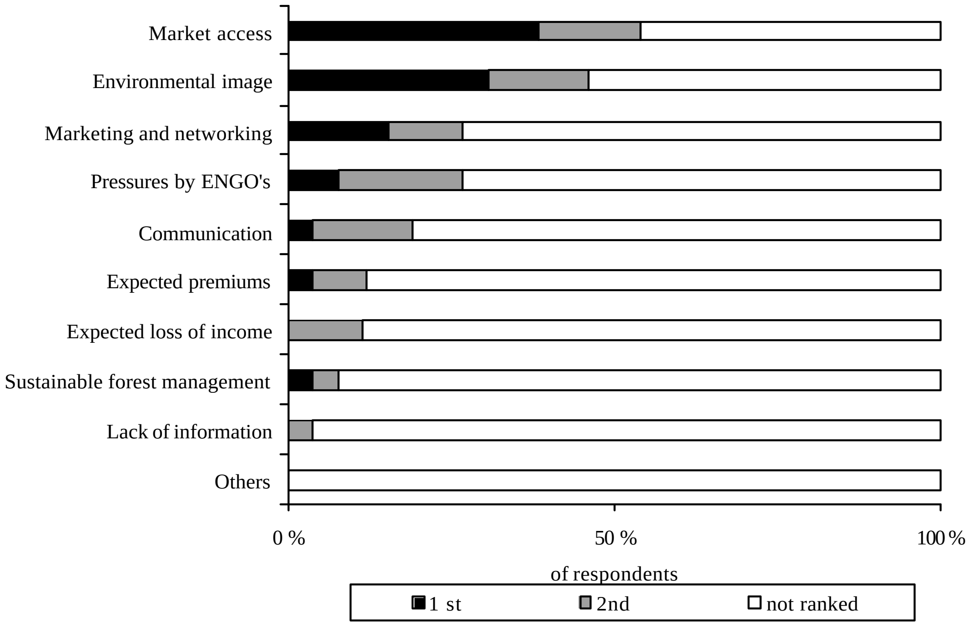
Forest industry attitudes (Graph 5) are also perceived to be driven by market access, which was ranked by more than 50% of the correspondents to be the most important driver of forest industry attitudes. Other marketing opportunities were also considered to be important by the forest industry. Environmental image has remained as an important driver of attitudes for the forest industry. Lack of information was considered to be the least significant, while the contribution of certification to sustainable forest management was also not seen as an important driver of attitudes.

The main drivers of industrial customer attitudes (Graph 6) were market access and importance of environmental image. The relative importance of the main drivers has changed, since last year environmental image was perceived to be the most important driver by more correspondents. The contribution of certification to sustainable forest management is not seen as an important driver of attitudes for industrial customers.

