Forest certification in China: Latest developments and future strategies

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Forest certification in China: Latest developments and future strategies

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Compiled and edited by

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FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS
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Foreword

Concerns about the increasing loss of tropical forests led to the development of certification as an instrument for promoting sustainable forest management. Although the initial focus of certification was mainly tropical forests, the focus has gradually shifted to encompass all forest types. Certification is a market-driven mechanism that promotes sustainable management in three main ways:

- by establishing standards for forest practices and management that guarantee a certain level of management performance;
- by marketing forest-derived products from sustainably managed forests; and
- by educating both producers and consumers.

There are two main reasons why producers choose certification:

- to demonstrate that forest resources are being managed appropriately; and
- to maintain and/or increase market share.

Over the past decade, China has become one of the world's leading importers and exporters of wood products. China has made substantial investments to significantly increase its production capacity and to modernize its processing facilities. Large quantities of all kinds of wood products are currently being produced, and China is quickly becoming a leading producer of value-added wood products for export. Certification is becoming an increasingly important issue for China in order to maintain and increase its market share, particularly in Europe and North America.

China is interested in developing a single, coherent national certification strategy and is exploring various different options for certification. Therefore, the State Forest Administration of China requested FAO to assist in organizing a meeting in which these options could be explored with various stakeholders involved in forest management in China. The workshop was held in Hangzhou, China, 21-23 July 2004. The meeting was mainly attended by individuals from China, although participants from a number of other countries in the region also participated.

The workshop matched perfectly with FAO's mandate to provide a neutral and open forum for discussion of critical issues related to food security and rural development. FAO is pleased to disseminate a summary of the presentations made at the workshop as well as the recommendations made to China.

He Changchui
Assistant Director General and
Regional Representative for Asia and the Pacific
Food and Agriculture Organization of the United Nations

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Introduction

China is one of the world's largest wood-producing countries. Over the past decade it has invested in numerous large processing facilities, and has quickly become a leading producer of value-added wood products for export. Being a significant exporter, China has to deal with issues of forest certification for the purpose of improving its forest management and to maintain and/or increase market share, particularly in Europe and North America..

Over the past decade there has been a proliferation of certification schemes in different countries and at different levels. China is interested in developing a single, coherent national forest certification strategy and is interested in exploring various options for certification. Therefore, the State Forest Administration (SFA) of China requested FAO to assist in the organization of a workshop: *Forest certification in China: Latest developments and future strategies.*

The workshop was organized in collaboration with the State Forest Administration (SFA) of China, USDA Forest Service and the Zhejiang Forestry Department (ZFD). It was hosted by ZFD and held in Hangzhou, China, 21-23 July 2004. The programme for the workshop is provided in Appendix 1.

The workshop examined the most recent developments in forest certification from a range of perspectives, both on international and national levels. The main objective of the workshop was to provide the Chinese and regional participants with an overview of various certification alternatives. Secondary objectives were to:

- facilitate the exchange of information on certification issues among participants from throughout the region;
- provide a comprehensive overview of the certification initiatives at national and international levels;
- identify the advantages and disadvantages of certification;
- identify and discuss concerns and constraints related to the development of a Chinese national certification standard; and
- explore options for establishing a national certification initiative in China.

FAO has identified forest management certification as an important tool in support of the sustainable use and conservation of forests. Certification provides an opportunity to strengthen comprehensive approaches in the forestry sector, as certification deals with issues related to forest management and ecological and social sustainability. Thus, FAO was pleased to assist SFA in organizing the workshop in accordance with FAO's mandate to provide an open and neutral forum for discussion and information exchange. The discussions and presentations at the workshop highlighted the increasing importance of forest certification in the broader context of sustainable forest management.

This report provides an overview of the workshop and the main recommendations for China. A total of 58 people participated in the workshop, the majority (40) from China, with an additional 5 participants representing coutries from the region and the rest invited resource persons. A list of participants is provided in Appendix 2; the presentations are shown in Appendix 3. Appendix 4 contains a list of useful websites and additional sources of information related to forest certification.

Summary of workshop presentations

Presentations were given on the following issues: certification schemes (both international and national), mutual recognition, market analysis and development of a national certification standard. The presentations were followed by group work and the workshop concluded with a panel discussion. Summaries of the presentations are provided below. Copies of the powerpoint presentations are in Appendix 3.

The role of certification in achieving sustainable forest management in China

Mr Jeffrey Sayer
Senior Associate, World Wide Fund for Nature International

Certification was initially introduced as a tool by environmental groups to motivate large retailers to only market products from sustainably managed forests. It was introduced as an alternative to timber boycotts, which were generally ineffective in preventing forest loss. Such a scheme was expected to improve management through market-based incentives. There were also hopes that certified forest products would command premium prices. Over time, however, certification has evolved into a movement to improve forest management in a number of different ways.

