Feasibility Study Regarding Forest Product Certification in Oregon, Washington and British Columbia

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INTRODUCTION

In spring, 1993 the World Forest Institute was invited by the Forest Stewardship Council to conduct a feasibility study regarding forest products certification in Oregon, Washington and British Columbia.

The Forest Stewardship Council (FSC), formed in 1992, is proposing to become an independent, non-governmental organization that would evaluate and monitor forestry certification programs worldwide. The FSC is a response to the efforts already underway in various parts of the world that would allow those who sell forest products to indicate that the wood they sell comes from a properly managed forest. The FCS would be an international body, a certifier of the certifiers, giving credibility to the system. Certification would cover all forests of the world: tropical, temperate and boreal.

The Forest Stewardship Council would like to see its goals achieved through influence in forest products trading rather than with government enforcement. The wood producers, retailers and existing certifiers could apply voluntarily to the program to gain the right to use FSC's label. The intent is to create educated consumers who will not accept products from improperly managed forests.

To evaluating forest practices, the Forest Stewardship Council is developing principles and criteria of good forest management. This is an ongoing activity and one of the main objectives of this study was to gather feedback on the FSC's Sixth Draft of Principles and Criteria for Forest Management. Besides these global principles and criteria it is expected that each country or region would develop its own particular standards that would follow the FSC's principles.

The purpose of this study was to assess the feasibility of implementing forest product certification--to determine what role certification is likely to play in Oregon, Washington and British Columbia.

Similar assessments have been made in other parts of the world. The two first studies occurred in Switzerland and Peru. Results of this consultation and other country assessments will assist the Forest Stewardship Council as it plans the direction of its development.

The report is divided into two sections. The first section presents the findings of the study regarding Oregon and Washington. The second section outlines the study's findings for British Columbia.

PART I - Oregon & Washington

1. METHODOLOGY

The purpose of the consultation was to gather information from stakeholders, as identified in the Forest Stewardship Council's Terms of Reference, on certification in general, and on FSC's agenda in particular. Special focus was on FSC's Sixth Draft of Principles and Criteria for Forest Management and its appropriateness in Oregon and Washington.

To accomplish the consultation the World Forest Institute conducted ten focus group sessions in Portland, Oregon in June 1993. The selection of groups was designed to give a good representation within the "chain of custody" of forestry and forest products. Each group represented one step in the process of forestry and forest products production and consumption. The ten groups were:

- Public forest land owners
- Private forest land owners (without manufacturing facilities)
- Private forest land owners (with manufacturing facilities)
- Forest managers
- Forest product manufacturers (without land)
- Brokers, wholesalers and retailers
- Secondary wood product manufacturers
- Existing certifiers and forest practices act specialists
- Contractors, engineers and architects
- Environmental organizations

The consultation was targeted to people from Oregon and Washington with a few participants from other parts of the U.S. The Institute invited 8-10 people to each group. Focus group participants were selected by an advisory committee (See Appendix 1), and in general the participation was good. In addition to focus group sessions, some personal interviews were conducted. In all, 62 individuals participated in the study (See Appendix 2) .

Dr. James Long of Washington State University's Cooperative Extension Office assisted with the design of questions and facilitated the focus groups. Eric Landis and/or Sari Sahlberg from the Institute observed and recorded the discussions. Participants were asked to base their comments on their personal knowledge and experience, and not to make statements that would represent their organization's or business's position. The idea of focus group interviews was to gather insights, perceptions and ideas on forest product certification, not to reach consensus on the issue. Each meeting lasted two hours. Discussions followed a predetermined questioning route and there was time set aside for free discussion at the end of each session. The questions were quite similar from group to group to allow comparison of answers across the groups.

The set of questions were structured to elicit several levels of perceptions:

- The respondents' familiarity with the concept of wood certification;
- The appropriateness of wood certification as a means to promote sustainable forest management in the Pacific Northwest;
- The appropriateness of FSC's draft of principles and criteria as a means to implement wood certification;
- Management changes, if any, required to follow these principles and criteria;
- Costs and benefits of implementing wood certification;
- Consumer demand for certified wood products; and
- Need for an international umbrella organization (like the FSC) to accredit certification programs.

Each participant had a printed copy of all questions. Each was encouraged to respond to each question, to concur with another speaker's point of view or to indicate that he/she had no judgment.

The analysis of results began by grouping the comments of each group under four issues:

1) Perceived demand for certified forest products,
2) Appropriateness of FSC's draft of principles and criteria in the Pacific Northwest,
3) Benefits vs. costs of utilizing forest product certification, and
4) Development of certification and scope of FSC's activities.

There was a wide range of opinions within and across the groups with several ideas and viewpoints reoccurring. Comments are summarized in Part I, Chapter 2, Summary of Consultation.

The next step was to assess the feasibility of certification by analyzing the "chain of custody" to see how the different links in the "chain" perceive certification. The purpose of this step was to identify potential "trouble links", i.e. stakeholders who perceive that certification is not feasible, or "trouble areas", i.e. elements in certification which would be difficult to implement. These "trouble links" and "trouble areas", as well as some options to solve the difficulties, are discussed in Part I, Chapter 3, Discussion.

EXECUTIVE SUMMARY

In spring, 1993 the World Forest Institute was invited by the Forest Stewardship Council (FSC) to conduct a feasibility study regarding forest products certification in Oregon, Washington and British Columbia.

The purpose of the consultation was to gather information from stakeholders, as identified in the Forest Stewardship Council's Terms of Reference, on certification in general, and on FSC's agenda in particular. Special focus was on FSC's Sixth Draft of Principles and Criteria for Forest Management and its appropriateness in the region. The study is divided into two parts; the first covers Oregon and Washington and the second, British Columbia.

