

# A forest owners' cooperative in Japan: obtaining benefits of certification for small-scale forests

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*In Japan, a forest-rich country where most of the forests are owned by smallholders, forest owners' cooperatives seek forest certification to revitalize waning local forestry activities.*

**J**apan is among the most densely forested countries in the world, with 25 million hectares covered by forest, or 66 percent of the land area. Its standing volume of timber is over 4 billion cubic metres (Forestry Agency of Japan, 2006). Most of the timber resources are located in softwood plantation forests, which account for about 40 percent of the total forest land area in the country. Two important plantation species are Japanese cedar (*Cryptomeria japonica*) and Japanese cypress (*Chamaecyparis obtusa*), both native coniferous species. Historically, enormous efforts have been made to create vast plantation forests, mainly on steep slopes all over the small islands of Japan.

More than half of the forest lands in Japan are owned by the private sector, mostly on a small scale. Among the 2.5 million individual owners holding at least 0.1 ha of forest land, the average holding is only 2.7 ha, and these forests are usually fragmented. Some 1.5 million of these owners hold less than 1 ha.

To overcome the difficulties associated with such small-scale and fragmented forest ownership patterns and to allow benefits of scale, forest owners' cooperatives are actively working for individual owners throughout the country. They make forest plans on behalf of forest owners to help them obtain government subsidies for planting trees and tending forest stands. They also provide services in forest harvesting and in transport and sale of timber, and some of them even run sawmills and other processing factories for adding value to timber from members' forests.

This article describes the activities and challenges of a Japanese forest owners' cooperative that is using forest certification as a forest products marketing tool and a means of encouraging forest owners to manage their forests more actively. The success of the Yusuhara Forest Owners' Cooperative in obtaining Forest Stewardship Council (FSC) certification suggests several important points for small-scale forestry.

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*The forests of Yusuhara*



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## FOREST CERTIFICATION IN JAPAN

Forest certification was first introduced in Japan in 2000. The number of FSC forest management and chain of custody certificates has gradually expanded since then. At present 24 forests in Japan have received FSC forest management certificates. The total area of FSC-certified forest is 276 460 ha (as of June 2007). In addition, 444 organizations have obtained chain of custody certification. This number is the third largest in the world after the United Kingdom and the United States. Eleven of the 24 forest management certificates have



*Well-managed FSC-certified Japanese cedar (Cryptomeria japonica) stand in the Yusuhara Forest Owners' Cooperative*

been obtained by forest owners' cooperatives as resource managers of forest land under multiple ownership. This type of group certification is a rational and effective way to deal with FSC certification in countries like Japan where most forest holdings are small in scale and individual action would be too costly and administratively difficult to handle.

Because of the high standards and high costs involved in FSC certification, the Japanese forest sector wanted an additional framework for domestic certification and to this end created the Sustainable Green Ecosystem Council (SGEC) in 2003. There are now 41 SGEC certified forests with a total area of 391 780 ha (as of April 2007). This certification scheme is favourable for municipal forests and large companies, but fewer forest owners' cooperatives have been certified by SGEC than by FSC.

#### **YUSUHARA FOREST OWNERS' COOPERATIVE: A SUCCESSFUL EXAMPLE OF FSC CERTIFICATION**

Yusuhara is a small and sparsely populated municipality in a remote mountainous area of southwestern Japan, in Kochi Prefecture on Shikoku Island. Its population is about 4 200, which is less than half the population of 50 years ago. The area of the municipality is 23 651 ha, of which 21 321 ha or 90.1 percent is covered by dense forest.

Yusuhara Forest Owners' Cooperative (YFOC), the only such cooperative in

Yusuhara, was established in 1956. It currently has 1 245 member households and about 40 full-time employees, as well as 30 contracted forest workers. The organizational structure comprises four sections: general affairs, forest production, forest management and timber processing. Activities for forest certification are carried out by the forest production section, which focuses on harvesting and thinning operations, and by the forest management section, which deals with tree planting, weeding and road construction. The cooperative runs a log sorting yard and a sawmill, for which the timber processing section is responsible.

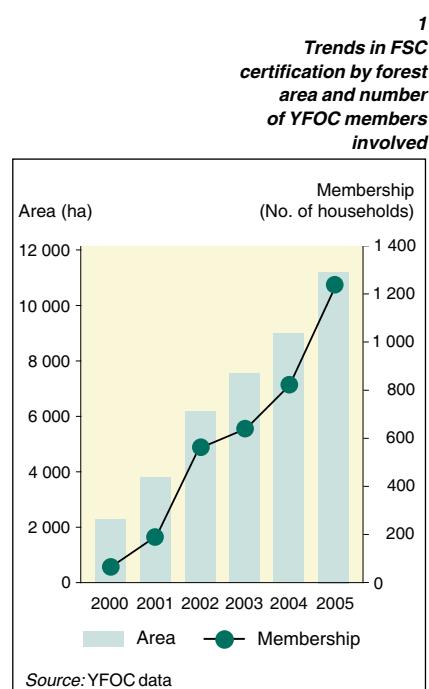
In October 2000, YFOC successfully received forest certification by FSC through SmartWood. It was the second forest in Japan to obtain FSC certification, and the first to do so with a forest owners' cooperative as the resource manager. At the time of the assessment, about ten conditions had to be met on a one- to five-year horizon, but the overall performance of the cooperative's forest management is high. The high score can be attributed mainly to two factors: a long tradition of good forest practices in Japan, and the great efforts made by YFOC to cope with new international environmental standards over many years.

