



TIM/SEM.1/2003/R.24
10 February 2003
Original: ENGLISH

Seminar on
STRATEGIES FOR THE SOUND USE OF WOOD

Poiana Brasov, Romania
24-27 March 2003

FSC certification as a tool for socially and environmentally responsible trade

Session V

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ABSTRACT

The Forest Stewardship Council (FSC) now has almost 10 years of experience with forest management certification and the labelling of products from well managed forests. As of January 2003, FSC has certified over 31 million hectares of forests, in 56 countries, over 6 continents. Over 20 million hectares of these certified forests are located in Europe, including state owned forests in several Western and Eastern European countries. In the marketplace there are now more than 10.000 products carrying the FSC logo, giving a proud guarantee that the material in that product comes from well managed forests.

FSC was created through a joint initiative by environmental, social and economic stakeholders with the goal of promoting environmentally responsible, socially beneficial and economically viable management of the world's forests. This has been realized through establishing a worldwide standard of recognized and respected Principles of Forest Stewardship to enable the identification of well managed forests and the products coming from those forests. This has enabled FSC to provide consumers with an independent assurance of the sources of forest products. Since its foundation in 1993, FSC has been embraced by leading retailers around the world, such as Home Depot, B&Q, Obi and Carrefour, and also by international forest products companies, such as Assi Doman, Norske Skog and Tembec.

FSC considers forest certification as a market instrument. For retailers certification provides their consumer with a credible guarantee that the company is acting responsibly with respect to the environment and the social circumstances of those involved in forests and forestry. Recent research, undertaken for WWF in The Netherlands, shows that about 75% of Dutch consumers expressed that if they had a choice, they would prefer timber from well managed sources. This is however only a preference, and consumers may not put this into practice if they find price

differences between certified and uncertified products. Internal research of Intergamma, a Do-It-Yourself (DIY) chain in The Netherlands and Belgium, has however shown that consumers feel that the retailer is responsible for the environmental quality of the product, not the consumers themselves. Further research by WWF NL in 2002 has backed up this finding. If responsible retailers are looking for a long lasting relationship with their customers they will therefore benefit from an independent and credible certification of timber. For Intergamma, and other retailers, this has been the primary reason to introduce a long-term policy to supply only FSC labelled timber to their customers. This attitude of consumers to the responsibility expected of the corporate sector has encouraged the 'Profit, People, Planet' approach to become an increasingly significant tendency in the business world.

FSC labelled products are considered by many forest owners, trade partners, governments and NGO's to be an integral part of a free market of environmentally responsible trade. FSC will continue to deliver a credible and independent certification system to support this developing sector.

Key words: certification, FSC, sustainable forest management, social and environmentally responsible trade, 'People, Planet, Profit'

INTRODUCTION

The Forest Stewardship Council (FSC) now has almost 10 years of experience with forest management certification and the labelling of products from well managed forests. As of January 2003, FSC has certified over 31 million hectares of forests, in 56 countries, over 5 continents. Over 20 million hectares of these certified forests are located in Europe. These include state owned and private forests in several Western and Eastern European countries, like Croatia (almost 2 million hect.), Estonia and United Kingdom (more than 1 million hectares each), Poland (3,5 million hectares), Sweden (more than 10 million hectares) and Latvia (almost 1 million hectares).

To allow products to carry the FSC logo, FSC has issued 2.840 certificates for the chain of custody in 67 countries. These are issued in Europe, Africa, Asia, Oceania and the Americas. In the marketplace there are now more than 10.000 products carrying the FSC logo, giving a proud guarantee that the material in that product comes from well managed forests.

WHY WAS THE FSC CREATED?

The forest Stewardship Council (FSC) is a non-profit, international standards and accreditation organisation, committed to the conservation, restoration and protection of the world's working forests.

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This has been realized through establishing a worldwide standard of recognized and respected Principles of Forest Stewardship to enable the identification of well managed forests and the products coming from those forests. FSC's forest management standard processes are inclusive and transparent. FSC strives for the participation of a wide range of stakeholder groups – industry, government, community and environmental interests as well as groups that are traditionally marginalized in forest policy debates. FSC is unique in the market place in its decision-making and in the standards development processes, its balanced membership representation and in the integrity of its standards and certificates. FSC prevails as the 'gold standard' for independent, private, voluntary forest management certification.

FSC has earned the endorsement of mainstream environmental organisations, including WWF, GreenPeace, World Resources Institute and the Natural Resources Defence Council. Since its foundation in 1993, market leaders around the world, such as Home Depot, B&Q, Ikea, Obi and Carrefour have publicly expressed preference for wood and wood products originating in FSC certified well managed forest. Also international forest products companies, such as Assi Doman, Norske Skog and Tembec have decided to certify their forests under the FSC system.

WHAT IS FOREST CERTIFICATION?

Forest certification is the process by which the performance of on-the-ground forestry operations are assessed against a negotiated set of international and national or regional standards.

The FSC Principles and Criteria serve as the global foundation for the development of region specific forest management standards. Independent certification bodies, accredited by FSC in the application of these standards, conduct impartial, detailed assessment of forest operations at the request of landowners. If the forest operations are found to be in conformance with the FSC standards, a certificate is issued, enabling the landowner to bring the standing timber to the market as 'certified wood' and to use the FSC logo. In the process of production of the wood to a timber product, every person who takes legal or physical possession of the timber or the timber product, must demonstrate to an FSC accredited certifiers satisfaction that it can accurately track the flow of certified wood. This is chain of custody certification. The end result of this process is an FSC labelled product on the shelves of retailers. Thus the consumer is provided with an independent assurance of the origin of the product from a well managed forest.

