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Forest Certification in North America

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forest certification, or green certification as it is sometimes called, is an attempt to identify forestland that is well managed. Although some systems mention forest *sustainability* with its tri-part perspectives of ecological, economic, and social aspects of managing forests, no system is able to deal effectively with the scale and time issues inherent in ensuring sustainability.

Certification of public and private forests is an issue that goes beyond our local forests and even beyond the confines of the United States. It's a major topic of discussion in forestry worldwide, and everyone has his or her own perspective on it. Environmental groups see it as a way to verify a landowner's or firm's commitment to sustainable forestry. Industrial forest companies and some government agencies hope to use their certification to get credit with the public for conservation efforts. Wood products companies hope to capture new markets and gain market advantage as they communicate their good environmental performance by using *eco-labels* to identify wood products from their certified forests.

Whatever the reason, the main issue behind forest certification is a need to provide objective evidence that forest products are being produced without harm to forests or to the natural and human systems that they support.

New certification systems are developing, and older ones are changing. Companies, landowner groups, environmental groups, and others are lining up behind their favorite systems. Only time will tell which systems survive and what form they take. Certification of some sort, however, will be with us for some time to come.

Worldwide growth and evolution

Forest certification has been practiced in the United States since 1941 when the American Tree Farm System was created. Tree Farm, now sponsored by the American Forest Foundation (AFF), was not created in response to market pressures—as some current systems have been. Membership has always been limited to properties that have passed a Tree Farm inspection. Since the early 1990s, new certification systems have appeared. The Worldwide Fund for Nature and other environmental groups helped create the Forest Stewardship

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**OREGON STATE UNIVERSITY
EXTENSION SERVICE**

*Chain of custody
Ability to track
wood from the
time it leaves the
forest through the
processing and
marketing
channels to the
final consumer,
in order to ensure
that what ends up
labeled as a
certified product
can be traced
back to a
certified forest.*

Council (FSC) with its international certification system in 1993. The intent was to protect tropical forests and to help tropical timber producers avoid boycotts of their products in Europe's environmentally sensitive wood products markets.

The United-States-based American Forest & Paper Association (AF&PA), an industry group, developed a system called the Sustainable Forestry Initiative (SFI). Though directed primarily at its member companies, the system is expanding to include other private and public ownerships.

Nonindustrial private forest owners in the United States have additional options. A few are opting for the FSC system. Most, however, remain undecided. Tree Farm was reworked to more closely reflect a modern forest certification system. The National Forestry Association (NFA) has developed a system, called Green Tag, for woodland owners, but it currently has limited scope.

Trends outside forestry also have encouraged creation of certification systems. Large corporations' move to standardize management systems led to the adoption, in 1994, of the International Organization for Standardization (ISO) 14001 Environmental Management Standard. While not specific to forestry, forestry operations can use its environmental management system framework.

Outside the United States, many local and country-based systems have been proposed or developed. In Canada, the Canadian Standards Association (CSA) has a certification program that combines a systems-based standard with extensive stakeholder input. In the South Pacific, Indonesia has a certification system, and Australia and New Zealand are devising ones.

Forest owners in Europe have created an alternative to the FSC. This system, Pan European Forest Certification (PEFC), is currently the largest in the world with respect to certified area. As of early 2002, it included nearly 109 million acres of certified forestland in seven countries. This system includes *chain of custody* and an eco-label. The SFI, Tree Farm, and CSA certification systems are working closely with the PEFC system.

Two approaches to certification

An important issue is who sets the performance standards and assessment procedures of the certification system. Under systems-based certification such as ISO 14001, the organization or individual seeking certification self-identifies its environmental aspects and impacts and devises an environmental management system to address them. This lets landowners tailor the system to their objectives and situation but does not demand that any particular set of standards be followed.

Under performance-based systems such as SFI, FSC, and Tree Farm, the certifying organization sets most or all performance criteria and oversees the assessment process to ensure conformance. The performance criteria specify certain actions or practices that are acceptable or unacceptable. For example, there may be limits on herbicide use or the size of clearcuts.

Performance-based systems vary considerably in the degree of performance specified and in the types of criteria. Tree Farm, for example, has 10 broad-based performance measures, while FSC and SFI require verified conformance with 50 or more specific indicators.

Those familiar with certification systems view FSC as supported by several major international environmental organizations. Tree Farm and SFI are considered more aligned with landowners and the forestry industry. ISO is seen as outside this traditional split and more closely aligned with corporate environmental management practices and policies.

