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‘The Evolution of Forest Certification: A Comparative Analysis of Four Countries’ Experiences’
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Dr Fred Gale
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Origins of Interest in Certification

- Became interested in certification during PhD research on ITTO (early 1990s);
- ITTO odd body: ICO for producers and consumers of tropical timber;
- Aimed to promote TT trade, but also concerned to make it ‘sustainable’;
- Environmental Civil Society Organisations (ECSOs) lobbied ITTO to adopt SFM at biannual meetings;
- ITTO hamstrung by disagreements between producers and consumers;
- 1989 Sarawak Mission defining moment—ECSOs realised hopelessness of ITTO approach;
- Sought alternatives to inter-governmentalism and began exploring market-based governance;
- ITTO failure spurred ECSO interest in certification and labelling;
Forest Certification in Canada

- Canada rife with forest conflict; Temagami (Ontario), aerial spraying (Nova Scotia), Clayoquot Sound (BC);
- FSC founded in Toronto, 1993;
- Canada’s ‘certification war’ (Humphreys 2006) begins;
- Fast growth of CSA scheme; slow but steady growth of FSC;
- CSA under pressure from SFI and FSC post GFC?
Why?

- FSC scheme slow to get established as complex cross-constituency negotiations required between environmental, social, economic and indigenous groups;

- Absence of regional standards in 1990s meant few forests could obtain certification; interim standards not permitted in most provinces and territories;

- Only in early 2000s that regional standards negotiations completed—especially for BC and Boreal forests;


- Demonstrated feasibility coupled with impressive CoC growth largely explains recent FSC gains;
Forest Certification in UK

- FSC commenced 1994 when Hannah Scrase appointed Contact Person;
- Worked with WWF95+ Group to establish FSC-UK in 1995;
- Third draft FSC-GB standard completed in 1997;
- Negotiations between industry and FSC to establish UKWAS;
- UKWAS is UK national forestry standard: but process/content comply with FSC;
- UKWAS standard released in 1999: industry quickly obtains UKWAS certification;
- Massive growth in certification to UKWAS standard in early 2000s;
- Companies certifying to UKWAS do so under FSC scheme;
- Today all woodlands in UK certified to UKWAS/FSC; only handful dual-certified with PEFC;

43% of total woodland area certified to UKWAS/FSC; represents 85% of all softwood removals;
Why?

- Long-standing British concern over ‘timber security’ dating to WWI;
- Extensive plantations established, both public and private;
- History of centralised management via Forestry Commission (FC);
- History of ECSO activism—Friends of the Earth, WWF, RSPB, WCL;
- Domestic producers heavily trade exposed, especially Poland & Sweden;
- Poland certified 1996; Sweden first country to negotiate FSC standard 1997;
- Polish FSC certified products becoming available in UK;
- Industry unable to compete without UK scheme;
- UKWAS unique compromise between FSC and FC;

UK Import Dependence

<table>
<thead>
<tr>
<th>Year</th>
<th>UK production</th>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>7.9</td>
<td>49.4</td>
<td>5.9</td>
</tr>
<tr>
<td>2002</td>
<td>7.8</td>
<td>48.5</td>
<td>5.8</td>
</tr>
<tr>
<td>2003</td>
<td>8.1</td>
<td>49.0</td>
<td>7.1</td>
</tr>
<tr>
<td>2004</td>
<td>8.3</td>
<td>53.2</td>
<td>7.5</td>
</tr>
<tr>
<td>2005</td>
<td>8.5</td>
<td>51.2</td>
<td>5.8</td>
</tr>
<tr>
<td>2006</td>
<td>8.4</td>
<td>53.6</td>
<td>5.9</td>
</tr>
<tr>
<td>2007</td>
<td>9.0</td>
<td>54.5</td>
<td>6.8</td>
</tr>
<tr>
<td>2008</td>
<td>8.4</td>
<td>46.3</td>
<td>5.3</td>
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<tr>
<td>2009</td>
<td>8.6</td>
<td>39.5</td>
<td>4.2</td>
</tr>
<tr>
<td>2010</td>
<td>9.7</td>
<td>41.6</td>
<td>5.5</td>
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</tbody>
</table>
Forest Certification in Indonesia

- First ever third-party certification by Rainforest Alliance of Perum Perhutani teak plantation (1990);
- *Lembaga Ekolabel Indonesia* (LEI) commenced 1993;
- Ongoing efforts at mutual recognition of LEI and FSC since 2006;
- New FSC-LEI memorandum signed late 2010;
- As of 2010, SmartWood certified 4 concessions under FSC generic standard;
- As of 2010, LEI certified 6 concessions;
- Perum Perhutani decertified in 2001; some operations recertified after 2009;
- Less than 2% of Indonesia’s forests currently certified;

Tropical deforestation 1990-2010
Why?