GRAPH 5
Main drivers of forest industry attitudes

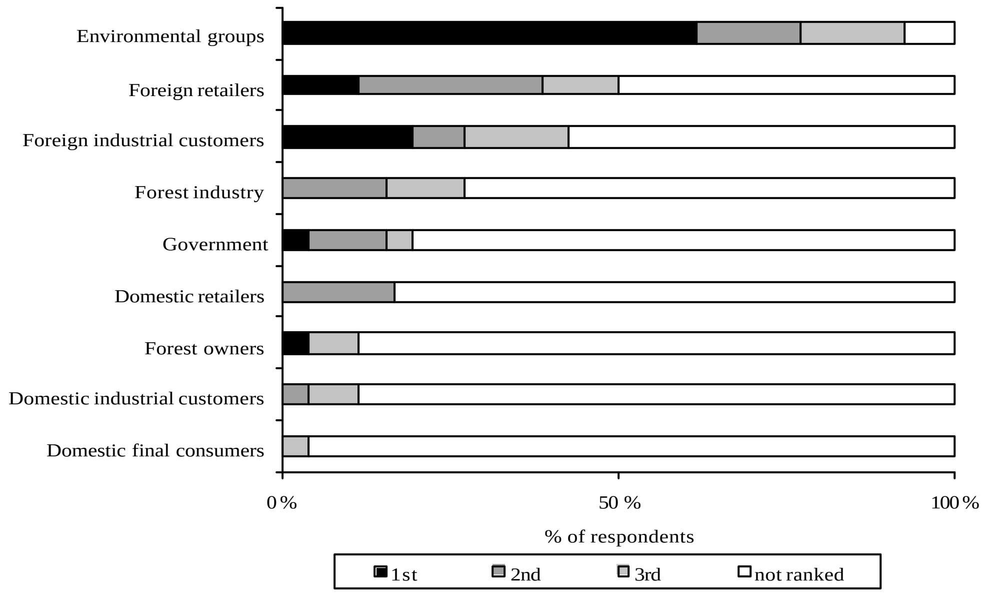


GRAPH 6
Main drivers of industrial customer attitudes

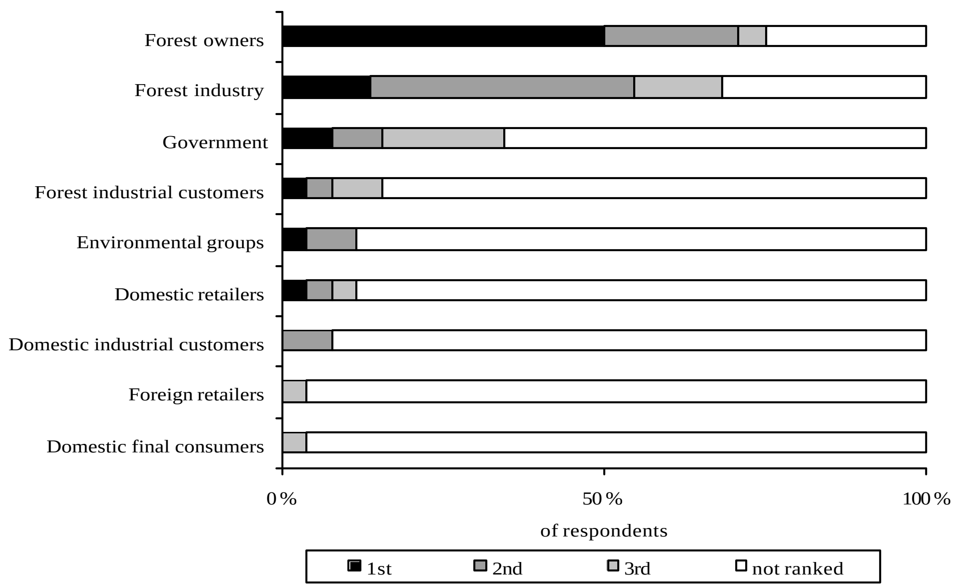


Correspondents were also asked which stakeholder groups are the strongest supporters of each of the major certification initiatives in their country. Graphs 7 and 8 represent what are perceived to be the strongest supporters for FSC and PEFC. As expected, environmental groups were perceived to be the strongest supporters of FSC. Approximately 90% of the correspondents ranked ENGOs as the strongest supporters of FSC. Generally, foreign stakeholder groups were seen as stronger supporters of FSC than domestic ones. Forest owners, as well as the forest industry were perceived to be the strongest supporters of PEFC. However, compared to the supporters of FSC, environmental groups were not seen as important supporters and neither was foreign retailers ranked by the correspondents to be supporting the PEFC. SFI's strongest supporter was mentioned to be the forest industry, followed by foreign retailers and forest owners. Domestic retailers and foreign industrial customers were also mentioned to support the SFI. For CSA the most important supporter was mentioned to be the forest industry, followed by foreign retailers and the government.

GRAPH 7
Strongest supporters of FSC in the UNECE region



GRAPH 8
Strongest supporters of PEFC in the UNECE region



4.3. Driving and Hindering Factors for Forest Certification

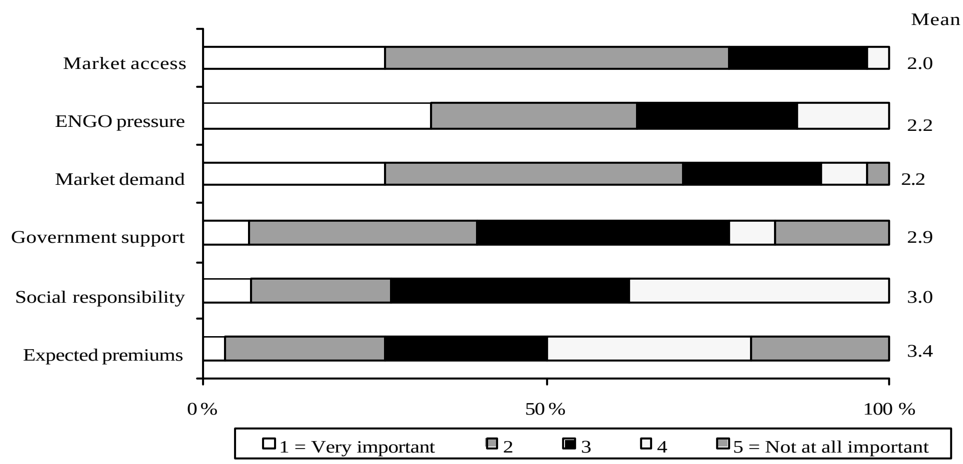
The drivers of forest certification were examined by asking correspondents how important they find six different factors in driving forest certification in their country. This differs from the earlier question, which handled the drivers of *stakeholder attitudes*. Drivers of forest certification at a country level are presented in Graph 9.

Market access was seen as the most important driver for forest certification, with pressure from the ENGO's ranked as the second most important factor. Correspondents also rated market demand as an important driver of forest certification. These results are similar to those from the last year.

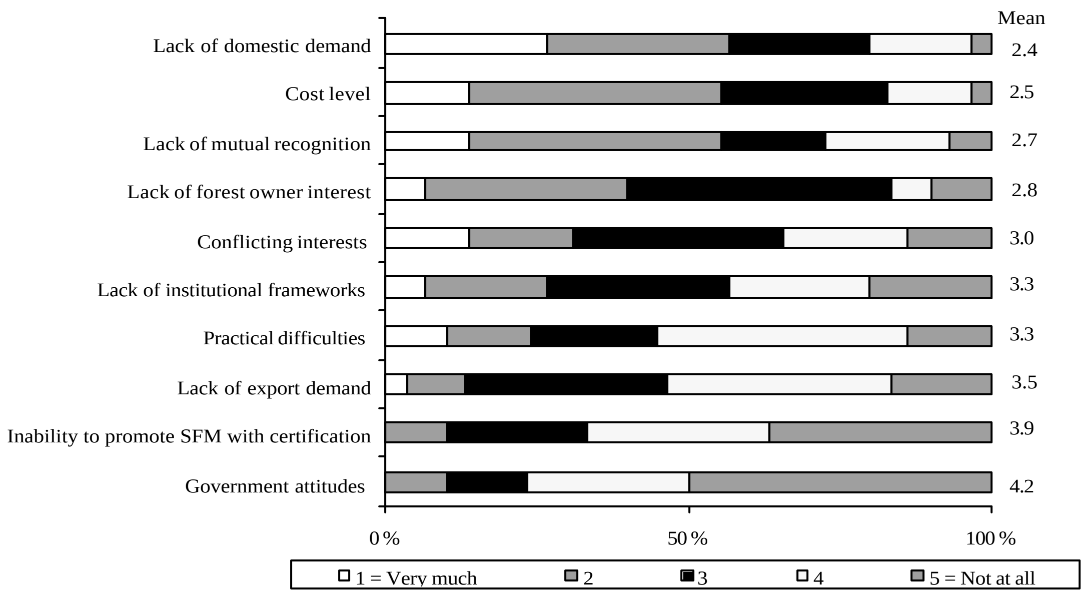
Correspondents also rated ten factors that they see hindering the development of forest certification in their country. The distribution is presented in Graph 10.

Lack of domestic demand and level of certification costs were seen as hindering the development of forest certification in the correspondents' countries. The factors that were considered to hinder the certification development the least were government attitudes and inability to promote sustainable forest management with forest certification. The results do not differ from those of the previous DP. Also, last year it was reported that the results match well with earlier findings: two of the least well met prerequisites for certification were benefits versus costs and domestic demand.