BENEFITS OF CERTIFICATION

Generally spoken, FSC specifies three fields of benefits of certification: social benefits, environmental benefits and economic benefits. Although the emphasis of this paper is on economic benefits, few words can be spend on social and environmental benefits.

Social benefits

FSC calls for participation of a diverse set of stakeholders in standard setting for forest management certification. These social stakeholders are through this process empowered with

access, knowledge and voice in the debate on their livelihoods and work places. FSC is the only forest certification system that has developed a Social Strategy, to support the social component in forest management. FSC is for this reason often considered by governmental Aid Agencies as an instrument for empowerment of indigenous peoples and local communities. Governmental organisations like DGIS in The Netherlands, DANIDA in Denmark, SIDA in Sweden and GTZ in Germany actively support FSC processes worldwide.

Environmental benefits

FSC's membership is committed to the conservation, protection and restoration of the world's forests and what they have to offer. FSC promotes forest management that conserves biological diversity in for example water resources, soils, fragile eco-systems and unique landscapes. FSC criteria protect threatened and endangered species and their habitats and maintains the ecological integrity and functionality of the forest.

Economic benefits

FSC considers forest certification as a market instrument. For retailers certification provides their consumer with a credible guarantee that the company is acting responsibly with respect to the environment and the social circumstances of those involved in forests and forestry.

Two market researches may provide an overview of what is considered as the economical benefits of FSC certification.

UK: Impacts of certification

Researchers found in the UK, that the main reasons for certification varied. For commercial enterprises, the market has been the main driver. Some enterprises responded to 'perceived or anticipated market pressure and were seeking to 'go ahead of the market'. More recent certifications have responded to requests and preferences from buyers of certified timber'. For enterprises without a commercial imperative, the principle and the demonstration of good forest management has been the driver. Respondents in this study indicated that changes in their forest management were not significant, but certification has improved their management and information systems considerably.

Most respondents were disappointed in the market benefits, and blamed this on the lack of end-user demand for certified products.

The UK Magazine 'Gardening Which?' did a consumer survey in April 2001, which showed that 76% of people responsible for a garden agreed that large retailers should only sell timber that comes from properly managed forests, with 50% strongly agreeing. The same research showed that 13% of all those interviewed remembered seeing the FSC logo on wooden products. Of those, 75% knew what the FSC logo stood for.

The UK Ethical Purchasing Index Figure shows that 3.4% of the total timber sales in the UK in 2000 was FSC certified. This represents £629m (of a total of £18,500m).

Netherlands: consumers research

Heliview Marketing service BV undertook in April 2001 research with consumers for WWF in The Netherlands. It shows that about 75% of Dutch consumers expressed that if they had a choice, they would prefer timber from well managed sources. This is however only a preference, and consumers may not put this into practice if they find price differences between certified and uncertified products.

Market research in The Netherlands showed that in 2001 almost 7% of the timber in the Netherlands originates from FSC certified forests.

Internal research of Intergamma, a Do-It-Yourself (DIY) chain in The Netherlands and Belgium, has shown that consumers feel that the retailer is responsible for the environmental quality of the product, not the consumers themselves. Further research by WWF NL in 2002 has backed up this finding.

THE ROLE OF CONSUMERS IN CERTIFICATION

It is often mentioned that end-consumers are not willing to pay the price for a certified product. The customer of B&Q, Carrefour and Intergamma is not likely to ask for a product with an FSC-logo on a large scale. This is not the main reason for retailers to demand certification from their suppliers.

Consumers nowadays ask for companies to be responsible to take the worries away from them. This attitude of consumers to the responsibility expected of the corporate sector has encouraged the 'Profit, People, Planet' approach to become an increasingly significant tendency in the business world. Society expects much from a company. It will be judged on its behaviour towards the environment (Planet), but also on its contribution to the social side of our common society (People). In addition to that, companies have to survive on something (Profit). A company performs well in the eyes of Society if it can find a good balance between these three components. These "three Ps" are irreversibly linked with each other. Profit over the long-term is only assured if a company also devotes attention to the effects of its actions on people, society, and the environment. Next to economic goals, any enterprise that follows the PPP-principle will therefore also set social and environmental goals for itself. Socially-responsible business or sustainable business practice serves the interest of the company. It is hardly seen as a luxury; rather, it pays for itself.

Huge retailers are dominating the markets of the Do-It-Yourself sector. In attracting clients, they feel a need for identifying themselves as a trustworthy partner of the customer. They don't only provide products, they also provide services to their customers, like the sponsoring of DIY-courses on construction on specific jobs in the house, offered through television and in magazines. Certification is for these companies a marketing tool. For example, B&Q timber-buying policy is: 'To continue to build our customer's trust that all our wood and paper products come either from proven, well-managed forests or recycled material, thereby continuing to grow

sales and build pride for our entire supply chain.' It is the precautionary principle that drives the retailer, in order to build a long-lasting relationship with his customer.

If responsible retailers are looking for a long lasting relationship with their customers they will benefit from an independent and credible certification of timber. For Intergamma, and other retailers, this has been the primary reason to introduce a long-term policy to supply only FSC labelled timber to their customers.

CONCLUSION

The Forest Stewardship Council provides a marketing instrument for companies that wish to assure their clients of their long-term commitment to socially beneficial, environmentally appropriate and economically viable forest management. FSC labelled products are considered by many forest owners, trade partners, governments and NGO's to be an integral part of a free market of socially and environmentally responsible trade. FSC will continue to deliver a credible and independent certification system to support this developing sector

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