Although the potential for price premiums or the avoidance of boycotts was the initial driving force for certification, today it is motivated more by a desire to demonstrate corporate environmental responsibility. Although many governments and forest agencies initially resisted certification as a challenge to their authority, it is now often welcomed as one of the tools that can help achieve the objectives of sustainable forest management. Certification initially focussed on large industrial concessions but now there is much more interest in certification of small private and community forests. Certification was initially based on the concept of a single uniform system, but we now observe the emergence of multiple (and sometimes competing) systems.

Successful certification systems have been associated with more pluralistic, participatory approaches to decision-making on forests. They have given civil society a more significant role in forest management, and can be seen as a form of “democratisation of forestry.” Most certification schemes have gone beyond simply improving harvesting techniques to include broad social and environmental issues. Certification has also helped to raise awareness and understanding of the issues of sustainable forest management. It has helped structure the public debate on forests, and has provided a simple message on sustainable forestry that is clearly understandable to the media and through them to the public. This has resulted in much broader acceptance of the desirability of using forest management as a route to forest conservation, and has convinced many environmental activists to support sustainable forest management.

Certification is now part of the policy planning process, and gives greater focus to governance issues. Certification has become part of the tendency towards broader-based and more participatory models for forest management, which are grouped under the general heading of “ecosystem approaches.” Certification has itself been associated with a number of changes in the “policy narrative” concerning forests.

Originally, it was widely believed that a single globally applicable set of principles, criteria and indicators would be a basis for assessing sustainable forest management. It is now widely accepted that there are multiple ways in which forests can be managed, all of which qualify for certification. Certification which

began as a product of environmental special interest groups, is now largely based on broad multi-stakeholder-based negotiations. In the past, assessments have tended to simply pass or fail forests for certification, however, there are recent moves towards progressive, stepwise approaches consistent with the idea of using certification to exert pressure for the gradual, incremental improvement of forest management.

Certification has thus emerged in just a single decade from being the tool of special interest activist groups, to becoming one of the mainstream approaches to improving forest management. It is highly consistent with, and a powerful tool for achieving the ecosystem approaches to forest management that have now been endorsed by the United Nations Convention on Biological Diversity (CBD) and the United Nations Forum on Forests (UNFF). Certification is a symbol of the democratisation of forestry or "citizens forestry." It represents a move from the concept of "forests for the people" to "the peoples' forests."

China has a powerful interest in becoming part of the certification movement. In addition to the immediate benefits of access to markets and avoidance of potential boycotts, certification can be a useful tool to enable China to improve the quality of its forest management. Engaging with certification will help China keep abreast of developments in world forestry, enable it to be influential in the global forest policy debate and improve its international environmental image. China will be better able to fulfil its obligations under the UNFF and CBD, particularly in responding to its commitments to adopt an ecosystem approach to forest management. But most of all, the state and provincial forestry agencies and the numerous private forestry companies will be able to measure their performance against international benchmarks. Through this, they will be able to continually learn and innovate, thus ensuring that they operate at the cutting edge of best world-wide forestry practice.

PEFC – The best way to develop nationally appropriate and internationally recognised forest certification

Mr Ben Gunneberg
Secretary General, The Programme for the Endorsement of Forest Certification schemes (PEFC) Council

The Programme for the Endorsement of Forest Certification schemes (PEFC) Council is an independent, non-profit, non-governmental organization that promotes independent third-party certification of environmentally appropriate, socially beneficial and economically viable forest management. This is achieved through national or regional, multi-stakeholder-developed, forest certification schemes, based on the criteria, indicators and operational level guidelines developed by the Ministerial Conference on the Protection of Forests in Europe (MCPFE), or other similar intergovernmental processes promoting sustainable forest management. In addition to this, PEFC also provides a framework and umbrella for the mutual recognition of independent, national forest certification schemes. PEFC has the largest area of certified forests in the world, with over 52 million hectares certified to date, and the area is increasing rapidly. It provides a logo for timber products from such schemes, allowing customers and the general public to make a positive choice for sustainable forest management.

Under the PEFC approach, each country develops its own national (or regional), independent, forest certification standard and scheme based on the MCPFE guidelines or other intergovernmental processes promoting sustainable forest management, the national laws and regulations, and the core International Labour Organization (ILO) conventions and other conventions ratified by the country in question. All relevant interested parties are invited to participate in this process.

The process then develops national and/or regional performance standards based on this reference basis.

