

Understanding Forest Certification

E. Hansen, Michael P. Washburn, Jim Finley - Sustainable Forestry Partnership

Forest certification is a system for identifying well-managed forestland. In this context, sustainability includes maintenance of ecological, economic, and social components. Products from certified forestland can, through chain-of-custody certification, move into production streams and in the end receive labeling that allows customers to know the product came from a certified, well-managed forest. Fully implemented, certification will become a market-based mechanism to reward superior forest management. See the bottom of this document for contacts where you can get certification related assistance and identify certified suppliers near you.

Although there are other types of forest certification, this publication deals only with third-party certification. Third-party forest certification is an on-the-ground evaluation of forest management conducted by an accredited certifying organization and based on internationally recognized principles and criteria with locally developed and approved standards. It is similar to a corporate financial audit. Certification of the chain-of-custody is a process to ensure accurate tracking of products from the forest floor to the living room floor.

Forest certification is a growing trend. Environmental organizations and forest product and manufacturing companies are leading the movement toward

certification. Worldwide, nearly 9 million acres of third-party certified forestlands currently exist, nearly half of this is in the United States and half of the certified area in the US, more than 2.5 million acres, is in Pennsylvania.

Who oversees the certification process?

The Forest Stewardship Council (FSC) is a nongovernmental, international organization that accredits third-party certifiers and facilitates development of forest management standards. It was founded in 1993 "to promote environmentally responsible, socially beneficial, and economically viable management of the world's forests." The FSC currently runs the world's only internationally active third-party forest certification system.

How are forest management standards developed?

The FSC created a set of 10 principles and criteria covering topics such as management planning, plantation management, and environmental impact. FSC-designated agencies organize stakeholder groups to create regional standards following these principles and criteria. It is up to the FSC to assure consistency and to approve standards. Regional standards for the Mid-Atlantic Region including Pennsylvania are still under development.

Who are the certifiers?

In the United States, there are two FSC-accredited certifiers. Scientific

Certification Systems (SCS) located in Oakland, California has a background in environmental certification. SmartWood, the world's first forest certifier, is headquartered in New York, and has regional affiliates performing certifications.

What happens in a certification?

During a forest certification an interdisciplinary team of experts conducts an on-the-ground evaluation of the forest, assesses the management plan, and interviews people familiar with the operation. The assessment considers ecological, economical, and social aspects of the operation.

Site conditions and the management plan may justify environmentally controversial practices such as clearcutting and herbicide application. Assessment teams encourage activities that contribute to ecological health such as retention of snags and down woody debris. Annual audits assure compliance with standards.

What is an ecolabel?

An ecolabel is a product label that indicates the product comes from a certified forest. The FSC authorizes exclusive use of its label to present a consistent message to consumers.

What is chain-of-custody?

To carry an ecolabel, producers must document that a product originated from a certified forest. The chain-of-custody is this documentation paper trail. Producers may manufacture both

certified and non-certified products as long as they can accurately track certified products through the production process.

What are percentage-based claims?

Current rules permit certifying and labeling products with up to 30 percent non-certified fiber. This allows for some flexibility when supplies of certified fiber are limited. Specific standards exist to encourage pulp recycling.

Is there demand for certified products?

Currently most of the demand is from industrial and retail companies. However, retail consumer demand is increasing especially in European markets. In Europe, companies are joining together to buy only certified forest products. The most developed of these groups operates in the United Kingdom. It consists of about 80 companies and represents nearly a quarter of the country's wood products demand. In the United States, members of the recently established Certified Forest Products Council, headquartered in Beaverton, Oregon, have a similar commitment to buying certified products.

Why should I care?

Whether you are a landowner or a manufacturer, forest certification may eventually affect you. An increasing number of landowners and manufacturers are looking at certification as a potential way to establish a competitive advantage in the market place. Additionally, the certification process offers a way to measure efficiency and identify opportunities for improvement.