#### **ECONOMIC RETURN FROM FSC CERTIFICATION**

FSC certification brought several changes to YFOC. Forestry journals

and local media often reported on the splendid achievement of this small forest owners' cooperative. Yusuhara and YFOC suddenly became well known, which improved the morale of the cooperative's staff and workers and in turn increased the motivation of forest owners. As forestry usually is a low paid, rough and dangerous job, workers tend to lack pride in their occupation. FSC certification seems to be helping to change this situation.

The direct economic benefits became evident only after about three years. At first, the area of certified forest was only 2 250 ha, and the production of FSC-certified timber was very limited. Moreover, there were almost no requests for FSC-labelled logs and sawn timber by the usual buyers. If the lack of economic benefits continued it could have made the costs of assessment and annual audits a problem for a small organization like YFOC. Nevertheless, the cooperative kept expanding its certified forest area, involving more of its forest owners; currently almost all YFOC members are a part of the FSC-certified group (Figure 1). The increase in certified

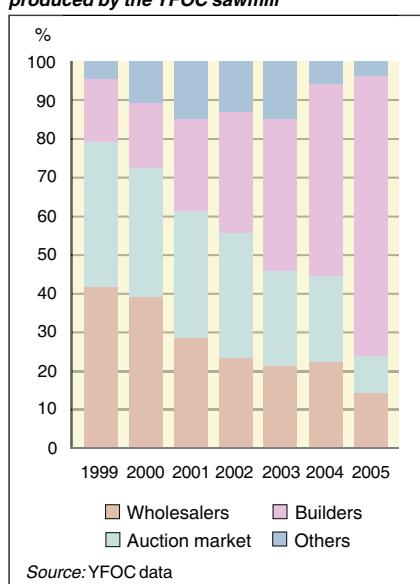


forest area and membership illustrates the gradual understanding of the value of FSC certification among forest owners in Yusuhara. The town government also contributed human resources and budgetary support for the expansion of FSC certified forest.

After this slow but steady expansion, YFOC began to receive direct orders for FSC-certified sawnwood for housing construction from ecologically minded builders in urban areas such as Osaka. Information about YFOC as a supplier of FSC certified sawnwood spread by word of mouth. By 2003, builders had become the major purchasers of the cooperative's products (Figure 2). Before 2003, the YFOC sawmill had shipped its products mainly to wholesalers and auction markets, as was usual in Japan. What is important here is the difference in the average price of sawnwood for the different buyers. In 2005, wholesalers paid an average price of 33 882 yen (US\$280) per cubic metre; auction markets paid 22 811 yen (US\$189), while the price for builders was 85 958 yen (US\$710).

It is difficult to say how much of the higher price that the builders pay is due to certification *per se* and how much to

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*Change in destination of sawnwood produced by the YFOC sawmill*



*Builders pay more for certified sawnwood: FSC-labelled sawn timber from the cooperative's sawmill, ready for shipping to a builder*



*Obtaining certification has improved the pride and morale of the Yusuhara Forest Owners' Cooperative's staff*

the fact that in addition they require specially treated products. To wholesalers and auction markets, YFOC sells poles and beams without kiln drying, but to builders the cooperative sells specially ordered sawnwood products that are kiln dried and resawn. Therefore, the cost of producing the sawnwood for builders is at least 15 000 yen (US\$124) higher per cubic metre, but the difference in the selling price is enough to make dealing directly with builders profitable for the cooperative.

Based on the future prospects heralded by this new market, YFOC decided to introduce new saw machinery and a kiln facility to help expand production capacity in 2005. It passed FSC reassessment the same year. Certification has surely been a driving force in revitalizing forestry activities in this rural town and in the economic expansion of the small-scale forest owners' cooperative.

## CONCLUSIONS

The issue of a price premium for certified timber is controversial. Economic benefits from certification can be sought both with and without it. The case of Yusuhara Forest Owners' Cooperative shows another way of achieving economic gain through certification. Intermediaries do not usually want to buy certified timber at a higher price. In this case ecologically minded builders (or builders with ecologically minded

customers) who demand certified timber will obtain it not from retailers' shelves, but from certified sawmills. Direct dealings between the sawmill and the builders make sense in such a situation, and are satisfactory to both. This is a kind of niche market that is growing with the trend in environmental awareness in Japan today.

Forest certification has brought another advantage for small-scale forest owners: self-confidence. It provides for many of them a motivation to manage their forests well. The forests in Yusuhara have become more beautiful year by year because of increased tending, especially precommercial and commercial thinning operations. Representatives of more than 100 companies, organizations and local governments visit Yusuhara every year to see the FSC-managed forest and the local forest management practices.

FSC forest certification has been a key to success for small-scale forest owners in Japan, and may hold promise for those in many other countries too. ♦



## Bibliography

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