If the scheme wants to participate in the PEFC Council, then some additional requirements include: a transparent, cyclical process for the preparation and revision of the certification documentation (standards, certification procedures etc.), strive to achieve consensus, periodic review, a consultation process and adherence to the principle of continuous improvement. PEFC relies on the credible implementation of a scheme by following normal internationally recognised certification processes, i.e. the use of independent certifiers accredited by national accreditation organizations. They are completely independent of PEFC and the scheme owners, and have to follow the strict rules required by their processes to maintain the credibility and quality of their work.

Once a scheme has been developed, it is ready for assessment through the mutual recognition framework developed by PEFC, with guidance and advice of national accreditation organizations to ensure transparency and maximum participation at the various stages in the process. It includes a public consultation period with the assessment of schemes being undertaken by respected, independent experts. They assess whether the scheme meets the guidelines and also the requirements of PEFC Council. Based on this independent assessment and their own experiences, member forums and their stakeholders can discuss the applicant's scheme at a local level before submitting their final votes on whether to accept the scheme or not. In other words, in addition to an objective independent analysis, this mutual recognition process also provides for the ultimate decisions to be made by the national forums and their stakeholders. Stakeholder groups are expected to participate at the national level, but in addition international groups can also join the PEFC Council and participate in debates as observers (extraordinary members). Annex 7 of the PEFC Technical Document (PEFC, 2002) contains further details of the assessment process.

What is FSC and how does it work?

Mr James Sandom
Regional Director Asia-Pacific Region, Forest Stewardship Council (FSC)

During the 1980s and 1990s, there was mounting evidence that the world's forest resources were in decline. A range of national and international measures to arrest this decline had demonstrably failed, or were proving to be ineffective. In 1992, the United Nations Conference on Environment and Development (UNCED) Earth Summit held in Rio de Janairo provided an opportunity to discuss the issues related to the environment and development. However, in spite of the development of a "non-legally binding authoritative statement of principles for a global consensus on the management, conservation and sustainable development of all types of forests," the summit was perceived by many to be yet another failure. Many of the international environmental organizations were looking for radical new solutions, and the concept of certifying forests was put forward as a viable approach.

A number of different models were possible, but those stakeholders committed to the idea of certification were of the opinion that for forest certification to work and contribute meaningfully to improved standards of forest practice, it needed to be credible and practical – it was critical that the scheme fulfilled some specific design criteria. These stakeholders therefore, set about designing a certification system that they felt they could support. By 1994, the certification scheme was finalised and the Forest Stewardship Council (FSC) was formed to officially promote it.

Stakeholders realised that certification could take on a number of different forms, and that some were more rigorous and credible than others. The end result was

that FSC was established as an accreditation organization. At the heart of FSC's scheme are 10 principles and 53 criteria by which forest management can be assessed (FSC, 2000). Certifiers, accredited to FSC and contractually bound to FSC, certify forest operations to these standards, according to well-developed protocols and rules.

The FSC was structured in such a way as to prevent undue influence by any one group of stakeholders. In order to satisfy a wide range of stakeholder expectations and desires, FSC formulated a unique system of National Initiatives that work in countries to provide a range of services on behalf of FSC. Developing local standards that are fully compatible with FSC's Principles and Criteria is one of the most important of these tasks.

FSC was designed to be a global scheme with international coverage, but tailored to meet specific national and local conditions. FSC certification is also unique in the way that it addresses the key issues of objectivity, credibility and transparency. The designers of FSC anticipated some of the key market responses to certification and consequently FSC was able to gain commercial recognition and an established place in the international market place quickly. FSC is currently working in China, assisting local stakeholders in training and development of regional standards for China which, hopefully, will be fully compatible with the FSC Principles and Criteria.

Malaysian criteria and indicators for sustainable forest management, including certification: its development and experiences with implementation.

Mr Thang Hooi Chiew
Deputy Director-General, Forestry Department Peninsular Malaysia

By 1994, Malaysia had developed the *Malaysian Criteria and Indicators for Sustainable Forest Management* (MC&I). They were revised in 1999 following the adoption of the International Timber Trade Organization (ITTO) *Criteria and Indicators for Sustainable Management of Natural Tropical Forests* and the manual for their application. The Malaysian criteria and indicators framework includes 7 criteria, 64 indicators and 200 activities at the national level for reporting progress towards sustainable forest management. In addition, 7 criteria, 56 indicators and 171 activities were formulated for assessing forest management practices at the forest management unit level. Based on a phased approach, a sub-set of the forest management unit level criterias and indicators, comprising 6 criteria, 29 indicators and 87 activities, together with sub-national standards of performance, is presently being used for forest management certification.