GRAPH 9
Drivers of forest certification



GRAPH 10
Factors hindering the development of forest certification



Chapter 5 – STATUS OF FOREST CERTIFICATION

5.1. Certified Area and Recent Growth

Third-party certified forestland under the major systems was presented in Graph 1 and the FSC and the PEFC certified forestland in Tables 1 and 2. Table 3 provides an overview of certified forestland and its recent growth in the UNECE region. During the past year the FSC has grown by over 3 million hectares in the UNECE region. The most growth has occurred in Estonia, Canada, Latvia and in the United States. Ukraine, Lithuania and Slovakia had FSC certification for the first time during the past year. FSC certified forest area decreased in Sweden, Denmark and Croatia. A reason for the decrease could be for example a sale of forestland to a forest owner who did not hold the necessary certificate. PEFC has the largest area under certification of which half is located in Finland. The PEFC certification system saw a growth of over 6 million hectares, approximately half of which occurred in Austria. Additionally, PEFC certified area in Germany and Norway increased significantly during the past year. Latvia, Switzerland and France gained PEFC certified forestland for the first time during the past year. Both SFI and CSA systems saw a significant growth in the United States and Canada during the past year. The SFI system saw the largest growth of all the systems during the last year. In general, the largest areas certified are located in Finland, Sweden, Norway, Canada and the United States.

TABLE 3

Certified forest area and its growth from mid-2001 to mid-2002 under the major certification schemes in the UNECE region (hectares)

COUNTRY	FSC		PEFC		SFI		CSA	
	Growth	2002	Growth	2002	Growth	2002	Growth	2002
Sweden	-7,988	10,130,310	452,115	2,052,115	0	0	0	0
Poland	207,000	4,013,160		0	0	0	0	0
United States	***516,384***	3,509,234		0	***15,800,000***	24,300,000	0	0
Estonia	***1,063,000***	1,063,517		0	0	0	0	0
United Kingdom	133	1,051,366		0	0	0	0	0
Canada	***938,303***	973,856		0	***4,260,000***	8,200,000	***3,450,000***	8,800,000
Latvia	***903,129***	906,217	*7,000*	*7,000*	0	0	0	0
Ireland	0	438,000	0	0	0	0	0	0
Germany	66,762	382,601	***1,256,055***	5,584,592	0	0	0	0
Croatia	-4,564	241,234	0	0	0	0	0	0
Russian Federation	31,200	215,715	0	0	0	0	0	0
Ukraine	*203,000*	*203,000*	0	0	0	0	0	0
Netherlands	27,430	97,505	0	0	0	0	0	0
Switzerland	16,080	76,615	*57,190*	*57,190*	0	0	0	0
Lithuania	*66,141*	*66,141*	0	0	0	0	0	0
Hungary	0	60,720	0	0	0	0	0	0
Slovakia	*48,159*	*48,159*	0	0	0	0	0	0
France	2,100	15,363	*200,000*	*200,000*	0	0	0	0
Italy	0	11,000	0	0	0	0	0	0
Czech Republic	0	10,441	0	0	0	0	0	0
Liechtenstein	0	7,372	0	0	0	0	0	0
Norway	0	5,100	***952,000***	9,352,000	0	0	0	0
Belgium	0	4,342	0	0	0	0	0	
Austria	0	3,366	***3,374,000***	3,924,000	0	0	0	0
Denmark	-36	372	0	0	0	0	0	0
Finland	120	120	0	21,910,000	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Luxembourg	0	0	0	0	0	0	0	0
Malta	0	0	0	0	0	0	0	0
Portugal	0	0	0	0	0	0	0	0
Romania	0	0	0	0	0	0	0	0
Slovenia	0	0	0	0	0	0	0	0
Spain	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Yugoslavia	0	0	0	0	0	0	0	0
TOTAL	**3,166,821**	**23,534,826**	**6,298,360**	**43,086,897**	**20,060,000**	**32,500,000**	**3,450,000**	**8,800,000**

Sources: Network of UNECE region country correspondents, 2002; FSC, 2002; PEFC, 2002; AF&PA, 2002; CFSCC, 2002.

5.2. Status of the Ongoing Initiatives

Tables 4 and 5 present the status of FSC and PEFC in the UNECE region as at mid-2002, with comparable information provided for mid-2001. In addition to the information offered in last year's DP, the tables include information on certified forest products markets in the last two columns. Correspondents were asked to indicate if domestically produced certified products were being sold in domestic and/or export markets.

In the UNECE region both initiatives have seen an increase in the number of completed or endorsed working groups. The number of endorsed standards as well as companies having chain-of-custody certificates has also increased. However, despite the increase in the PEFC certified forest area, there are many times more FSC chain-of-custody certificates than PEFC chain-of-custody certificates. Interestingly, certified products are not always available in domestic markets even if they were produced there. This is especially true to some eastern European countries. Revision of standards is ongoing in some countries, for example the Finnish standard endorsed by the PEFCC has ongoing revisions.

FSC has endorsed three new working groups during the past year: Estonia, Latvia and Spain. FSC Standard development is also ongoing or completed in many countries and will be endorsed in several countries in the near future. In addition, the number of countries having forests audited and certified according to FSC has increased as well as the number of countries having FSC chain-of-custody certification – eight UNECE countries gained FSC chain-of-custody certificates for the first time during the past year.

PEFC working groups are being established in many European countries, especially in western Europe. In many eastern European countries PEFC working group establishment is ongoing. During the past year PEFCC endorsed four new national standards: Belgium, Spain, Switzerland and the UK. PEFC chain-of-custody certificates were received for the first time in Austria, Latvia and Switzerland during the past year.

In Canada, CSA working group establishment and standard development have been completed. CSA certified products are available both in domestic and export markets. SFI working group is established and standard development is ongoing in Canada. Canadian produced SFI certified products are available in both domestic and export markets.

In the United States, SFI working group establishment and standard development are completed. United States produced SFI certified products are available in domestic and export markets.

In addition to the major schemes, there are several national schemes in the UNECE region in operation. According to the Naturland certification scheme, 25,708 hectares are certified in Germany. In the United States there is the American Tree Farm System with 10.5 million hectares and Green Tag with 21,000 hectares. More than 60 years old, the American Tree Farm System is a system for private landowners which has a mutual recognition agreement with SFI (American Tree Farm System, 2002). Green Tag Forestry is also a private forest landowner certification system and is developed by the National Forestry Association, the Association of Consulting Foresters and the National Woodland Owners Association (Green Tag, 2002).