To accomplish the consultation in Oregon and Washington, the World Forest Institute conducted ten focus group sessions in Portland, Oregon in June 1993. Each group represented one step in the process of forestry and forest products production and consumption.

In general, the participation in focus groups was good, showing an interest in forest product certification. The perceptions of whether certification in the Pacific Northwest is feasible or not varied within and across the groups. While analyzing the chain of custody of forestry and forest products it is recognized that those stakeholders closest to the consumers - retailers, home-builders and architects - had the most positive response to FSC's initiative and would have the least difficulties in implementing certification.

The strongest criticism to certification and FSC's initiative came from private landowners and forest products manufacturers. Landowners and manufacturers associated FSC's initiative with the pursuits of environmental organizations, especially when reviewing the FSC's principles and criteria and the list of FSC's interim board members. Participants felt the FSC is an "outside" organization, because it has not involved the landowners and forest industries during the process of developing the principles and the program. Several participants pointed out that current forestry legislation has been developed through a consensus-building process.

Another reason given for reservations is that landowners and forest industries are reluctant to adopt new "regulations" regarding forest management. Although the program is proposed to be voluntary and market-driven, the participants felt that certification would become regulatory in nature. The producers in the Northwest believe that current forest management is good and sustainable. It was emphasized that the states of Oregon, Washington and California are the most regulated areas in the U.S. The participants were concerned that the principles would follow a populist notion of what is believed to be good forest management and not be based on science and realities of economics.

When asked to identify the benefits of wood certification, participants across stakeholder groups had reservations regarding the use of certification as a tool to promote good forest management. Only a few participants believed that certification

would improve forest management in the Northwest. The most cited benefit was that certification was an opportunity for the forest producers to improve public relations, a potential way to gain back lost credibility.

In spite of these reservations, there is interest among landowners and manufacturers in forest product certification. Many people viewed that certification will be put into practice sooner or later so it would be better to seriously look at participating in certification efforts than to wait until it is mandated. There was also a general agreement that an international governing body should be formed to monitor the certification claims. Many of the manufacturers also realize that the certifying organization must be outside industry to be credible. In general, participants agreed that the certification program should be market-driven and voluntary, not enforced by the government.

One difficulty in establishing the principles and criteria is that although the participants agree that the goal of forest management is "sustainable forestry," they also recognize there is no clearly accepted definition of the term. This allows for different interpretations of sustainable forest management. There was also disagreement on how many of the principles and criteria fall under current forest legislation. The environmental organizations generally felt that all the principles are currently violated in the Northwest. The opinion among forest producers was that a lot of the principles and criteria are already covered in the Forest Practices Acts in Oregon and Washington. Public land owners said they would not have difficulties in adopting these principles and criteria. However, common perception across the groups was that the principles and criteria are very restrictive and they need to be simplified and more flexible to be applied in the field.

One of the major concerns among the groups was that certification would mean increased costs to the small woodland owners. In order for certification to be feasible, the principles and criteria should be simplified. Landowners also need technical assistance and cooperation to reduce the cost of certification. Another concern among forest producers was that adopting FSC's principles and criteria would bring a loss of private property rights. Although few participants mentioned specifically how property rights are lost under the principles and criteria, the general feeling was that the certification would decrease the freedom of choice regarding forest land use and business management. Many of the forest producers felt that the principles and criteria underestimate the role of plantations, citing that plantations are an effective way to satisfy the demand for wood products and that plantations also relieve the pressure on natural forests.

The overall success of implementing certification in the Pacific Northwest depends largely on reactions from federal and state agencies to certification because both in Oregon and Washington more than half of the timberland area is publicly owned. It was mentioned that certification might create unfair competition between mills who get the logs from their own lands and the ones who rely on public lands if federal and state agencies do not work towards certification of their lands.

Many of the concerns on certification relate to who is doing the certification and what standards are used. These concerns could be satisfied if the FSC involves all stakeholders in the development of certification programs and establishment of

standards. If not, the FSC will get full support only from existing certifying organizations, retailers willing to sell certified products, architects and home-builders interested in environmentally built houses, and some, but not all, environmental organizations.

According to the consultation, one could expect that initially the certification would be a way to recognize good forest management, not a way to improve forest management in the Pacific Northwest. Producers who already meet the certification standards will apply for certification. Currently, there are not enough financial incentives for landowners to change management practices in order to meet the standards. Forest products manufacturers believe there is interest, but not enough demand among consumers for certified forest products. Producers do not believe that certified products would necessarily have a higher price in the market place.

2. SUMMARY OF CONSULTATION

2.1. Perceived demand for certified forest products

Stakeholders were asked how they perceive the demand for certified forest products to assess the importance of certification to them. It was assumed that if stakeholders did not perceive any demand they most likely would not participate in a certification program.

Participants saw a growing interest in "green-labeled" products. These signs include: Walmart has built an "Eco-store" using certified wood, people are willing to pay higher prices for organic food products, more retailers are selling "green" products, there is an increase in recycling of paper and aluminum, there is an expressed interest in environmentally built houses, some consumers are expressing an interest in not using old-growth timber in construction, and there is a growing interest in life-cycle assessment.

Stakeholders noted that there is already small-scale demand for certified forest products in small quantities, while those buying large quantities may not be willing to pay more for certified products. In general it was believed that the biggest market for certified products is in Europe. Some people believed there will be demand for certification of tropical hardwoods, but not for certification of temperate softwoods.

In the long run it was thought that the demand for certified forest products will depend on the price difference between certified and non-certified materials. Home builders and architects pointed out that in residential home building a two- to five-percent increase in lumber prices would significantly affect new home construction. In commercial buildings the price of wood does not play as big a role in consumer's decisions. There will be a market for certified wood in commercial construction as companies want to improve their image (i.e., Walmart).