Currently, seven forest management units in Malaysia have been awarded the Malaysian Timber Certification Council (MTCC) Certificate for Forest Management, covering 4.05 million hectares of the Permanent Reserved Forests. Two other forest management units, involving 64 084 hectares, have been certified by the Forest Stewardship Council. The MTCC has also issued Certificates for Chain-of-Custody to 45 companies in Malaysia, and a total of 13 853 m^3 of MTCC-certified timber and timber products have been exported to Europe. However, significant costs are incurred in forest management certification which are estimated at US$5.30 per 100 hectares for the main assessment, with subsequent yearly reassessment at US$1.30, while those for the chain-of-custody certification are estimated at US$1 580 for a given company with half-yearly reassessment at US$920 during the 3-year and 5-year validity of the MTCC's certificates, respectively.

The development of criteria and indicators has enhanced the understanding in Malaysia of the need to balance protection and conservation of the forest

resources with economic uses, while their application has created greater awareness among forest managers and forest workers of their social responsibility in managing the forest. The information generated has helped policy and decision-makers in Malaysia greatly. It includes: communicating the status of forest management more effectively to the public; developing policies and strategies for sustainable forest management; focusing research efforts where knowledge is still lacking and deficient; and in identifying those areas which are in special need of international assistance and cooperation. Notwithstanding this, Malaysia has formulated a new set of criteria and indicators (MTCC, 2002), which is technically compatible with the FSC. This new set will be used for forest management certification in 2005. Malaysia was also admitted as a member to the Programme for Endorsement of Forest Certification schemes (PEFC) in 2002, and is currently leading the process of developing a Pan-ASEAN Timber Certification Scheme.

Certification development: experiences from Indonesia. The road to building a credible system

Mr Dwi Rahmad Muhtaman
Caretaker, Lembaga Ekolabel Indonesia (LEI) Executive Board

The concept of forest certification was first introduced to Indonesia with an assessment of Perhutani by the SmartWood programme in 1990. It gained further impetus during the 1990 ITTO meetings which approved a set of "Guidelines for the Sustainable Management of Natural Tropical Forests" and proposed that producer members should develop national guidelines based on the ITTO model. The guidelines provided a technical basis for the further development of a forest certification scheme in Indonesia.

The Lembaga Ekolabel Indonesia (LEI) Certification Working Group was established in 1993. The initial goal of the Working Group was to develop a forest certification standard adapted to the Indonesian forestry context. During the period 1993 - 1998 the working group concentrated on system and standard development. The LEI Working Group had three main objectives: a) to develop criteria and indicators of sustainable forest management; b) to design a decision-making mechanism in the forest certification process; and c) to design institutional arrangements for the formal establishment of the Indonesian Eco-labeling Institute.

Initially, two options were debated for the development of a national forest certification scheme: 1) join the FSC process; or 2) develop a national, independent certification process, system and standard independent of external processes. The Indonesian stakeholders chose the second option and development of the standard commenced. A number of internationally recognized standards such as the FSC Principles and Criteria; ISO 14000 series; and the ITTO criteria and indicators formed the basis for the development of the LEI standard.

By the end of 1996, the main elements of the LEI forest certification programme were in place and it was submitted to the Indonesian National Standards Body for approval as a national standard. In April 1997, a workshop was organized by the Ministry of Forestry, Indonesian Forestry Industry Association (APHI) and LEI, at which the three institutions agreed that the developed criteria and indicators were acceptable. Intensive field tests were conducted to assess the applicability of the standard and to improve the system.

The Lembaga Ekolabel Indonesia was officially established as a foundation in February 1998. In June 1998, the criteria and indicators of the forest certification system for natural forest management were adopted as the Indonesian National

Standard. The LEI certification programme consists of the following four elements (LEI 1997):

- a procedure for the certification process;
- a logical framework for evaluating forest management;
- criteria and indicators for sustainable forest management; and
- an analytical hierarchy process for decision-making.

In 1999, LEI signed a Memorandum of Understanding with FSC. As a result, a protocol for a Joint Certification Program (JCP) was developed. This enables companies audited using the Joint Certification Protocol to obtain both LEI and FSC certification and entitles them to carry both labels. This cooperation with FSC enables international recognition of the national certification standard developed in Indonesia. To date, only two companies have been certified by the FSC-sanctioned SmartWood certification programme. Of the two, only one is currently operational.

Despite considerable advances in forest certification in Indonesia, some challenges remain. These relate mainly to disputes over forestland tenure status, unsustainable forest management practices, and an un-conducive forest management policy.

The Sustainable Forestry Initiative (SFI) standard and the Sustainable Forestry Board (SFB)

Mr William Banzhaf
President, Sustainable Forestry Board Inc.