TABLE 4
Status of FSC in the UNECE Region, mid-2001 and 2002

COUNTRY	*Working group establishment*		*Standard development*		*Forest auditing and certification*		*C-O-C certification*		*Certified products produced domestically sold in domestic markets*	*Certified products produced domestically sold in export markets*
	2001	*2002*	*2001*	*2002*	*2001*	*2002*	*2001*	*2002*		
Austria	ongoing	ongoing	ongoing	ongoing	X	X	X	X	X	X
Belgium	endorsed	endorsed	endorsed	endorsed	X	X	X	X	*	*
Canada	endorsed	endorsed	endorsed	endorsed	X	X	X	X	X	X
Croatia	not started	ongoing	not started	ongoing	X	X		X		X
Czech Republic	ongoing	completed	ongoing	ongoing	X	X		X		X
Denmark	endorsed	endorsed	ongoing	ongoing	X	X	X	X	X	
Estonia	completed	endorsed	ongoing	ongoing	X	X		X		X
Finland	ongoing	completed	ongoing	ongoing		X		X		
France	ongoing	ongoing	not started	not started	X	X	X	X		
Germany	endorsed	endorsed	endorsed	endorsed	X	X	X	X	X	X
Hungary	not started	ongoing	not started	ongoing	X	X	X	X	X	X
Ireland	endorsed	endorsed	ongoing	ongoing	X	X	X	X	X	X
Italy	ongoing	completed	ongoing	ongoing	X	X	X	X	X	X
Latvia	completed	endorsed	ongoing	ongoing	X	X	X	X	X	X
Lithuania	*	completed	*	*	*	X	*	X	X	X
Netherlands	endorsed	endorsed	completed	completed	X	X	X	X	X	X
Norway	completed	ongoing	completed	ongoing	X	X	X	X	X	X
Poland	completed	completed	ongoing	ongoing	X	X	X	X	X	X
Romania	ongoing	ongoing	ongoing	ongoing		X		X		
Russian Federation	completed	ongoing	ongoing	*	X	X	X	X		X
Slovakia	ongoing	ongoing	ongoing	ongoing		X		X	X	X
Spain	ongoing	endorsed	ongoing	ongoing				X		
Sweden	endorsed	endorsed	endorsed	endorsed	X	X	X	X	X	X
Switzerl and	ongoing	ongoing	ongoing	ongoing	X	X	X	X	X	X
Turkey	ongoing	ongoing	not started	not started						
Ukraine	ongoing	ongoing	ongoing	ongoing		X		X		
United Kingdom	endorsed	endorsed	endorsed	endorsed	X	X	X	X	X	X
United States	endorsed	endorsed	ongoing	ongoing	X	X	X	X	X	X

Sources: FSC, 2002; Network of UNECE region country correspondents, 2002; Vilhunen et al., 2001.
* = information not available

TABLE 5
Status of PEFC in the UNECE region, mid-2001 and 2002

COUNTRY	*Working group establishment*		*Standard development*		*Forest auditing and certification*		*C-O-C certification*		*Certified products produced domestically sold in domestic markets*	*Certified products produced domestically sold in export markets*
	2001	*2002*	*2001*	*2002*	*2001*	*2002*	*2001*	*2002*		
Austria	comp leted	completed	endorsed	endorsed	X	X		X	X	X
Belgium	completed	completed	completed	endorsed						
Czech Republic	completed	completed	endorsed	endorsed						
Denmark	ongoing	completed	ongoing	ongoing						
Estonia	ongoing	completed	not started	ongoing						
Finland	completed	completed	endorsed	endorsed	X	X	X	X	X	X
France	completed	completed	endorsed	endorsed		X			X	
Germany	completed	completed	endorsed	endorsed	X	X	X	X	X	
Hungary	ongoing	ongoing	ongoing	ongoing						
Italy	completed	completed	not st arted	ongoing						
Latvia	completed	completed	endorsed	endorsed		X		X		
Lithuania	*	ongoing	*	ongoing						
Norway	completed	completed	endorsed	endorsed	X	X	X	X	X	X
Poland	ongoing	ongoing	not started	not started						
Portugal	completed	completed	completed	completed						
Russian Federation	ongoing	ongoing	ongoing	ongoing						
Slovakia	ongoing	ongoing	ongoing	ongoing						
Slovenia	ongoing	ongoing	ongoing	ongoing						
Spain	completed	completed	completed	endorsed		X			X	X
Sweden	completed	completed	endorsed	endorsed	X	X	X	X	X	X
Switzerland	completed	completed	completed	endorsed		X		X	X	X
Ukraine	not started	ongoing	ongoing	ongoing						
United Kingdom	completed	completed	completed	endorsed						

Sources: PEFC, 2002; Network of UNECE region country correspondents, 2002; Vilhunen et al., 2001.
* = information not available

Chapter 6 – STATUS OF THE MARKETPLACE[7]

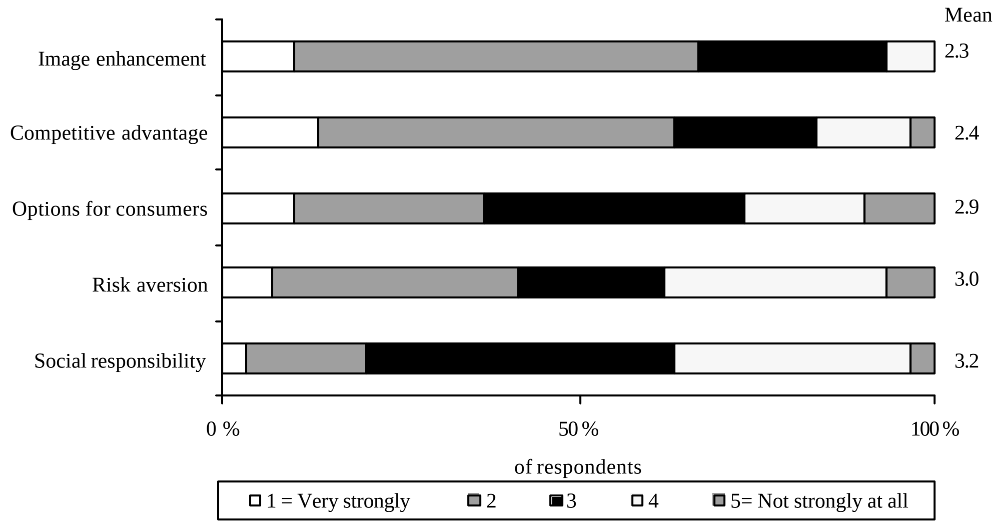
6.1. Development of Demand for Certified Forest Products

The development of demand was examined by asking the correspondents to consider which factors drive demand for certified forest products in their country. The distribution and the average score are presented in Graph 11.

The potential of certification to provide a company with image enhancement and competitive advantage were seen as the most important drivers of demand for certified forest products. Pursuing social responsibility was not seen as a very important driver of demand for certified forest products. In the previous DP the drivers of demand for certified forest products were similar.