It was mentioned that there are different consumer groups for forest products; the first group of buyers is price-driven only, in the other group the decisions are based on other considerations as well. There are also two different markets; through retailers, and through contractors. The consumer demand for certified products is most often directed to retailers.

2.2. Appropriateness of FSC's Principles and Criteria in the Pacific Northwest

The following list is a summary of comments and recommendations on the Forest Stewardship Council's Draft Six of Principles and Criteria for Forest Management. Comments on the principles and criteria refer to their appropriateness in the Pacific Northwest, not to their global context. The range of opinions within and across groups was broad. There was, however, many opinions, ideas and questions stated several times during the consultation. While analyzing the results, more weight has been put on

comments that reoccurred across several groups. Other comments specific to only one stakeholder group are also noted.

It is important to note that many comments pertain to several principles or the entire document in general. For this reason the comments are organized around thoughts and ideas, rather than specific principles. In addition, to meet the changes required by some comments, fundamental changes in the principles and criteria would be necessary.

Comments and recommendations on the FSC's Principles and Criteria:

1. The term "sustainable forest management" does not have a clear and accepted definition. The term "sustainability" is the basis for certification, and there is a need for consensus on what it means, before the principles and criteria are implemented.
2. There is a need for consensus on the principles and criteria. Forest producers in the Pacific Northwest feel that the FSC is an "outside" organization. The formation of FSC and the process of development of principles and criteria has so far excluded both landowners and forest industries. The participants suggested that the principles and criteria be established through a consultation process that involves all stakeholders.
3. The principles and criteria, and their application, must be based on science. The forestry sector is concerned that the certification will be influenced by environmentalists' and the general public's perceptions that are not science-based.
4. It is not clear to whom the principles and criteria are directed. There are elements in the principles and criteria which are not forest producers' responsibilities, e.g. appropriate consumption should be the responsibility of consumers, not producers.
5. The principles and criteria must be revised periodically. Information on sustainable forest management is continually revised.
6. All FSC's principles fall under three categories: 1) social issues, 2) management plan (ecological issues), and 3) economic issues. This should be seen in the document. It was hypothesized that the FSC may need only three principles.
7. The concept of "precautionary principle" should be incorporated in the principles. It is not known what the long-term consequences of different forest practices are. Request for adequate reserves would be an expression of the recognition of uncertainty.
8. Some of the terms in the principles and criteria are ambiguous and require further definition. These include "affected communities", "equitable share", "participating parties", "customary rights", "natural forest", "plantation" and "long-settled forest-dependent communities."
9. What is the definition of a "forest" in the principles and criteria? -- The principles and criteria make no mention of the area of land when measuring for sustainability.
10. The principles and criteria include fine, idealistic concepts not easily applied in the field. It may be difficult to find any examples of forest management that would meet every principle and criteria.

11. The principles and criteria are too restrictive. Some form of professional flexibility should be maintained to achieve success. The principles and criteria should be guidelines, not mandates. Many participants commented on the frequency of the word "must" within the document.
12. The criteria are often too specific. The criteria do not recognize that we are continually learning better forest management and there are many ways to achieve that goal. Too restrictive criteria can lead to limitations on new thought and application.
13. The principles and criteria are too cumbersome for small woodland owners. Small landowners do not have the technical resources or money to conduct the surveys, inventories, etc. required in the principles and criteria.
14. Private property rights must be guaranteed. The principles and criteria were viewed by many landowners as restrictive on their rights of ownership. "Dictating" their annual allowable cut, dispersal of benefits and pricing mechanism were cited as examples.
15. The principles must be global. Double standards for developed and underdeveloped countries should be avoided. To do so may require the broadening of the principles.
16. The criteria should be regional. The criteria for the Pacific Northwest should be developed within the region. The starting point could be examples of good management practices in the area.
17. There is a need for a different set of principles and criteria for different scales of forest production, different ownership, and different types of forest. These factors, that influence forest management, vary considerably across the Pacific Northwest.
18. The principles and criteria have a "tropical viewpoint". The principles and criteria seem to be made for areas where market economy, forest legislation, and private property rights play a lesser role than in temperate regions.
19. The principles and criteria on Social and Economic Benefits, as written in the document, may not be applicable in the Pacific Northwest. The private sector saw the criteria on social benefits as an intrusion into business management.
20. The principles and criteria on Local Rights, as written in the document, may not be applicable in the Pacific Northwest. It is cumbersome to let all local communities participate in forest management decisions.
21. The principles and criteria should be related to management practices only. It was viewed that including social equity, customary rights, pricing schemes, etc. in the principles and criteria imposed ethical values and was not designed to improve forest management.
22. Forest management on watershed/landscape level should be addressed in the principles and criteria. Certification should not be based only on management of individual properties, but on management practices of watersheds. It was noted that such certification would spur cooperation among landowners.
23. There should be more focus on non-timber forest products.

24. Distinction of forests between natural forests and plantations is inadequate. The principles and criteria assume that secondary forests regenerated after clearcutting are "natural" and that all plantations are "unnatural".
25. The principles and criteria are based on an assumption that "natural" is better than "managed" and that all plantations are "bad."
26. For economic reasons it is not realistic to require that natural forests should remain natural forests.

2.3. Benefits vs. costs of utilizing certification

This section outlines the perceived benefits and costs of utilizing forest product certification as expressed by the study participants. First, there is list of benefits and costs that apply in general, and then benefits and costs identified for different stakeholder groups.