The Sustainable Forestry Initiative (SFI) programme was launched in October 1994 as a commitment by the American Forest and Paper Association (AF&PA) and its member companies to sustainable forestry and related practices. Initially, AF&PA was responsible for both the content and implementation of the SFI standard. However, as the standard continued to develop, it became apparent that in order for the standard to maintain credibility, the content of the standard needed to be independent of the AF&PA. As a result, the Sustainable Forestry Board (SFB) was chartered as an independent body in July 2000, to oversee the development and continuous improvement of the SFI standard, the associated certification processes and procedures and program quality-control mechanisms. In January 2002, the SFB filed Articles of Incorporation to become a separate entity and obtained 501(c)3 tax exempt, non-profit status. This new entity is known as Sustainable Forestry Board Inc.

The SFI standard (which has recently been revised 2005-2009) is composed of four main components, namely: principles (9), objectives (13), performance measures (34) and indicators (103). The principles define the vision and direction of sustainable forest management under the SFI programme. The objectives define fundamental goals in order to achieve sustainable forest management, as outlined in the principles. The performance measures are the means of achieving the desired objectives and the indicators are concrete measures of how well the performance measures are being fulfilled.

Certification under the SFI programme involves a full-scale, formal audit by an independent third party. It includes an assessment of management activities and their conformance to the SFI objectives, performance measures and indicators. There are a number of professional auditors and organizations in the US that perform SFI audits. All certified companies must be recertified 3 years after the first certification. After that, recertification may not exceed 5 years. Once a company has been certified, they can become licensed to use the on-product

label. However, companies using the SFI label must have an annual surveillance audit to ensure continued conformance and commitment to the SFI standard.

The SFB approach to programme management and implementation involves three "branches of government", namely, the Legislative Branch, the Executive Branch and the External Branch. This approach serves to ensure system integrity and stewardship of resources. The Legislative Branch consists of the Sustainable Forestry Board and various Operating Committees. The SFB is responsible for developing the SFI Standard, its enhancements and interpretation, along with the setting of the certification procedures, establishment of qualification of auditors, quality control, etc. The Operating Committees include the Resource Committee, which oversees all SFB committees and taskforces, and the Interpretations Sub-committee which provides guidance regarding certification procedures. There are also Task Forces on mutual recognition and on application of of the SFIS on non-controlled lands. There are other sub-committees that take care of appeals, training and reviewing of verifiers or auditors. The Executive Branch is responsible for program implementation and promotion. The External Branch provides the forum for auditors and customers, reviews appeals of certifications, as well as being responsible for holding the independent external review panel, and is also responsible for external review.

Certification: issues for international cooperation

Mr Simmathiri Appanah
National Forest Programme Adviser, FAO Regional Office for Asia and the Pacific

Since the early 1990s, governments, international organizations, NGOs and the private sector have been increasingly supportive of forest certification and forest product labelling. The proliferation of certification schemes demonstrates the popularity and perceived success of certification as a market-based instrument.

This proliferation of certification schemes has led to numerous calls for formal recognition among the certification schemes on an international level, through so-called "mutual recognition." To date, discussions on this issue have often been antagonistic and polarized, and have not succeeded in achieving overall mutual recognition. Currently, most experts acknowledge that mutual recognition will be difficult to achieve and, hence, it is not being actively pursued at the moment.

A more recent development has been the concept of a "phased approach to certification" that was first launched by the ITTO. Such an approach offers a partial solution to the dilemma that certification has mainly only reached forest owners and operators with a relatively high standard of forest management. The approach constitutes a constructive initiative to involve more forest operations in forest certification, regardless of the current quality of forest management and regardless of the various schemes to be applied later in the process. Involving forest operations which do not yet fully meet the rigorous standards of full certification, the approach does not result in the lowering of standards per se; rather it enhances the dynamics of forest certification through broader participation, awareness and field testing. However, it is important to clarify early on in the process what measures need to taken in order to qualify for full forest certification, and to support these operators in their efforts.

FAO views forest certification as a positive opportunity to assist in enhancing a comprehensive approach to development in the forestry sector, since the concept covers not only forest management, social and ecological values but it also focuses on processing and market access. FAO, working with a broad range of expertise at headquarters and in the field, is in a position to provide the following forms of assistance:

- advice on forest-related policy, including land use, land tenure, economics and trade, to assist in the establishment of a coherent set of policies which are mutually supportive with regard to increased trade and sustainable forest management;
- assistance in harnessing synergies in their response to challenges and opportunities under the post United Nations Conference on Environment and Development conventions (United Nations Framework Convention on Climate Change (UNFCCC), United Nations Convention to Combat Desertification (UNCCD) and Convention on Biological Diversity (CBD)), and embedding them in national forest programmes;
- assistance for participation in other international and regional policy processes and other initiatives and to implement recommendations as appropriate;
- support in capacity building for individuals and institutions;
- collaboration in countries' efforts to establish an enabling environment for investments based on economic analysis;
- provision of market intelligence for wood and non-wood forest products and environmental services, including carbon sequestration;
- support to countries to position the forestry sector in the context of overarching concepts like poverty reduction strategies, including community-based development, sustainable development strategies, biodiversity conservation strategies and environmental action plans so as to increase the political will of governments to (re-) invest into the forestry sector;
- provision of a neutral forum for debate; and
- other interventions as requested or necessary.