How credible is your claim? It's a matter of independence

In a world filled with advertising claims, the assumption is that standards set internally are not as credible as ones set independently. Certification systems attempt to gain credibility by independently setting standards and by being transparent to public view. Also, third-party assessment—i.e., independently verified performance—is becoming more popular among systems striving to be perceived as highly credible.

Each system tends to take on the flavor of its primary constituents. Tree Farm standards are set internally by committees empowered by the certifying organization. The SFI's standards are developed by a Sustainable Forestry Board, of which one-third are AF&PA members and two-thirds are nonmembers. Proposed changes in the SFI Standard are widely circulated for public input. FSC selects regional committees which devise its rules, seeking input from many outside stakeholders including environmentalists, landowners, industry, civic groups, state and federal agencies, and interested persons. ISO also has a public input process for standards development. CSA includes an extensive public review process for standards development and for review of certifications.

Several recent studies examining the differences between SFI and FSC standards found many similarities and some important differences. The studies also point out that the systems grow closer in performance requirements each year.

An Oregon State University study, released in December 2001, was the first to compare the SFI and FSC systems with Oregon's forest practices legal code. FSC had extensive requirements regarding management plans, social criteria, and restoring natural systems, while SFI included more significant detail about training, visual management, and communication. The study also pointed out that Oregon forestry laws exceeded either certification system for detail in a few areas. Although both systems now require compliance with all laws, this extra detail will mean that landowners in states such as Oregon, Washington, and California will be held to more detailed criteria than certified landowners under the same system in states or countries with less specific laws, creating a bit of an unequal certification standard.

Verification process oversight

Verification (sometimes referred to as assessment) is the comparison of a forestry operation to the certification system's standard. In the FSC system, auditors accredited by the sponsors conduct verifications. FSC plays the role of systemwide police by ensuring the consistent application of its system. In the Tree Farm system, the certifying organization directly oversees verifications. SFI and ISO follow well-established auditing procedures in determining who is qualified to do verifications and in stipulating the independent auditing process; both systems allow for self- and independent verifications.

Verification process

Exact steps of verification differ by system, but the process generally has four stages:

- Preliminary discussions
- Field verification
- Verification report
- Follow-up audits

The more complex the system, the more time each step takes. A Tree Farm verification typically is done on small acreages (less than 500 acres), so it generally takes a day or less. An ISO, FSC, or SFI verification may span hundreds of thousands or even millions of acres and may take a week.

*Eco-label
Proprietary
symbol used to
identify a
product that has
been produced
according to
a given
environmental
standard.*



Certification system

A system of standards used to identify a well-managed forest and, in some cases, the products from it. Certification systems generally are classified as nonindependent (also called first- or second-party) or independent (third-party), based on whether their standards and verification are overseen internally or have significant independent control and external stakeholder input.

The goal of verification is to see whether the candidate's operation conforms to the certification standards. In an ISO verification, for example, auditors attempt to determine whether the organization is successfully implementing a self-set environmental management system. FSC, SFI, and Tree Farm verifications measure conformance to the various performance criteria.

At first glance it may appear that verification is a yes/no decision, but in practice it is more a negotiated agreement. For example, a certification may be awarded on the condition that the landowner adopt a new practice, such as designated skid trails during harvest operations.

forest certification in perspective

Certification offers certain opportunities—and currently faces several limitations. A landowner moving toward one or more systems needs to consider both sides of the equation.

Opportunities

Image Certification might enhance how environmental groups and the public view a landowner's management activities or a company's business practices.

Credibility Certification might provide additional credibility to environmental claims.

Premiums Certified products at any stage of the value chain might obtain price premiums from buyers.

Market access Certification might maintain or create access to markets (e.g., to certain retailers or some European markets) that favor certified products.

Limitations

Limited demand At present, the certified-products market is a minor, but growing, part of the overall wood products market.

Chain of custody To reap the returns of potential premiums or market access, chain of custody must be maintained from the forest to the consumer. This can be difficult for some products, such as paper and other composite

materials, that come from many different sources.

Changing standards Certification systems continue to evolve and change, so no clear leader is apparent.

Politics and proliferation A variety of groups have a vested interest in the different certification systems. This creates both a political and competitive atmosphere among the systems and results in conflicts and claims among supporters of various systems.

Costs

Direct costs of certification vary widely. An FSC or SFI field assessment might cost large landowners less than 10 cents an acre. The owner of a small parcel (10–40 acres) will find, however, that the minimum cost to certify it might be well over \$5,000, which could equate to hundreds of dollars per acre. Tree Farm inspections currently are free to the landowner. Overall, the more detailed the system, the more certification will cost.

For initial certification, on-site inspections usually include time and travel expenses for a 1- to 3-day field visit by one to three professionals. It also includes their time for pre- and postvisit activities such as reviewing plans, developing recommendations, and writing reports. The certification system retains part of the fee for maintaining records and other costs.