General:

- Certification is an incentive to the wood producers worldwide to improve forest management.
- If certification is worldwide, it provides an "even playing field" and increases stability in the marketplace.
- Certification will educate consumers about forest management.
- Buying certified products would ease conscience regarding use of wood.
- Certification might relieve pressure from primary forests which should be used for high value products.
- Certification could solve forest management conflicts and secure more wood for the market.
- Certification creates a new opportunity for business.
- Certification will provide greater value of both timber and non-timber products.
- Certification will provide for the protection of gene pools.
- Certification would mean transfer of production from large to small companies and create more jobs.
- Voluntary certification would be a real spur to community determination, entrepreneurs, human creativity, etc.
- Indirect benefit: Increases the price of wood, which drives manufacturers and consumers to more efficient use of timber.
- Certification is a public benefit which the public should pay.
- Certification is not an appropriate way to promote good forest management in the Pacific Northwest. There are already other programs (e.g. American Tree Farm Program) and regulations (e.g. state forest practices acts) in place.
- Certification would not improve forest practices in the Pacific Northwest.
- The principles and criteria would mean new regulations that can possibly increase the rate of harvest and be a detriment to the ecosystem, or increase conversion of forest land into other uses.
- Certification might deteriorate the economy of third world countries. If the third world countries are unable to meet the principles and criteria, the certification mimics a boycott.

Landowners/Forest managers:

- Improved standing with the public.
- Way to demonstrate that you are practicing good forest management.
- New regulations have always decreased harvest levels; voluntary certification might at least guarantee current harvest levels.
- Voluntary certification would be an incentive to avoid more regulations and government enforcement.
- Certification recognizes good forest management; normally good managers cannot compete with bad managers in the marketplace.
- No economic benefits in the short-team.
- Cost of giving up private property rights.
- Increased bureaucratic procedure.
- Increased costs to small woodland owners.

Manufacturers:

- Certification would be a way for the forest industries to respond to the environmental pressures, a way to gain back their credibility.
- Increased opportunity to capture market-shares.
- "Environmental-friendliness" of forest products would be a benefit in the marketplace (advantage compared to substitute materials like steel, aluminum, and concrete).
- If the price of wood increases because of certification, and consumers are not willing to pay that, the use of substitute materials for wood will increase.
- Certified products will not carry a premium.
- Difficulties in tracking the wood form harvest site to consumer (multiple outlets, multiple products, composite products, etc.).
- Cost of segregating logs in the manufacturing processes.
- Cost of increased bookkeeping.
- Additional inspections.

Architects, home builders, engineers and retailers:

- Opportunity to capture increased customer base.
- Allows for an increased role in forest management.
- Clear conscience.
- Credible, third-party certification saves the retailer's time and energy, because the retailer will not be responsible for monitoring sustainability claims.
- Some premium may be available for certified forest products.
- Reliable certification would help architects to give information on the source of building materials.
- No real costs to architects or engineers in specifying materials.

2.4. Development of certification program and scope of FSC's activities

All focus groups agreed that there is a need for an independent third-party organization to monitor the certification claims. In order to be credible, the governing body must be outside industry. A widely recognized and respected umbrella organization would also guarantee that the standards for evaluating the forest operations are appropriate.

Most participants agreed that the certification should be market-driven and voluntary, not regulated by the government. There was a strong feeling that incentives work better than regulations. Some participants, however, questioned how long certification would remain voluntary, or if it would soon be changed into labeling legislation.

Some stakeholders proposed that the states should administer certification programs. This idea includes the assumption that the forest practices acts already cover the FSC's principles and criteria, or that the forest practices acts would be used as certification standards instead of FSC's principles and criteria. A few interviewees also believed that different countries will develop their own certification programs apart from the FSC.

Many participants emphasized that the development of a certification program should involve all stakeholders to avoid a political agenda. The forest industry pointed out that the Oregon and Washington Forest Practices Acts were developed by consensus and are two of the most stringent regulations for forest management in the U.S. The organizational structure of FSC was discussed only on a general level. The forest product producers thought the FSC should include foresters, landowners, environmentalists, and government agencies. Verifying the tracking of certified wood and labeling of products at the mill site could be done by existing trade and grade organizations, such as Western Wood Products Association (WWPA), which already have the necessary structure for timber certification in place. The development of national standards should involve all interest groups. One proposal was that the FSC would be a division of the International Standards Organization (ISO).

Many participants believed that certification should not be a pass/fail system because it is difficult to define what is acceptable or not acceptable in forest management. Instead, there should be a tiering system with different levels of certification. A tiering system would recognize improvement in forest practices and spur better management. If it were a pass/fail system what incentive would there be for forest producers who barely meets the standards to upgrade their management practices? A tiering system would also provide more information to customers about the level of forest management. Education should be an important component of the certification program. Participants pointed out that FSC's principles and criteria allowed little in the way of educating consumers regarding certification and forestry.

One concern among all groups in the forestry sector was how the certification can be made feasible to small landowners. It was pointed out that landowners need cooperation and technical assistance in a larger geographical area to reduce the cost of certification. It was also suggested that the certifying agencies should work with the American Tree Farm Program and the Forest Stewardship Program to involve the small

landowners. These programs could provide professionals in the field and market the program, and perhaps the principles used in the programs could be used for small landowners.

It was recommended by some participants that the FSC's principles and criteria should be tested in the field to assess if they are applicaple. A few watershed areas with different ownership patterns should be chosen in eastern and western part of the Pacific Northwest and a group of landowners, managers and environmentalists would evaluate what the principles and criteria would mean in practice. An example of an existing partnership of landowners and managers is described in Part II, Section 2.3.

One of the technical hurdles in certification is the segregation of logs in a mill which cannot get all of its raw material from a certified source. One suggestion to solve this difficulty was that the certification label would be given to all products produced in a mill if more than a certain percentage of logs come from certified forest operations.

Questions raised regarding the funding of the certification program. How will the FSC be funded? What is the mechanism to guarantee that the additional value of certified forest products goes to the landowner who has paid the costs of certification?