Market demands for certified wood products in North America and Europe

Ms Sharon Haines
Director of Sustainable Forestry & Forestry Policy, International Paper

There are 150 million hectares of forest certified under the various different certification schemes, which amounts to 4 percent of the world's total forest area. More than 90 percent of the certified forests are located in the northern hemisphere. The majority of the certified forests are industrial plantations. Globally, the majority of the certified wood is temperate softwood with tropical hardwood available in much smaller quantities and from a less stable supply base.

A recent study by the United Nations Economic Commission for Europe (UNECE) timber committee (Raunetsalo et al, 2002) indicates that competitive advantage and image are the most important drivers for certification. The most important reasons for companies to supply certified forest products are market access, image and credibility. The factors limiting the market development for certified forest products include limited demand, lack of supply and lack of price premiums.

Research has shown that there is little demand and a general unwillingness by the end-consumer to pay more for certified forest products, except for certain niche products (e.g. high-value furniture, musical instruments). All things being equal, the consumer prefers certified over non-certified products, but is generally unwilling to pay extra for certified products. In general, the logo recognition of the main forest certification bodies remains low. There is greater demand for certified forest products from high-profile businesses and governments, compared to end-

use consumers. The most important markets for certified forest products are Northern Europe and North America. The United Kingdom, Germany, the Netherlands and the United States are the countries with the largest demand for certified wood products.

Customer expectations of certification schemes include: a credible standard, with independent governance and environmental NGO participation; third-party certification from reliable and independent auditors; and consumer communication programmes and public relations.

Analysis of wood market in China

Mr Lu Wenming
Director Division of International Cooperation, Chinese Academy of Forestry

Analysis of the Chinese timber market indicates that demand for timber has increased rapidly during the past decade. At the same time, the domestic timber production is decreasing (largely as a result of the Natural Forest Protection Programme that restricts logging in much of the country). This has resulted in a large increase of imports. Over the past ten years, China has gone from a net producer of timber to a net importer of timber. Despite this increase in imports, the gap between supply and demand continues to increase, and is likely to continue doing so during the next decade. The main impetus for this increase in demand is the general improvement in the Chinese economy resulting in:

- increased investments in infrastructure; and
- an increase in housing construction and the resulting demand for furniture and interior decoration.

The timber market in China is maturing, with imported timber rapidly becoming the main supply for the domestic timber market. Logs and sawnwood are the two main timber imports for China. Over the past five years there has been more than a fivefold increase in the import of logs (from 4.8 million m^3 in 1998, to more than 25 million m^3 in 2003). The top five log-supplying countries are: Russia, Malaysia, New Zealand, Papua New Guinea and Gabon. Imports of sawnwood have tripled during the same period (from 1.2 million m^3 in 1998, to 5.6 million m^3 in 2003). The top five countries supplying sawnwood are Indonesia, the United States of America, Thailand, Russia and Malaysia.

China has a rapidly expanding industry for value-added products and is a large exporter of products such as plywood and furniture. Exports of plywood have increased tenfold since 1998 (from 0.8 million m^3 in 1998, to 2.04 million m^3 in 2003) and has now gone from a net importer of plywood to a net exporter of plywood. The main export markets for value-added products include: the United States, Japan, Korea and the United Kingdom. Certified timber products would be of particular interest to the US and the UK markets.

Forest certification in China

Mr Li Mingqi
Deputy Director-General, Science & Technology Development Center, State Forestry Administration

There are currently two forests in China certified under FSC, with a total of some 6 177 ha of forest. There are more than 60 companies with FSC chain-of-custody certification.

The concept of forest certification was first introduced in the late 1990s. Work on certification in China began in 2001, with the Division of Forest Certification being

incorporated into the State Forest Administration. The main objective of the Division of Forest Certification is to develop a national certification scheme that:

- is based on national legislation and policy,
- is relevant to the Chinese forest situation; and
- can be endorsed by FSC, PEFC or other relevant certification schemes.