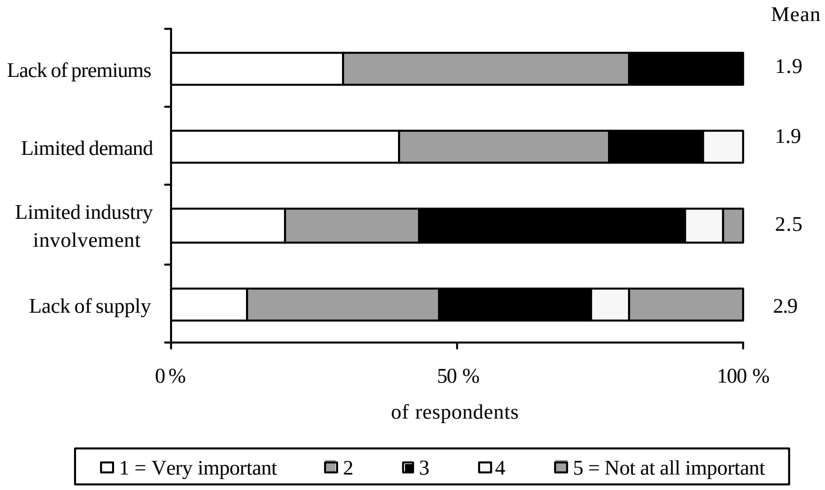
Correspondents were also asked to rate four factors that may limit market development for certified forest products (Graph 12). Lack of premiums and limited demand were seen as important factors limiting market development for certified forest products. Lack of supply was seen as the least limiting factor. Still, almost 50% of correspondents estimated that lack of supply is an important factor in limiting certified forest products' markets. All four factors were considered to be relatively important. Some changes from the previous year can be seen. Limited demand is still very important; correspondents still feel that the demand for certified forest products is low. Lack of premiums has however, become slightly more important, while lack of supply has been losing some of its importance. This may refer to the already earlier discussed fact that the amount of certified forest products available on the market has risen during the past year.

GRAPH 11
Drivers of demand for certified forest products



[7] For complementary information, please see UNECE/FAO *Forest Products Annual Market Review 2001-2002*, Chapter 11 on certified forest products marketplace by Dr. Ewald Rametsteiner.

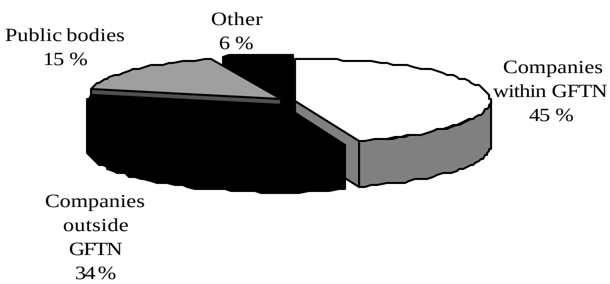
GRAPH 12
Factors limiting market development for certified forest products



Correspondents were also requested to estimate how the demand for certified forest products is divided among different bodies and among different schemes. They found it very difficult to give estimations regarding demand for certified forest products because no official data on demand for certified forest products is available in most of the UNECE countries. Therefore, correspondents base the discussion about demand among different bodies and among different schemes on rough estimations. The nature of FSC and PEFC demand could be said to be somewhat different. Please note, that the estimations do not distinguish between demand for raw material, secondary and finished products.

Correspondents felt that the WWF Global Forest and Trade Network (GFTN) create slightly less than 50% of demand for certified forest products. The distribution is presented in Graph 13.

GRAPH 13
Distribution of demand for certified forest products among different bodies



The distribution of demand among different schemes was considered by requesting the correspondents to estimate the share that different schemes represent of the total demand for certified forest products in their country. FSC is still estimated to have the largest proportion of demand although the PEFC demand seems to have increased slightly from the previous year. Now it seems also that the proportion of certified forest products as a proportion of total consumption had risen somewhat. Last year over 90% of the correspondents stated that the consumption was 5% or less of the total paper and wood products consumption. Now approximately 70% of the correspondents stated that the consumption is 10% or less of total paper and wood product consumption. This might also suggest that more certified forest products are available on the market and that the consumption has risen slightly. As the PEFC certified area has been increasing during the past couple of years and the amount of PEFC certified products on the marketplace has grown, the ability of PEFC to deliver certified products to the marketplace has also risen.

The most important export markets for certified forest products are considered to be the United Kingdom, Germany and the Netherlands. This is the same as last year. These three countries have strong organisations that are members of the Global Forest and Trade Network. Forest certification has also received relatively greater publicity in these three countries.

6.1.1. The Global Forest and Trade Network

There are now more than 700 companies and 17 Groups in the Global Forest and Trade Network (GFTN). The members range from forest owners and timber processors to architects and DIY chains. (GFTN, 2002). As part of the network, the network companies are committed to buying timber certified according to FSC or equivalent. For example, the Swedish IKEA group has announced that its long-term goal is to source all wood in its product range from verified well-managed forest. This means, forests that have been certified according to a forest management standard recognised by IKEA, FSC or equivalent (IKEA, 2002).

The Global Forest and Trade Network is constantly being developed and it has grown from the previous year by four new groups. In 2001 a new network member consisting of 15 companies was established in Italy. A new East Asian member, called Ecowood@sia, was established in March 2002. The member countries are Hong Kong, China, Taiwan and South Korea. WWF Sanshoukai was established in March 2002 in Japan and now has 16 member companies. Similarly, a new group "WWF Skov 2000" was established in Denmark in 2001 (GFTN, 2002). An overview of the members of the Global Forest and Trade Network is provided in Table 6. The new member groups are presented in bold.

TABLE 6
Global Forest and Trade Network Membership

Country	Group Name	Member Companies		
		2000	2001	2002
Australia	WWF's Oceania Forest and Trade Network	4	6	6
Austria	WWF Gruppe '98	25	28	25
Belgium	WWF Club 97	41	52	56
Brazil	Compradores de Madeira Cerfificada	38	50	50
Hong Kong, China, Taiwan and South Korea	**EcoWood@sia**			**4**
France	WWF Glub Proforets	9	11	12
Germany	WWF Gruppe 98	58	56	63
Ireland	Irish Sustainable Timber & Forests Initiative	6	7	7
Japan	**WWF Sanshoukai**			**16**
Italy	**Club Per Il Legno Eco Certificato**			**15**
Netherlands	Stichting Goed Hout!	41	48	77
North America	Certified Forest Products Council (CFPC)	239	231	184
Russia	WWF Russian Timber Producers Group	6	19	12
Spain	WWF-Grupo 2000	13	11	14
Denmark, Finland, Norway, Sweden	WWF Skog 2000	33	38	
Sweden	WWF Skog 2000			36
Denmark	**WWF Skov 2000**			**8**
Switzerland	WWF WOOD GROUP	20	25	29
United Kingdom	WWF 95 + Group	102	106	99
Total		**635**	**688**	**713**

Source: Vilhunen et al. 2001; Hansen et al. 2000; GFTN, 2002.