3. DISCUSSION

In general the participation in focus groups was good which shows there is interest in forest product certification. The perceptions whether the certification in the Pacific Northwest is feasible or not varied within and across the groups. It is important to note that although one major objective of this consultation was to assess the feasibility of certification in general, the participants seemed to associate all questions on certification to FSC's initiative. This means that their perceptions on the feasibility and benefits of certification were influenced by their perceptioins on the FSC and FSC's principles and criteria.

While analyzing the chain of custody of forestry and forest products it can be recognized that those stakeholders closest to the consumers - retailers, home-builders and architects - had the most positive response to FSC's initiative and would have the least difficulties in implementing certification. Home-builders would be willing to use certified products as long as the price difference between certified and noncertified wood is low enough for buyers to absorb the additional cost. The position the architects, designers, and home-builders take in certification is important to the success of this program as they have a significant influence on building material decisions.

The strongest criticism to certification and FSC's initiative came from private landowners and forest products manufacturers. This reaction needs to be understood within the context of present circumstances in the Northwest forestry sector. The conflicts between the environmental organizations and forest industries have been strained since 1990 when the spotted owl was listed as an endangered species resulting in the closure of timber harvest on nearly all federal lands in Oregon and Washington (see Part II, Section 1.4). In the middle of June, when the focus group sessions were conducted, participants were waiting for results from President Clinton's Forest Plan that would "end the gridlock" in the Northwest. One participant noted that the very day he attended the focus group session leaks had emerged regarding the Clinton administration's proposed reduction in harvests from public lands and that this news heightened the concerns the participants had on certification and the FSC.

Rightly or wrongly, landowners and manufacturers associated the FSC's initiative with the pursuits of environmental organizations, especially while reviewing the FSC's principles and criteria and the list of FSC's interim board members. Participants felt the FSC is an "outside" organization, because it has not involved the landowners and forest industries during the process of developing the principles and the program. Several participants pointed out that current forestry legislation has developed through a consensus building process. The FSC was perceived as an outside organization in part because it has not received significant "local" input. It was questioned if the FSC has understanding of the circumstances in the Northwest. This concern could probably be relieved by establishing regional standards for the Northwest through a broad consultation process and by establishing a regional office to accredit the certifiers. There were not many specific comments on the organizational structure of FSC or the accreditation system, partly because the participants who did not support the FSC's initiative were not involved in the issue, and partly because these issues were discussed in the very end of the sessions. It was, however, noted by several

participants that the existing trade and grade organizations in the Northwest, such as Western Wood Products Association (WWPA), should have a role in the certification, because they already have on-the-ground staff to inspect and verify the forest product grading in the mills. Certifying agencies should have cooperation with these organizations and let them take care of the verification and the labelling of certified products in the mill site.

Another reason for reservations is that the landowners and forest industries are reluctant to adopt new "regulations" regarding forest management. Although the program is proposed to be voluntary and market-driven, the participants felt that certification would become regulatory in nature. The forest producers in the Northwest believe that the current forest management is good and on a sustainable basis. It was emphasized that the states of Oregon, Washington and California are the most regulated areas in the U.S. The participants were concerned that the principles would follow a populist notion of what is recognized as good forest management and not be based on science and realities of economics. In addition, the private sector thinks it is not their role to take responsibility for social and economic equity. Many of the participants thought the private sector should not pay for public benefits.

When asked to identify the benefits of wood certification, participants across the groups had reservations for the use of certification as a tool to promote good forest management. Only a few participants believed that certification would improve forest management in the Northwest. It was mentioned that there are already other programs in the U.S. to improve forest management. These programs, such as the American Tree Farm Program and government incentive programs, are targeted to the private sector and have features the FSC might wish to consider (See Part II, Sections 2.1. and 2.2.). The most cited benefit was that certification was an opportunity for the forest producers to improve public relations, a potential way to gain back lost credibility. Regarding the third world countries, there was a concern that the certification would mimic a boycott to forest products, if the principles are too stringent for those countries to implement.

In spite of these reservations there is interest among the landowners and manufacturers in forest product certification. Many people think that certification will be put into practice sooner or later so it would be better to seriously look at participating in certification efforts than to wait until it is mandated. There was also a general agreement that an international governing body should be formed to monitor the certification claims. Many of the manufacturers also realize that the certifying organization must be outside industry to be credible. In general participants agreed that the certification program should be market-driven and voluntary, not enforced by the government. A lot of the concerns relate to who is doing the certification and what standards are used. These concerns could be satisfied if the FSC involves all stakeholders in the development of certification program and establishment of standards. If not, the FSC will get full support only from existing certifying organizations, retailers willing to sell certified products, architects and home-builders interested in environmentally built houses, and some, but not all, environmental organizations.

The reactions from environmental organizations to certification were contradictory. Forest product certification will probably satisfy some organizations' concerns about forest management in the Northwest, especially if the need for adequate reserves is

included in the principles and criteria. Certification will not satisfy organizations who focus on preservation of forests. It was noted by one participant that certification will create increased fragmentation among environmental organizations as some endorse the concept and others feel that it falls short of their goals.

One difficulty in establishing the principles and criteria is that although the participants agree that the goal of forest management is "sustainable forestry", they also recognize there is no clearly accepted definition of the term. This allows for different interpretations of sustainable forest management. Many participants emphasized that FSC's principles and criteria, and particularly their application to certification in the field, must be demonstrably based on scientific knowledge. There was a disagreement on how many of the principles and criteria fall under current forest legislation. The environmental organizations generally felt that all the principles are currently violated in the Northwest. The opinion among forest producers was that a lot of the principles and criteria are already covered in the Forest Practices Acts in Oregon and Washington (see Part II, Section 3). Public land owners said they would not have difficulties in adopting these principles and criteria. However, common perception across the groups was that the principles and criteria are very restrictive and they need to be simplified and more flexible to be applied in the field. As an example, it was noted by many participants that the management plan and environmental impact assessments in the principles and criteria were far too cumbersome and expensive to conduct for small woodland owners who might only have 50 to 100 acres of timberland.