The *Rules on Certification and Accreditation of the People's Republic of China* were released in November 2003 and work has commenced on the development of a national certification standard. Development of the standard has mainly been based on national forest legislation, policies and existing forestry standards, the international FSC standard, national level criteria and indicators for sustainable forest management and the ISO 14001 EMS standard. A draft version of the Chinese standard was presented at the workshop. The standard consists of 9 principles, 45 criteria and 118 indicators. The 9 priciples can be grouped according to five main areas:

- Policy and law: ***P1*** *Legislation and regulatory framework* and ***P2*** *Forest tenure*;
- Public rights: ***P3*** *Local communities and workers rights*;
- Sustainable production: ***P4*** *Management plan* and ***P5*** *Forest management and production*;
- Environmental protection: ***P6*** *Biodiversity protection*, ***P7*** *Environmental impact* and ***P8*** *Forest protection*; and
- Monitoring: ***P9*** *Forest Monitoring*.

The UKWAS example: How to develop a national certification standard

Mr Stuart Goodall
Head United Kingdom Woodland Assurance Standard (UKWAS) Support Unit

The United Kingdom Woodland Assurance Standard (UKWAS) was launched in 1999 and is unique in that it is the first ever national forest certification scheme developed by consensus. UKWAS has the support of all stakeholders in the United Kingdom and is officially recognized by both the FSC and PEFC as the management performance standard for the country. UKWAS is owned by all UK stakeholders and not by either the FSC national initiative or the UK PEFC scheme. The standard is managed by the UKWAS steering committee, which is composed of representatives of all sectors and interested individuals.

UKWAS is different from most other national certification initiatives in that only a standard was developed, instead of establishing a national certification scheme with procedures for auditing and accreditation. There is no UKWAS certification label; forest owners choose the certification scheme which their market wants and are audited by a certifying body accredited by that scheme, to assess their forest management against UKWAS. Following a successful audit they receive a certificate from that scheme.

Work on the development of a national standard commences with the development of a standard-setting group. It is vital when establishing a standards setting group that the rules and procedures are agreed to prior to commencing the development work. It is also important that a broad range of stakeholders are involved in the development process. Ideally, these should include representatives from both the public and the private sector, and also environmental and social organizations. It is useful to appoint a trusted facilitator

to guide the development process. It is not the responsibility of the facilitator to take the lead in the process but more to guide the process and to facilitate discussion among the various stakeholders. In the UK, the Forestry Commission was appointed as facilitator; however, this is not the only possibility.

A good starting point for developing a national standard is international criteria and indicators. In China, there are the 7 criteria and 67 associated indicators from the Montreal Process (of which China is a participant), the FSC's 10 Principles and Criteria and PEFC's requirements for the development of a national certification scheme. In the UK, officials also utilized the Government's Forestry Standard. Other sources of information are also available, for example, domestic legal requirements, scientific data, practical experience from members of the group, international agreements and traditional knowledge. On the basis of this information, it is possible to commence developing the standard. However the following three points need to be considered during the development process:

1. The standard needs to clearly define what level of forest management has to be achieved in order for a forest to be certified;
2. The standard must be written clearly and unambiguously to ensure that it can be audited easily and implemented consistently across the country; and
3. The standard must also be flexible enough to deal with the great variety of forests that exist in the country and the different demands placed on those forests, whether it is for timber harvesting, nature protection or public use. It is possible that more than one standard might need to be developed to cover different parts of the country (such was the case under FSC in Canada).

Once the first draft of the standard has been developed, it should be widely circulated for external consultation. This allows individuals and smaller groups to contribute to the development process. It is not necessary that everyone agrees with every single part of a draft before it goes out for consultation. In the UK, it was found particularly useful to obtain feedback from a wide range of people responsible for the day-to-day management of forests. Since these were the people who would be required to implement the standard, this ensured that the standard was relevant and practical. On the basis of the comments and the feedback received during the consultation process, the draft standard can be revised as necessary by the standard-setting group. The development of a certification standard is an iterative process and the consultation process needs to be repeated a number of times. UKWAS conducted several external consultations prior to producing the final draft of the standard.

In addition to external consultation, it is strongly recommended that field trials of the draft standard are undertaken. These could be undertaken between consultations or at the same time as consultations, and should involve both certification auditors and forest managers. Field trials provide important feedback on how well the standard works in practice. If necessary, the standard can be adapted on the basis of the results of the field trials.

It is up to the standard-setting group how often it consults and how often it conducts field trials. However, there needs to be a balance between ensuring that the standard is adequately tested and open for comments, and actually finishing the standard. All of this takes time – it took 16 months to develop the UKWAS standard. When full agreement cannot be reached immediately, interim language can be adopted pending the availability of further information and the results of further research and consultation. Developing a certification standard is a dynamic process that must continue to develop and evolve, as experience is gained.