Advantages include:

Image: For some companies, such as Kane Hardwoods of Kane, Pennsylvania, certification has had a positive effect on company image. As one of the first United States companies to certify its forestland, it received national media attention and received a Presidential Award for Sustainability.

Credibility: Certification can improve credibility. Certified landowners are seen as partners by environmental groups rather than as adversaries. In fact, many landowners embrace certification as a way to reduce the controversy surrounding forest management. The Pennsylvania Bureau of Forestry recently received certification for 1.2 million acres. Certification validates forest stewardship and serves to legitimize practices and assure continued management opportunities.

Price Premiums: Initially, supporters of certification claimed consumers would pay more for "environmentally preferable" products. A number of studies have concluded that a segment of the population will pay more for certified forest products, but, so far, companies have had little success in targeting this elusive consumer segment. There are examples of premiums being paid in company-to-company or landowner-to-company transactions, but they are not the norm.

Market access: This area may eventually prove certification's greatest potential benefit. Certified landowners and manufacturers often find themselves selling to totally new markets. One mid-western company filled a small order of certified products to a new customer several years ago and

now is its sole supplier. Although most of the new volume is sold without certification, the total account is worth more than 7 million dollars.

Certification may improve market access for small woodland owners in the future, although opportunities will vary regionally. In Pennsylvania where nearly 2.5 million acres of state forests and in excess of 100,000 of industry holdings have third-party certification, opportunities for smaller owners are more likely to develop. Much of this potential depends on developing market demand and scarcity of certified raw material. Since three-fourth of Pennsylvania's forests are under private ownership these lands are particularly important. Penn State, through the Sustainable Forestry Partnership, is exploring new ways to encourage private owners to consider certification.

Disadvantages of certification
As well as positive potentials, certification has some potential negatives as well.

Cost: The cost of forest land certification ranges from less than 50 cents per acre to several dollars depending on factors such as ownership size and location. Annual audits cost from less than 5 cents to more than 20 cents per acre.

One way certifiers try to make certification feasible for small woodland owners is by certifying a forestry consultant or land manager. All lands managed by that individual then receive certification. In this case, there is no direct cost to the landowner unless the certified manager passes on the cost of certification.

The second cost of certification is the indirect cost of changing management practices, if necessary, to obtain certification. Most currently certified landowners made a few major changes in their management practices. Little information exists regarding these costs.

Limited demand: There is some demand for certified products in the United States, but it is a small market. Since most demand doesn't come from final consumers, it is difficult to predict how this market will develop. If consumers begin to recognize and prefer certified products, demand will grow quickly.

Chain-of-custody: Chain-of-custody often is seen as a significant challenge and cost, especially by operations such as paper mills that have hundreds of suppliers and use continuous processing, making it difficult to keep certified fiber separate from non-certified fiber.

However, for many operations, the challenges may be surmountable.

Chain-of-custody certification uses primarily existing inventory control systems to assure segregation of certified and noncertified material. The direct cost of certification typically is less than \$3,000. Again, little is known about the indirect costs of potential changes in production practices.

Evolving system: The FSC is young and developing. Consequently, there are many uncertainties and unresolved issues. While some innovators are going ahead, uncertainty discourages the involvement of many companies and landowners. More conservative operators are waiting to see how certification develops before deciding how to participate.

Possibly the most important outstanding issue is development of regional standards. These standards will help landowners understand more specifically what they need to do to receive certification.

Summary

It still is unclear how certification will develop or the impact it may have on markets. To date, its impact is modest. However, it is developing quickly in Pennsylvania and the rest of the world. Those already certified are receiving benefits, but the potential payoff for small woodland owners is less clear. Regardless of your opinion of certification, it is important to follow its development.

Contacts for more information

For questions relating to FSC certification:
Forest Stewardship Council
Phone: 802-244-6257
<http://www.scs-certified.com/forestry/>

To locate suppliers of certified wood near you:
Forest Certification Resource Center
Phone: 503-224-2205
email: fcrc@metafore.org
<http://www.certifiedwoodsearch.org/searchproducts.aspx>