Another difficulty in establishing the principles and criteria and standards for forest management is the wide range of forest ownership, forest types and scale of forest production in the Pacific Northwest. Consensus might not be reached on global criteria, which are very detailed in FSC's document. It was pointed out across the groups that the issue of scale of forest production has to be dealt with in the principles and criteria or in their application. One of the major concerns among the groups was that certification would mean increased costs to the small woodland owners (In Oregon 14 percent and in Washington 19 percent of timberlands are owned by non-industrial private owners). In order to make the certification feasible, the principles and criteria should be simplified. Small landowner do not have the technical resource or money to conduct the surveys and inventories, etc. required in the principles and criteria. Landowners also need technical assistance and cooperation to reduce the cost of certification. One potential alternative suggested was integration of existing recognition programs for non-industrial private landowners into the certification process. Certifiers might wish to consider accepting certification/recognition by these programs as evidence of sound and sustainable forest management, or find another way to coordinate the efforts. Two programs currently used to recognize landowners who manage their properties in a sustainable and technically sound manner are the American Tree Farm Program and the Forest Stewardship Program. Both programs require a written management plan, which is reviewed every five years to determine continued compliance with program guidelines (For more detailed desciption of programs, See Sections 2.1. and 2.2.).

When the feasibility of certification of non-industrial private lands is discussed, it is worth mentioning that there is a big difference in reasons for owning forest land and in management objectives when ownership size is taken into account. Landowners with larger ownerships tend to be more interested in timber production for income than

owners with small-sized properties. Most non-industrial private owners own less than 50 acres, but collectively control less than 20 percent of non-industrial forest land. Many of the small landowners will not endorse certification, in part because their interest in timber harvesting is very low.

One of the biggest concerns among forest producers was that adopting FSC's principles and criteria would bring a loss of private property rights. Although few participants mentioned specifically how property rights are lost under the principles and criteria, the general feeling was that the certification would decrease the freedom of choice regarding forest land use and business management. Principles that directly limit the rights of a landowner are principles on Environmental Impact, Sustained yield, Maximazing the Forest's Economic Potential and Forest Plantations, because they clearly relate to management practices. These concerns relate again to the feeling that voluntary certification would become regulatory in nature. Some interviewees questioned if certification would soon be changed into labeling legislation.

Many of the forest producers felt that the principles and criteria underestimate the role of plantations citing that plantations are an effective way to satisfy the demand for wood products and that plantations also relieve the pressure on natural forests. It was also pointed out that when tree species native to the forest site are used the plantations have a lot of the characteristics of natural forests.

There are practical problems in tracking and segregating the logs which will make the implementation of certification cumbersome both for manufacturers and certification agencies. In vertically-integrated companies the connection between the landowner, the harvester and the manufacturer is fairly direct, but in many cases manufacturers may have 50-100 suppliers from both public and private forests. It was questioned if certification agencies would have enough staff to inspect all stages of the process from harvest site to the retailer. Another difficulty is the segregation of logs in the manufacturing processes if the mill does not use only certified logs. Segregation is possible only if the manufacturer has enough certified suppliers to get the volume necessary to establish a new production line and to justify the cost of segregation. If certification of forest operations is done on a large basis it reduces a lot of these difficulties.

The overall success of implementing certification in the Pacific Northwest depends largely on reactions from federal and state agencies to certification because both in Oregon and Washington more than half of the timberland area is publicly owned (see Part II, Section 1.2.). Even though the harvest levels on federal and state lands have decreased during the past few years years, there is still a large portion of manufacturers dependent on raw material from public lands, especially from National Forests. It was mentioned that certification might create unfair competition between mills who get the logs from their own lands and the ones who rely on public lands if federal and state agencies do not work towards certification of their lands.

As of yet the U.S. Forest Service has not played an active role in certification. However, in July 1993 the Forest Service determined its position on certification by saying that it "supports the goals underlying the concept of certification, namely that standards for sustainable forest management should be realistically defined and flexibly applied in order to encourage the conservation and sustainable management of forest

resources, but to avoid imposing prohibitive political, economic, or social costs of compliance upon producers" (See Appendix 3).

According to the consultation, one could expect that certfication would initially be a way to recognize good forest management, not a way to improve forest management in the Pacific Northwest. Producers who already meet the certification standards will apply for certification. Currently, there are not enough financial incentives for forest producers to change management practices in order to meet the standards. Forest producers believe there is interest, but not enough demand among the consumers in certified forest products. Producers do not believe that certified products would necessary have a higher price in the market place.

Feasibility Study Regarding Forest Product Certification in British Columbia

World Forest Institute
Portland, Oregon USA

August 1993

PART II - British Columbia

1. METHODOLOGY

The purpose of the consultation was to gather information from stakeholders, as identified in the Forest Stewardship Council's Terms of Reference, on certification in general, and on FSC's agenda in particular.

To accomplish the consultation the World Forest Institute conducted interviews in British Columbia in July 1993. The organizations and individuals contacted were:

- Ministry of Forests
- Intertribal Forestry Association of British Columbia
- Forest Alliance of British Columbia
- Council of Forest Industries
- Canadian Forest Products Ltd.
- Fletcher Challenge Canada Ltd.
- MacMillan Bloedel Ltd.
- Ecoforestry Institute
- Silva Forest Foundation
- Patrick Armstrong, Moresby Consulting
- Ray Travers, OR Travers Forestry Consultants

The intent was to interview people from Sierra Club of Western Canada and Western Canada Wilderness Committee but these meetings were canceled due to scheduling conflicts.