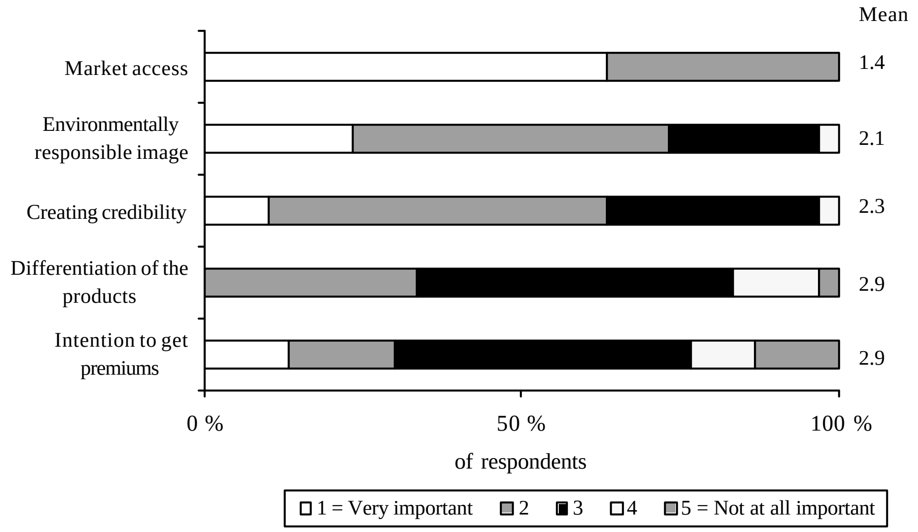
Producer networks are being planned to meet demand for certified timber. The first producer network was established in 2000 in Russia. According to the network of country correspondents, producer networks are now active in Russia, Germany, the Netherlands and in Switzerland. Producer networks are being planned in the Czech Republic, Romania and Slovenia.

6.2. Supply of Certified Forest Products

Correspondents were asked to rate five factors concerning the perceived reasons for a company choosing to supply certified products (Graph 14).

Market access was seen to be the most important reason to supply certified forest products. All correspondents considered this either very or somewhat important. To create an environmentally responsible image was considered to be the second most important reason for supplying certified forest products while intention to get premiums was rated to be the least important. None of the reasons were seen as unimportant, but differentiation and premiums can be seen as less important reasons for choosing to supply certified products. These findings are similar to those from last year.

GRAPH 14
Reasons to supply certified forest products



The most important suppliers of certified forest products to their country was requested from correspondents. Sweden was estimated to be the most important supplier followed by Finland and domestic supply. Italy, Nordic countries in general and Austria were also mentioned by correspondents as important suppliers of certified forest products. These findings do not distinguish between supply of raw material, secondary and finished products, therefore for example Italy, which sources raw material from different regions and exports further processed or final products, was often mentioned.

Chapter 7 – FUTURE DEVELOPMENTS

Awareness of competing systems is improving and certifiers are looking at other systems in an effort to improve their own systems and look for “common ground”. Such developments may lead to greater alignment of the systems and improve the possibilities for mutual recognition. Some correspondents proposed that the mutual recognition framework remained very important while others proposed that its importance is declining. Some ENGOs appear to be shifting their focus to issues other than forest certification, for example illegal logging has been a very important issue lately. It can be expected that this trend may continue. On the other hand, certification can be regarded as an important tool against illegal logging, too. However, the role of ENGOs in certification remains significant.

It is expected that the certified forest area under the different schemes will increase but probably for some schemes at a slower pace than in the past. North America is expected to experience significant growth in the area of certified forest. The Forest Products Association of Canada projects that by 2005, in Canada, CSA will include 33 million hectares, SFI 16 million and FSC 15 million hectares (CFSCC, 2002).

The amount of certified forest products on the marketplace is increasing. It is likely that consumer awareness increases as the number of chain-of-custody certificates increase. Several correspondents reported that certification is not yet well known among consumers. Consumer campaigns are likely to become more common and will increase consumer awareness.

Governments of several countries are now setting specifications for certified timber. As a result governments will play a part in deciding which schemes develop and to what extent. Governments are expected to become increasingly important players in the forest certification marketplace.

Several schemes and national standards have seen revision recently. Now the standards are continually improved and this will result in new land bases and new certified products. Stakeholder participation is also emphasised in the evolution of systems by many schemes. The certification systems are now finalising the standard development work in most of the countries in the UNECE region. Endorsement by the schemes will take place in the near future of many standards that are not yet endorsed.

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ANNEX 1: REQUEST FOR INFORMATION

REQUEST FOR INFORMATION ON CERTIFIED FOREST PRODUCTS MARKETS AND FOREST CERTIFICATION 2002

Contact details of the respondent:
Name: ____________________
Address: ____________________
____
Country: ____________________ **Telephone no.:** ____________________
Fax: ____________________ **E-mail:** ____________________

1. **How well are the following prerequisites for forest certification met in your country? Please answer each statement by checking the appropriate box.**

PREREQUISITE	**Very well**				**Not well at all**
Domestic demand for certified forest products exists.	(__)	(__)	(__)	(__)	(__)
Export demand for certified forest products exists.	(__)	(__)	(__)	(__)	(__)
Current benefits of certification exceed costs.	(__)	(__)	(__)	(__)	(__)
The government is favourable towards certification.	(__)	(__)	(__)	(__)	(__)
Broad-based stakeholder participation for standard development has been well arranged.	(__)	(__)	(__)	(__)	(__)
Certification has an important role to play in striving for sustainable forest management.	(__)	(__)	(__)	(__)	(__)

2. **What are the general attitudes of different stakeholder groups regarding the concept of forest certification (regardless of system) in your country?**