- Government commitment to forest-led and agriculture-led development;
- 1980s and 1990s: build up plywood industry to dominate Japanese market;
- 2000s: build up palm oil industry for international markets;
- Land rights generally and indigenous peoples land rights specifically contentious;
- Sprawling jurisdiction with diverse centres of power;
- Extensive corruption that includes military;
- Exports to Japan and China—until recently, less eco-sensitive markets;
- Inadequate aid to promote SFM;

<table>
<thead>
<tr>
<th>Country</th>
<th>Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand</td>
<td>9.5</td>
<td>1</td>
</tr>
<tr>
<td>Australia</td>
<td>8.8</td>
<td>8</td>
</tr>
<tr>
<td>United States</td>
<td>7.1</td>
<td>24</td>
</tr>
<tr>
<td>Malaysia</td>
<td>4.3</td>
<td>60</td>
</tr>
<tr>
<td>China</td>
<td>3.6</td>
<td>76</td>
</tr>
<tr>
<td>Indonesia</td>
<td>3.0</td>
<td>100</td>
</tr>
<tr>
<td>Yemen</td>
<td>2.1</td>
<td>164</td>
</tr>
</tbody>
</table>
Forest Certification in Australia

- 1996 Brisbane Conference generated public awareness;
- 1999 MCFFA Stakeholder Workshop saw industry prioritise certification;
- Industry establishes Australian Forestry Certification Council 2001;
- Australian FSC Contact Person appointed same year;
- Interim Australian Forestry Standard approved in 2003; full approval 2007;
- Many native forest companies (e.g. Gunns) immediately certify to AFS;
- HVP certified to SmartWood’s interim FSC standard in 2004;
- Many plantation companies certify to FSC;
- GFC/post-GFC: Japanese purchasers increasing preference for FSC chain-of-custody certification;

Current Figures, 2012:
- FSC=0.9 million ha;
- AFS=10.1 million ha;
Why?

- Australia late entrant into forest certification;
- ECSOs concerned certification could justify native forest logging;
- Industry uninterested as Japanese customers not demanding it;
- 1997-98 Asian currency crisis shifted markets;
- Also, Japanese purchasers come under increasing ECSO pressure;
- Also, certification taking off in Europe & North America;
- Closed forest policy network (government, industry, unions) develop AFS;
- After 2001, ECSOs finally support FSC;
- AFS championed by state governments;
- FSC championed by private sector plantations operators;

<table>
<thead>
<tr>
<th>Company</th>
<th>Area</th>
<th>CB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forestry Tasmania</td>
<td>1,441,420</td>
<td>NCS Int’l</td>
</tr>
<tr>
<td><strong>Forestry Plantations Queensland</strong></td>
<td>335,732</td>
<td>NCS Int’l</td>
</tr>
<tr>
<td>ForestrySA</td>
<td>138,400</td>
<td>NCS Int’l</td>
</tr>
<tr>
<td>Forestry NSW</td>
<td>2,555,681</td>
<td>NCS Int’l</td>
</tr>
<tr>
<td>VicForests</td>
<td>106,400</td>
<td>SAI Global</td>
</tr>
<tr>
<td>DERM Forest Products</td>
<td>3,256,182</td>
<td>NCS Int’l</td>
</tr>
<tr>
<td>Forest Products Commission (WA)</td>
<td>1,225,434</td>
<td>NCS Int’l</td>
</tr>
<tr>
<td>HVP</td>
<td>242,725</td>
<td>NCS Int’l</td>
</tr>
<tr>
<td><strong>Elders Forestry Ltd</strong></td>
<td>269,428</td>
<td>SAI Global</td>
</tr>
<tr>
<td>Gunns Ltd</td>
<td>331,433</td>
<td>DNV</td>
</tr>
</tbody>
</table>

Large AFS certified operations 2012; Large FSC certified operations in bold;
Comparative Lessons Learned

- Forest certification wars fought in Australia, Canada, Indonesia & UK;
- Wars take slightly different forms;
- In UK, peace achieved through UKWAS compromise;
- In Canada, FSC lost early battles but now gaining ground;
- In Indonesia, parties remain deadlocked;
- Could Australia obtain an UKWAS-style peace to gain major competitive advantage?
- Focus on factors affecting evolution of certification;
- These are (i) Trade exposure of forest industry; (ii) Forest policy network; (iii) ECSO unity; (iv) Biodiversity of forests;
- Issue of path-dependency;

### Position at outset of forest certification in 1993

<table>
<thead>
<tr>
<th>Country</th>
<th>Trade exposure</th>
<th>FPN structure</th>
<th>ECSO unity</th>
<th>Forest types</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>Swedish imports</td>
<td>Opened up to FSC</td>
<td>United front</td>
<td>Low biodiversity</td>
</tr>
<tr>
<td>Canada</td>
<td>Export to US</td>
<td>Closed but opening up to FSC</td>
<td>United front</td>
<td>Moderate biodiversity</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Exports to Asia</td>
<td>Firmly closed</td>
<td>Dis-united</td>
<td>High biodiversity</td>
</tr>
<tr>
<td>Australia</td>
<td>Exports to Asia</td>
<td>Closed in many states</td>
<td>Dis-united</td>
<td>Moderate biodiversity</td>
</tr>
</tbody>
</table>

- Australian industry quite vulnerable—especially to Asian markets during recessions;
- Australian forest policy network quite closed: would need to open up to other interests;
- Australian ECSOs divided: would need to embrace FSC, including for native forests;
- Australia’s native forests moderately biodiverse—need to shift to ecosystem-based management approach;