The main objective of the interviews in British Columbia, which took place after the quite intensive consultation in Oregon and Washington, was to look for differences between British Columbia and the Pacific Northwest related to the feasibility of implementing forest product certification. The assumption was that the FSC's initiative would have a somewhat similar reception in B.C. in spite of differences in forest ownership, legislation, markets for forest products, etc. The discussions, however, pointed out that the context in British Columbia is very different from Oregon and Washington, and that to assess the feasibility of certification a much broader consultation should take place. It was also questioned by several interviewees why B.C. was included in the same assessment with Oregon and Washington and why the rest of Canada was excluded from the consultation.

2. SUMMARY OF CONSULTATION

2.1. Ministry of Forests

The participants at the Ministry of Forests emphasized that their comments do not represent the ministry's position. They also asked that their names would not be mentioned in the report.

Participants did not endorse the FSC's initiative. They did not feel that this initiative would be the right way for British Columbia to move towards sustainable forestry, addressing that the province already has its own process in place. Participants noted that there are new initiatives on provincial and national levels in Canada that have been set up to address sustainability and public concerns. These initiatives, that include National Forest Strategy, Protected Areas Strategy, the Commission on Resources and Environment, Forest Practices Code, and the timber supply review, will mean significant changes in forest management in British Columbia (See Part II, Chapter 4. Current Issues in Forestry). Participants also noted that these initiatives have involved all stakeholders including the government, forest industries and non-governmental organizations.

In British Columbia the forests are a publicly-owned resource (ca. 95 percent Crown lands). Participants pointed out that in an open democracy like Canada, there is room for public discussion and a need for consensus on natural resources management. Participants did not believe in rapid changes in forest management practices saying that the implications could be destructive.

The participants noted that the FSC's initiative seems to be finalized already and that it is too late to solicit feedback. The FSC's credibility was also questioned; participants did not consider the FSC's members to be important stakeholders and it was pointed out that the process has excluded the forest industries.

Participants had reservations for the use of forest product certification saying that it could be destructive to many countries' economies and that we do not yet know the economic consequences. In spite of the reservations, the participants felt that the certification could encourage sustainable forest management; the success depends on how the certification program is developed. The process must involve credible people from all stakeholder groups and the principles must be applicable and scientifically valid.

2.2. Forest Industries

Participants from the forest industries were very reserved to make comments on the FSC's initiative, especially on the principles and criteria, because they felt they had been excluded from the process of developing them. Participants had a fear that their comments could be perceived as having endorsed the FSC's activities in which they have no involvement.

Participants viewed the FSC's initiative as a very non-participatory process stating that any process designed to define and evaluate sustainable forest management requires a broad consultation. Participants noted that they did not see any input from forest managers and forest product producers in the program, and that the FSC's interim board does not include anyone with a strong forestry background. It was also mentioned that a global initiative would require more country assessments. There were also doubts about the intent of the consultation in such a late stage of formalizing the principles and criteria. Participants saw the FSC as a self-appointed organization that asks for feedback, but makes the decisions without involving all stakeholders. They felt that the FSC's Founding Assembly in Toronto in October is exclusive, because the FSC decides who can attend the meeting.

Participants pointed out that in B.C., where the public owns the forests, there is a need for public acceptance to forest management and that the government involves all stakeholders in decision-making. Participants referred to round table meetings in Canada that work for consensus on sustainable development in the nation's forests. Participants wanted to address that forest industries in B.C. and Canada support the international negotiations creating sustainable development and conservation of forests. As examples, they mentioned that the UNCED (United Nations Conference on Environment and Development) process, and the EC's (European Community) and the CSCE's (the Conference on Security and Cooperation in Europe) work on the definition on sustainable forestry.

Regarding the FSC's principles and criteria, it was questioned how much influence the forest industries could have on the document at this late a stage when they have not had any previous involvement. Participants noted that it would be difficult to comment on the principles and criteria, because they do not know the background to each principle and that the principles and criteria can be interpreted in many ways. They were also concerned that their comments on this draft would be construed as approval of the next draft which might not incorporate their concerns.

Some participants noted that there are key words in forest management that should be clearly defined before setting the principles. These terms, such as "sustainable forest management", "clearcutting", "plantation", and "natural forest", are defined in different ways by different people in different parts of the world. It was pointed out that the definition of "sustainability" should be the starting point for development of principles. This is a major dilemma for certification, because there is not an accepted definition on what sustainable forest management is.

Regarding the development of certification, there was an agreement that it must be a participating program, led by the governments, based on international agreements and with full stakeholder involvement. The program must have a scientific approach and include well-respected academics and professional foresters. It was mentioned that in British Columbia the government would be the appropriate body for certification.

After the meetings in B.C. the World Forest Institute received two letters from the participants that state their position on the FSC's initiative (See Appendices 3 and 4).

2.3. Non governmental organizations

Certifiers

Two potential certifiers in B.C., Ecoforestry Institute and Silva Forest Foundation, saw that the forest product certification is a potential way to improve forest management in British Columbia. There was, however, a concern that the forest industries may try to manipulate the certification standards so that their products can be certified without substantial changes to their current "non-sustainable practices."

The major benefits of certification is the opportunity to maintain the integrity of natural forest ecosystems, the provision of marketplace choices for consumers who want to make a statement about how forests are managed and the opportunity to educate the public about the different ways forests are managed.

Regarding the FSC's principles and criteria, it was mentioned that its structure is good and that the environmental, social and economic issues are well integrated in the principles. What worried the certifiers is that these broadly stated principles can be interpreted in many ways. There was a concern that all current forest operations in British Columbia could be certified. It was addressed that given the current level of controversy over management practices in B.C., it is clear that a much stricter set of standards must accompany these principles and criteria. Comments relating to individual principles and criteria are represented in the Appendix 5.