Indirect costs to establish and maintain certification might include inventory or monitoring requirements and forestland set-asides for nontimber uses. Indirect costs can surpass direct costs of the initial verification.

Chain-of-custody certification for wood product processors and members of the distribution channel can range from several hundred dollars to several thousand dollars for the initial audit, depending on the operation's size and complexity. Follow-up audit costs, plus the ongoing indirect costs of keeping certified products separate from noncertified ones, can increase the overall cost significantly.

Certification systems (and others) have developed a variety of tools to reduce the cost for private owners of small parcels. They vary in cost and the relative control that an individual owner can exert. Options include:

- Resource manager certification



- Cooperatives or similar groups
- Grants
- Umbrella certification

For more information about these options, contact the organizations listed on page 8.

U.S. certification in perspective

Costs, credibility, limitations, and other considerations will be evaluated quite differently depending on the type of forestland ownership. Certification of U.S. national forests currently is not allowed, but some state, county, and municipal forests have been certified under different systems. Public land managers are less interested in market opportunities associated with certification. Instead, they value the outside verification of their land management practices, which can buffer criticism. Large, nonindustrial corporations—such as Timber Investment Management Organizations (TIMOs) or utilities—might have similar reasons for seeking certification.

Industrial forest products firms may seek a variety of benefits from certification but mainly the ability to avoid environmental controversy about how they grow and manage forests. Firms are also under immense pressure from their stockholders to make an adequate return on investment. If certification can enhance or protect the bottom line—through price premiums, greater market access, or improved public image—industrial owners will seek

certification under the system that best meets their needs.

Private individuals and families who own relatively small forest parcels are collectively the major source of wood for forest products in the United States. Unlike industrial owners, the vast majority (more than 80 percent) of individual and family forest owners are not motivated to produce timber. Instead, they manage for nontimber benefits. They do sell timber on occasion but, without clear demands for

certification from log markets, they find the relative benefits of certification difficult to assess. In addition, the relatively small size and limited growing-stock value of most small private forests may make the cost of certification prohibitive in view of the potential gains. Certification systems are working to address this issue. Tree Farm, for example, provides free inspections for landowners. FSC has developed mechanisms (e.g., resource manager and group certifications) that spread the costs over many ownerships. SFI allows certified operations to use wood from small private forests if it comes from operations done by professionally trained loggers or if the owner is a member of the Tree Farm Program.

Certification in the near future Systems

While each organization or geographic area has an interest in promoting its own system, these interests are changing over time. Four forces are at work: proliferation, competition, evolution, and convergence and harmonization.

Proliferation Although most in the marketplace would prefer to have a single certification system and label to avoid confusing consumers, new systems continue to emerge from all over

*Verification (assessment)
The comparison of the landowner's forest management practices, plans, and other documentation against a certification system's standards.
A key quality of verification is its relative independence from the landowner.
Verifications that are conducted and decided by the individual landowner or firm and verifications by a customer or trade association are seen as less independent than a verification by an outside organization (sometimes referred to as third-party certification).*

the world. As the market for certified products continues to develop, various groups will design new certification systems either to capitalize on market demand or to avoid being left out of the marketplace. In the short term, there will likely be more systems before the weaker ones fall aside. For example, Scientific Certification Systems of Oakland, California, an accredited FSC certifier, recently announced creation of its own certification system. Worldwide, there are dozens of forest certification systems.

Competition Competition is strong among the FSC and other systems. FSC and SFI continue to compete actively for the U.S. market, while the FSC and PEFC compete strongly in Europe. Each continues to adjust its system to remain competitive; many changes in SFI's standards in 2001 dealt directly with gaps between its standards and the FSC's.

Evolution Competition and the need to develop the marketplace clearly have resulted in an evolution of systems over time. At first, FSC did not allow its eco-label to be used on products such as particleboard or furniture that contained both certified and noncertified materials. Marketplace realities soon changed this, and FSC developed a policy to allow percentage-based claims.

Similarly, SFI originally did not include a third-party verification option. However, as time passed, some members needed that option to validate their performance claims more objectively. AF&PA companies now can choose to have their lands independently verified for compliance with the SFI system. In addition, AF&PA also has implemented an on-product eco-label and has created an independent Sustainable Forestry Board to govern its system.

Tree Farm recently adopted mandatory performance measures and now requires a written management plan for new and continuing membership. In addition, Tree Farm inspectors now must complete training in assessments before they are allowed to do inspections.