	Completely for				Completely against
Forest owners	(__)	(__)	(__)	(__)	(__)
Forest industry	(__)	(__)	(__)	(__)	(__)
Domestic retailers	(__)	(__)	(__)	(__)	(__)
Foreign retailers	(__)	(__)	(__)	(__)	(__)
Domestic industrial customers	(__)	(__)	(__)	(__)	(__)
Foreign industrial customers	(__)	(__)	(__)	(__)	(__)
Domestic consumers	(__)	(__)	(__)	(__)	(__)
Foreign consumers	(__)	(__)	(__)	(__)	(__)
Environmental groups	(__)	(__)	(__)	(__)	(__)
Other, please state ____________________	(__)	(__)	(__)	(__)	(__)

3. **What are the main drivers of ATTITUDES for *each of the following stakeholder groups*? Please rank the 2 most important for each group. (1 = the most important driver, 2 = the second most important driver)**

DRIVER	***GROUP*** Forest owners	Forest industry	Industrial customers
Expected premiums	____	____	____
Expected loss of income	____	____	____
Importance of environmental image	____	____	____
Importance of certification as a communication tool	____	____	____
Improved market access	____	____	____
Contribution of certification to sustainable forest management	____	____	____
Improved marketing and networking	____	____	____
Lack of information	____	____	____
Pressures by ENGO's	____	____	____
Other, please state ________________________________			

4. **What area of forest is covered by certification in your country at present? Please give your best estimate.**

Certification system	**Area (hectares)**
FSC	
PEFC	
Other, please state	
Other, please state	

5. What is the stage of each of the ongoing initiatives in your country? Please answer separately regarding each system.

	FSC	PEFC	Other, please state: ________	Other, please state: ________
Formation of a stakeholder group for consultation	(__) not started (__) ongoing (__) completed	(__) not started (__) ongoing (__) completed	(__) not started (__) ongoing (__) completed	(__) not started (__) ongoing (__) completed
Standard development	(__) not started (__) ongoing (__) completed	(__) not started (__) ongoing (__) completed	(__) not started (__) ongoing (__) completed	(__) not started (__) ongoing (__) completed
Forest auditing and certification	(__) not started (__) ongoing (__) completed	(__) not started (__) ongoing (__) completed	(__) not started (__) ongoing (__) completed	(__) not started (__) ongoing (__) completed
Certified products produced domestically sold in domestic markets	(__) yes (__) no	(__) yes (__) no	(__) yes (__) no	(__) yes (__) no
Certified forest products produced domestically sold in export markets	(__) yes (__) no	(__) yes (__) no	(__) yes (__) no	(__) yes (__) no
Other, please state: ______________________________ ______________________________	(__) not started (__) ongoing (__) completed	(__) not started (__) ongoing (__) completed	(__) not started (__) ongoing (__) completed	(__) not started (__) ongoing (__) completed

6. Which stakeholder groups would you consider to be the strongest supporters of each of the following certification initiatives in your country? Please rank the 3 most important. (1 = the most important, 2 = the second most important, 3= the third most important)

	FSC	PEFC	Other, please state: __________	Other, please state: __________	Other, please state: __________
Forest owners	_____	_____	_____	_____	_____
Environmental groups	____	_____	_____	_____	_____
Forest industry	____	_____	_____	_____	_____
Government	____	_____	_____	_____	_____
Domestic retailers	____	_____	_____	_____	_____
Foreign retailers	____	_____	_____	_____	_____
Domestic industrial customers	____	_____	_____	_____	_____
Foreign industrial customers	____	_____	_____	_____	_____
Domestic final consumers	____	_____	_____	_____	_____

7. Please rate the importance of each of the following factors in driving forest certification in your country.

	Very important				Not at all important
Market demand	(__)	(__)	(__)	(__)	(__)
Improved market access	(__)	(__)	(__)	(__)	(__)
Desire to be socially responsible	(__)	(__)	(__)	(__)	(__)
Support from government	(__)	(__)	(__)	(__)	(__)
Pressure from environmental groups	(__)	(__)	(__)	(__)	(__)
Expected premiums	(__)	(__)	(__)	(__)	(__)
Other, please state ________________	(__)	(__)	(__)	(__)	(__)

8. How much do the following factors hinder the development of *forest certification* in your country today?

	Very much				Not at all
Conflicting stakeholder interests	(__)	(__)	(__)	(__)	(__)
Lack of institutional frameworks	(__)	(__)	(__)	(__)	(__)
Lack of domestic demand	(__)	(__)	(__)	(__)	(__)
Lack of export demand	(__)	(__)	(__)	(__)	(__)
Level of certification costs	(__)	(__)	(__)	(__)	(__)
Lack of forest owner interest	(__)	(__)	(__)	(__)	(__)
Lack of mutual recognition among certification systems	(__)	(__)	(__)	(__)	(__)
Government attitudes	(__)	(__)	(__)	(__)	(__)
Inability to promote sustainable forest management with forest certification	(__)	(__)	(__)	(__)	(__)
Practical level difficulties (e.g. difficulties in standard development or in organising auditing)	(__)	(__)	(__)	(__)	(__)

9. Please list the main developments regarding forest certification that have taken place in your country over the past 12 months.

____
____
____
____
____

10. Please list the main issues of forest certification you expect in your country over the next 12 months.

____

____

____

____

____

____

FOR QUESTIONS 11, 12, 13 AND 14, PLEASE PROVIDE YOUR BEST ESTIMATES.

11. How is the demand for certified forest products divided among the following bodies? Please estimate the share as the percentage of the total demand for certified forest products in your country.

	PERCENTAGE
Companies within the WWF Global Forest and Trade Network	____ %
Companies outside the WWF Global Forest and Trade Network	____ %
Public bodies	____ %
Other, please state ______________________________	____ %
	100% TOTAL

12. How is demand divided among the following certification systems? Please estimate the share as the percentage of the total demand for certified forest products in your country.

	PERCENTAGE
FSC	____ %
PEFC	____ %
Other, please state ______________________________	____ %
Other, please state ______________________________	____ %
	100% TOTAL

13. What is your best estimate regarding the percentage of products carrying a certification ecolabel for each of the following product categories?

	PERCENTAGE
Paper industry	_______ % certified products of the total consumption
Wood industry	_______ % certified products of the total consumption

14. What percentage of certified forest products produced in your country are exported as labelled certified forest products? Please give your best estimate.

__________ %

15. What are the major markets for certified forest products from your country? Please list both DOMESTIC and EXPORT markets in order of importance.