Certifiers felt that an umbrella organization such as the FSC is important to establish consistency and credibility to certification. They questioned the influence of certification on forest practices in B.C. if the FSC's principles remain as vague as they currently are in an attempt to meet conditions throughout the world. It was suggested that the way to develop the principles and standards is to establish small models in various forest types, and then, based on these models, try to refine the principles and develop standards suitable for different forest types. It was noted that it is more realistic to start on a small-scale rather than trying to develop something from the global level.

Certifiers feel there is a lot of interest in certification among small landowners, and also among woodworkers. It was suggested that the way to start certification on crown lands could be through introducing the certification principles and standards to small business woodlots. The Ministry of Forests could require that the woodlot managers adopt these principles in their forest practices.

Regarding the FSC's organizational structure, it was suggested that the certifiers would serve as national representatives in the international advisory board of the FSC. Major forest companies should not be allowed to serve on the national or international board.

First Nations

The major outcome from the meeting at the Intertribal Forestry Association of B.C. was that if the FSC wants to get input and support from the tribes in Canada there should be a broad consultation involving as many tribes as possible. The main comment on the FSC's principles and criteria was that the principle #4 Local Rights needs rewording. There should be a separate principle addressing indigenous people's rights; the indigenous people should not be mixed with other long-settled forest-dependent communities.

It was pointed out that the First Nations must be directly involved in wording of the principles which deal with indigenous people. In Canada the National Aboriginal Forestry Association (NAFA) should be consulted. The Intertribal Forestry Association of B.C. would be willing to arrange a national workshop on certification issues to get all the First Nations in Canada involved. The workshop could take place during the 3rd Inter-American Indigenous Congress on the Environment and Economic Development on September 15-19, 1993 in Vancouver, British Columbia. The main expected outcome would the development of the principle regarding indigenous people's rights.

In general, the FSC's initiative was seen as a good worldwide initiative which supports sustainable resource management.

APPENDIX 1

WFI/FSC CERTIFICATION PROJECT
Advisory Committee

Larry Christensen, L.M. Christiansen & Associates
Steve Gibbs, Washington State Department of Natural Resources
Shelley Hershberger, Western Wood Products Association
Brett KenCairn, Rogue Institute for Ecology and Economy
Wade Mosby, Collins Pine Company
Tom Ortman, USDA Forest Service, Mt. Hood National Forest
Peter Schoonmaker, Ecotrust

APPENDIX 2

WFI/FSC CERTIFICATION PROJECT
List of Organizations Contacted

Canadian Forest Products Ltd.
Council of Forest Industries of British Columbia
Ecoforestry Institute
Fletcher Challenge Canada Ltd.
Forest Alliance of British Columbia
Intertribal Forestry Association of British Columbia
MacMillan Bloedel Ltd.
Ministry of Forests, Province of British Columbia
Moresby Consulting
OR Travers Forestry Consultants
Silva Forest Foundation

APPENDIX 5

Appropriateness of the FSC's Draft VI of the Principles and Criteria in British Columbia -- Comments relating to individual principles and criteria

Based on comments from Ecoforestry Institute and Silva Forest Foundation

Principle #1 Management Plan:

- The principle should include a statement requiring the plan to place the integrity of the forest ecosystem first.
- Criteria need to be much more specific.

Principle #2 Forest Security:

- The intent of the principle is unclear. It sounds like protection for existing tenure arrangements in B.C., which would be totally unacceptable since this is one of the biggest problems in B.C.--large timber companies currently have legal rights to almost all of the forested land in the province.
- The principle does not provide for the rights of indigenous people. British Columbia is the only province in Canada without land treaties for indigenous people and land claims are currently outstanding in most of B.C. Principle #2 should be connected to principle #4 Local Rights.

Principle #3 Social and Economic Benefits:

- Criteria 3.3: This statement implies that as long as there is compensation for losses, damage to the ecosystem is taken care of. Is there a defined level of damage that is acceptable, or do we just hope that nature does not cause any disasters during and after forest operations?

Principle #4 Local Rights:

- The intent of the principle seems good, but it needs to describe mechanisms that ensure that the local community is part of decision making, rather than simply allowed to comment on the plans of those who wish to extract timber. In B.C. the management plans are already available for review, but the timber managers do not have to revise their plans to accommodate public concerns.
- The principle does not address the current conflict in B.C. between indigenous people who are struggling for some control of their traditional lands and timber companies who have the legal right to cut timber on the same land.

Principle #5 Environmental Impact:

- The principle is far too weak. What does minimize mean? What level of adverse environmental impact is acceptable?
- Criteria 5.2: Is there a standard that these written guidelines must meet?
- Criteria 5.5: Surveys and field assessments must occur which monitor... This step should not be optional.
- Criteria 5.6: The use of any pesticides should be totally forbidden. There are serious questions about the use of chemical fertilizers, too.

Principle #6 Sustained Yield:

- "Sustained yield" is a loaded term that can be interpreted to mean just about anything.
- The principle needs to be reworked to indicate that it is the forest that must be sustained and that any use of forest products (timber or non-timber) must maintain the integrity of the forest.

Principle #7 Maximizing the Forest's Economic Potential:

- The wording of this principle seems inconsistent with the whole concept of certification.
- Perhaps what is meant is something like "Maximizing the economic potential of products taken from the forest," or some wording that would indicate doing more with less.
- Again, the principle needs to clearly state the intent to maintain the forest. The commitment to value-added is good, but could be strengthened with a commitment to doing as much as possible at the local level.

Principle #8 True Costs:

- The purpose of the principle is unclear. This sounds too much like protection for the producer.

Principle #9 Appropriate Consumption:

- The need to maintain the integrity of the forest needs to be reiterated.
- In the principle should be added: ...efficient use of forest products and timber species, and non-timber products.

Principle #10 Forest Plantations:

- The principle should be stated: "Plantations should not replace natural forest." Existing criteria, which seem to nullify the principle, should be excluded.

Principle #11 Processing Chain:

- The processing chain is a crucial point in certification.