Conclusions and recommendations

The workshop was characterized by open and active discussions, which exposed participants to a range of different certification options at both national and international levels. A number of participants expressed a desire to continue the positive, open dialogue to develop a national certification standard.

On the basis of the discussions, a number of important issues were stressed. There is need for a system in China that would allow the market to determine which certification scheme would be most appropriate. It was recommended that the government should focus on developing national standards, taking into consideration that with evolving perceptions and understanding of sustainable forest management, such standards will change over time. The workshop recognized the value of the existing certification processes and experiences in contributing to the development of a national system for China. The experiences from other national initiatives highlighted the importance of active participation of all stakeholders in the development of standards. Participants also noted that the adoption of rigorous and verifiable national standards made it possible to obtain endorsements from better known international certification schemes.

While applauding the efforts of China to develop a national forest certification scheme, workshop participants also pointed out that there are concerns over the sources of the country's massive imports of timber. Participants urged Chinese officials to take measures to ensure such imports are coming from sustainably managed forests, perhaps through the establishment of a regulatory body for monitoring the source of imported timber. It was also emphasized that certification and related attempts to improve forest management should not be limited to products for export; overall improvements in forest management should be the aim, considering the long-term benefits to the country, particularly in improving the environment and the stability of forest-based industries.

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Appendix 1: Programme

Day 1	
8:00 – 8:30	Registration of participants
8:30 – 9:30	**Welcome addresses** SFA, FAO, USDA, ZFB
9:30 – 10:00	***The role of certification in achieving sustainable forest management in China*** **Mr Jeffrey Sayer**, Senior Associate, World Wide Fund for Nature International
10:00 – 10:30	Coffee / tea break
10:30 – 11:00	***PEFC – The best way to develop nationally appropriate and internationally recognised forest certification*** **Mr Ben Gunneberg,** Secretary General, The Programme for the Endorsement of Forest Certification schemes (PEFC) Council
11:00 – 11:30	***What is FSC and how does it work?*** **Mr James Sandom,** Regional Director Asia-Pacific Region, Forest Stewardship Council (FSC)
11:30 – 12:30	Plenary discussion of the topics presented in the morning
12:30 – 13:30	Lunch
13:30 – 14:00	***Malaysian criteria and indicators for sustainable forest management, including certification: its development and experiences with implementation.*** **Mr Thang Hooi Chiew,** Deputy Director-General, Forestry Department Peninsular Malaysia
14:00 – 14:30	***Certification development: experiences from Indonesia. The road to building a credible system*** **Mr Dwi Rahmad Muhtaman** Caretaker, Lembaga Ekolabel Indonesia (LEI) Executive Board
14:30 – 15:00	Coffee / tea break
15:00 – 15:30	***The Sustainable Forestry Initiative (SFI) standard and the Sustainable Forestry Board (SFB)*** **Mr William Banzhaf**, President, Sustainable Forestry Board Inc.
15:30 – 16:00	***Certification: Issues for international cooperation*** **Mr Simmathiri Appanah,** National Forest Programme Adviser, FAO Regional Office for Asia and the Pacific
16:00 – 17:00	Plenary discussion of the afternoon session
19:00	Reception and welcome dinner

Day 2	
8:30 – 8:45	Moderator's opening remarks and recapitulation of the previous day
8:45 – 9:15	***Forestry situation and certification in Zhejiang***
9:15 – 9:45	***Market demands for certified wood products in North America and Europe*** **Ms Sharon Haines**, Director of Sustainable Forestry & Forestry Policy, International Paper
9:45 - 10:15	***Analysis of wood market in China*** ***Professor Lu Wenming***, Director Division of International Cooperation, Chinese Academy of Forestry
10:15 – 10:45	Coffee /tea break
10:45 – 11:15	***Forest certification in China*** **Mr Li Mingqi**, Deputy Director-General, Science & Technology Development Center, State Forestry Administration
11:15 – 11:45	***The UKWAS example: How to develop a national certification standard*** **Mr Stuart Goodall**, Head United Kingdom Woodland Assurance Standard (UKWAS) Support Unit
11:45 - 12:45	Plenary discussion of the topics presented in the morning
12:45 – 13:45	Lunch break
13:45 – 17:45	**Working Groups**
Day 3	
8:30 – 10:30	**Presentation of working group results**
10:30 – 11:00	Coffee / tea break
11:00 – 12:00	**Panel discussion** Ben Gunneberg, James Sandom, Stuart Goodall, Thang Hooi Chiew, Patrick Durst, State Forestry Administration
12:00 – 12:15	**Closing session workshop**
12:15 – 13:00	Lunch break
13:00 – 17:00	**Field trip**

Appendix 2: List of participants

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