Convergence and harmonization Competition in the certification marketplace is making the systems more similar over time. As this

continues, pressure from the marketplace is likely to eliminate confusion resulting from multiple eco-labels. This pressure eventually will foster harmonization among the systems. In practice, this could mean that a forest certified through the FSC system could carry an SFI product label, or vice versa, depending on how the market develops.

Another trend is for systems to create a framework for certification that is agreed upon by all systems and that allows systems to recognize one another. Since the late 1990s, the International Forest Industry Roundtable, a group that represents about 60 percent of the world's industrial wood producers, has been meeting with major certifiers to establish this mutual recognition system. At this point, most large players except the FSC have agreed to the mutual recognition process and are part of an ongoing discussion.

Undoubtedly the most important development to date for U.S. family forest owners is the SFI and Tree Farm programs' mutual recognition, announced in July 2000. This is particularly significant because most small private owners in the U.S. sell their logs to SFI companies, so those landowners still can access the marketplace while avoiding the high cost of the FSC, SFI, and ISO certification systems.

Markets

The marketplace's overall acceptance is a critical factor in the future of certification. To date, consumers have not truly affected the development of certification. However, as certified products become more visible, consumers may begin to recognize eco-labels and to seek out products that carry them.

Demand for certified products in today's marketplace comes from large corporations that wish to avoid the risk of damaging their brand image. That damage can come from the company's buying products that do not have the approval of powerful environmental groups. The Home Depot, a national chain of home improvement stores, recently committed to purchasing certified forest products. Much of the pressure that led to this decision was from the Rainforest Action Network (RAN), which led a multiyear campaign against the company.

(continued on page 8)



Major third-party forest and wood product certification systems of interest to North American forest owners

	Tree Farm	Forest Stewardship Council (FSC)	Sustainable Forestry Initiative (SFI)	Canada's National Sustainable Forest Management Standard	International Organization for Standardization (ISO 14001)	Pan European Forest Certification (PEFC)
Sponsor	American Forest Foundation	Forest Stewardship Council	American Forest and Paper Association	Canadian Standards Association	International Organization for Standardization	Pan European Forest Certification Council
Primary scope	USA	Worldwide	USA and Canada	Canada	Worldwide	Europe
Year established	1941	1993	1995	1996	1994	1999
Standard development	Internal	Committees of stakeholders with public input	Sustainable Forestry Board with public input	Committee with extensive public input process	Internal	Stakeholder forums with public comment and external review
Eco-label	No	Yes	Yes	Yes	No	Yes
Chain of custody	No	Yes	Yes	Yes	No	Yes
Nov. 2002 certified acres globally (millions)	26	72	77	22	not documented	109

Web sites

Tree Farm

<http://www.affoundation.org/>

Forest Stewardship Council

www.fscus.org

Sustainable Forestry Initiative

www.afandpa.org

Pan European Forest Certification

<http://www.pefc.org/>

International Organization for Standardization

www.iso.org

Canadian Standards Association

<http://www.csa-international.org/certification/forestry/>





This publication was developed with the cooperation of The Sustainable Forestry Partnership, a growing network of universities and other organizations that wish to document innovations in sustainable forestry and see them integrated broadly into practice.

Seeing the lesson of The Home Depot, other major retailers in the United States have since made similar commitments to avoid protests from environmental groups.

RAN then shifted its focus to the home-building industry with a similar campaign against the corporate homebuilders Centex Homes and Kaufman & Broad. The mere threat of protest caused these companies to develop policies favoring certified products. The importance of this dimension of certification cannot be overstated, particularly when one considers that some major environmental groups are expressing concern that the FSC system, considered by many to be the preferred option of environmental organizations, has become environmentally compromised.

Another important factor in the demand for certified products in the United States is the Certified Forest Products Council (CFPC). CFPC is a membership organization designed to increase the demand for certified products. Companies that join CFPC commit to work toward purchasing certified wood products whenever possible. Members such as The Home Depot have been key in driving wood product producers' interest in certification.

Considering all the factors in the current marketplace, there is considerable potential for growth in the demand for certified products. The U.S. has a significant supply of products originating from certified land; however, only a very small percentage carry an eco-label showing that they came from a certified forest.

For more information

For more information on sustainability and forest certification in general, contact the following individuals and organizations.

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- Mark Rickenbach 608-262-0134,
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The Sustainable Forestry Partnership

<http://sfp.cas.psu.edu>

- Oregon State University 541-737-4991
- Auburn University 334-844-1037
- Penn State University 814-865-7932

Sustainable Forestry and Certification Watch

514-273-5777

<http://www.certificationwatch.org>

Certified Forest Products Council

503-224-2205

<http://www.certifiedwood.org>

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