RANK COUNTRY

1. ______________________________
2. ______________________________
3. ______________________________
4. ______________________________
5. ______________________________

16. In your opinion, how strongly are the following factors *driving demand for certified forest products* in your country?

	Very strongly				Not strongly at all
Desire to be socially responsible	(__)	(__)	(__)	(__)	(__)
Intention to create competitive advantage	(__)	(__)	(__)	(__)	(__)
Risk aversion	(__)	(__)	(__)	(__)	(__)
Image enhancement	(__)	(__)	(__)	(__)	(__)
Providing options for final consumers	(__)	(__)	(__)	(__)	(__)

17. Is The WWF Global Forest and Trade Network currently active in your country?

(__) A buyers' network is in operation.

(__) A buyers' network is being planned.

(__) A producers' network is in operation.

(__) A producers' network is being planned.

(__) No, the network is not currently active in my country.

18. How important would you consider the following factors in limiting market development for *certified forest products*?

	Very important				Not at all important
Lack of supply	(__)	(__)	(__)	(__)	(__)
Limited demand	(__)	(__)	(__)	(__)	(__)
Limited industry involvement	(__)	(__)	(__)	(__)	(__)
Lack of premiums	(__)	(__)	(__)	(__)	(__)
Other, please state ____________	(__)	(__)	(__)	(__)	(__)

19. In which product groups are certified forest products available in your country? Please estimate availability separately for *each scheme in use* in your country.

	FSC	PEFC	Other, please state ________	Other, please state ________
Pulp and paper products	(__)	(__)	(__)	(__)
Sawn timber	(__)	(__)	(__)	(__)
Furniture	(__)	(__)	(__)	(__)
Construction materials	(__)	(__)	(__)	(__)
Wood-based panels	(__)	(__)	(__)	(__)

20. How important would you consider the following reasons *for a company* choosing to supply certified products?

	Very important				Not at all important
Intention to get premiums	(__)	(__)	(__)	(__)	(__)
Market access	(__)	(__)	(__)	(__)	(__)
Differentiation of the products	(__)	(__)	(__)	(__)	(__)
Environmentally responsible image	(__)	(__)	(__)	(__)	(__)
Creating credibility	(__)	(__)	(__)	(__)	(__)

21. Which countries are the most important suppliers of certified wood-based products to your country? Please list both IMPORT and DOMESTIC supply in order of importance.

RANK COUNTRY

1. ____________________
2. ____________________
3. ____________________
4. ____________________
5. ____________________

.

22. Do you have any additional information regarding certification developments that it would be useful to share?

____
____
____
____
____
____

23. If you have any comments to the researcher we are pleased to receive your feedback.

THANK YOU VERY MUCH FOR YOUR TIME!

Some facts about the Timber Committee

The Timber Committee is a principal subsidiary body of the UNECE (United Nations Economic Commission for Europe) based in Geneva. It constitutes a forum for cooperation and consultation between member countries on forestry, forest industry and forest product matters. All countries of Europe; the former USSR; United States, of America, Canada and Israel are members of the UNECE and participate in its work.

The UNECE Timber Committee shall, within the context of sustainable development, provide member countries with the information and services needed for policy- and decision-making regarding their forest and forest industry sector ("the sector"), including the trade and use of forest products and, when appropriate, formulate recommendations addressed to member Governments and interested organizations. To this end, it shall:

1. With the active participation of member countries, undertake short-, medium- and long-term analyses of developments in, and having an impact on, the sector, including those offering possibilities for the facilitation of international trade and for enhancing the protection of the environment;
2. In support of these analyses, collect, store and disseminate statistics relating to the sector, and carry out activities to improve their quality and comparability;
3. Provide the framework for cooperation e.g. by organizing seminars, workshops and ad hoc meetings and setting up time-limited ad hoc groups, for the exchange of economic, environmental and technical information between governments and other institutions of member countries that is needed for the development and implementation of policies leading to the sustainable development of the sector and to the protection of the environment in their respective countries;
4. Carry out tasks identified by the UNECE or the Timber Committee as being of priority, including the facilitation of subregional cooperation and activities in support of the economies in transition of central and eastern Europe and of the countries of the region that are developing from an economic point of view;
5. It should also keep under review its structure and priorities and cooperate with other international and intergovernmental organizations active in the sector, and in particular with the FAO (Food and Agriculture Organization of the United Nations) and its European Forestry Commission and with the ILO (International Labour Organisation), in order to ensure complementarity and to avoid duplication, thereby optimizing the use of resources.

More information about the Committee's work may be obtained by writing to:

Timber Section
Trade Development and Timber Division
UN Economic Commission for Europe
Palais des Nations
CH - 1211 Geneva 10, Switzerland
Fax: + 41 22 917 0041
E-mail: info.timber@unece.org
http://www.unece.org/trade/timber

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2. Forest Products Statistics, 1997-2001 (database since 1964 on website)
3. Forest Products Annual Market Review, 2001-2002
4. Forest Fire Statistics, 1999-2001
5. Forest Products Trade Flow Data, 1999-2000
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Back cover text box

Forest Certification Update for the UNECE region, summer 2002 provides a comprehensive report of developments in the certification of sustainable forest management in the UNECE region, including the Commonwealth of Independent States, Europe and North America. This update from summer 2002 has chapters on developments in the major international certification systems, mutual recognition between systems, preconditions and drivers for forest certification, status of forest certification, status of the marketplace for certified forest products, future developments and a list of references.

Forest Certification Update for the UNECE region, summer 2002 and its predecessor publications have been published annually since 1998 by the UNECE/FAO Timber Section. Its goal is to provide a neutral reporting of the developments in forest certification and the certified forest products marketplace. This information is intended for policy makers, researchers, investors and forest products marketing specialists in governments, research institutions, universities and the private business sector. This *Discussion Paper* is also intended as a background document for the UNECE Timber Committee's annual Forest Products Market Discussions, which include certified forest products. The FAO European Forestry Commission follows the developments in certification of sustainable forest management and regularly discusses them at their sessions.

Further information about certified forest products markets, including former *Discussion Papers* on the status of forest certification in the UNECE region, may be found on the Market Information Service of the Committee's website. Information about the UNECE Timber Committee and the FAO European Forestry Commission is available on their websites (www.unece.org/trade/timber and www.fao.org/forestry/FO/STATBOD/Regional/Efc/efc-e.stm). Information about the UNECE may be found at www.unece.org and information about FAO may be found at www.fao.org.