



Timber Committee
Economic Commission for Europe



European Forestry Commission
Food and Agricultural Organization

**UNECE/FAO Policy Forum: Forest Certification –
Do governments have a role?”
29 September 2005, Palais des Nations, Geneva**

**Roles of Governments in Forest Certification
Note by the secretariat**

Objectives of the paper

Do governments have a role in forest certification or not?

This paper is intended as a background document for discussions at the policy forum. It does not recommend one strategy or another, nor does it examine in detail the advantages or disadvantages of specific options. Rather it provides an overview of the wide range of roles which governments may play in forest certification, in order to clarify the issues under discussion during the policy forum.

Introduction

Since UNCED 1992, most countries have subscribed to the concept of sustainable management of their forests (SFM). They have developed nine regional processes and initiatives which have set criteria and indicators to monitor the progress of SFM. At the global level, within the IPF, the IFF and subsequently the UNFF, governments have undertaken a policy dialogue on SFM and developed over 300 “Proposals for action” for its implementation.

Forest certification has been intensively discussed in these intergovernmental fora because of its potential implications for trade and SFM:

- IPF urged countries to support the application of concepts such as: non-discrimination on the basis of type of forests, forest owners, managers and operators; credibility; transparency; cost-effectiveness; involvement of all interested parties, including local communities; SFM; Non-deceptiveness.
- IFF urged countries to enhance international comparability and consider equivalences, taking into account the diversity of national and regional situations, and to ensure consistency with international obligations so as to promote SFM and avoid creating unjustifiable obstacles to market access.

Civil Society has developed forest certification as a voluntary, market-based tool to promote SFM. Basically, forest certification aims to monitor and provide information on an intangible characteristic of wood products - the quality of the forest management regime in place during the production process of the raw material.¹ Basically, this is done by providing consumers with information which will enable them to distinguish between those products which have been made from wood produced sustainably and those which have not. Compliance with the standards is audited by accredited certifiers and proven through labels on the products. Forest certification is not the only way to promote SFM, but may be an important tool in a broader package of instruments.

¹ At a later stage, transport and processing were included and the concept of “chain of custody” (CoC) was developed.

To define certification as an exclusively voluntary, market-based instrument might seem to imply that there is no specific role for governments. However, over the years, some governments have become involved in a wide range of issues relating to forest certification. This is because the multiple roles and responsibilities of governments have led them to reflect further on the issue rather than to ignore it. Not only do they have an overall commitment to promote sustainable forest management (inside and outside their own country), they also own and manage forests themselves, procure goods and services according to agreed rules, set the rules for international trade and provide a legal framework for domestic trade, standardization, technical regulation and consumer information.

It is for individual governments to decide which of these roles to play. A more detailed description of the various possible potential roles is given below:

Government policies have a wide variety of objectives and instruments

Government policies have many different objectives, including poverty reduction, economic growth, rural development, conservation of biological diversity, inter-generational equity, security of energy supply, and many others. An increasing concern is reconciling and harmonizing policies to achieve these ends, as policies serving different objectives may duplicate or even contradict each other on occasion. Governments also have many instruments: laws and regulations, fiscal incentives, subsidies, guidelines, extension and training etc. In considering their role in forest certification, governments should consider whether forest certification is an appropriate tool to achieve the above-mentioned objectives, and whether it is the most effective and efficient approach.

Governments promote sustainable forest management

- definition of standards through national laws and verification of legality

Since UNCED, most governments have adopted as a policy objective the promotion of sustainable forest management, through a wide variety of instruments such as laws, national forest programmes, regulations, extension services, etc. Implicitly or explicitly, through these instruments and their application, they define what they mean by sustainable forest management in their national context. Increasingly, national instruments refer to internationally agreed texts, such as criteria and indicators of sustainable forest management, the Pan European Operational Level Guidelines, etc.

As certification schemes all insist upon adherence with national legislation, governments thus define at least the minimum requirements for all certified forest products. Governments could also provide guidance on interpretation of prescriptions stipulated in laws, rules and regulations for practical, cost-efficient and consistent auditing of forest certification.

- promotion of comparability and equivalence among certification schemes and standards

The lack of full comparability and equivalence among certification schemes and standards may hinder consumers' understanding of and interest in forest certification.

Governments may promote enhancement of comparability and equivalence among certification schemes e.g. by developing national performance standards compatible with several certification systems, or by promoting dialogue, at the national or international levels between schemes

- institutional capacity

The institutional capacity of each country constrains its ability to apply and benefit from certification. Particularly for developing countries, enhancement of institutional capacity is a fundamental condition for successful implementation of forest certification. Without enhancing institutional capacity in the society as a whole, it is difficult to prevent potential illegal activities such as bribe and false reporting only by auditing. If a country is unable to establish such credibility, the certification initiative will find it difficult to establish the reputation of their products in the marketplace.

Governments may take the initiative in improving the situation with respect to capacity building.

- government involvement in developing national certification schemes

Government may be proactive in promoting the development of national certification initiatives, and desirable quality levels of forest management. Experience has shown that setting up a certification scheme in any one country (standard writing, stakeholder consultation, institution building etc.) is a long, complex and expensive process. The process can be strengthened by a relatively powerful

institution taking the lead. In some cases, a public or quasi-public entity, often in cooperation with other stakeholders, has played this role.

Another role for governments could be to promote coordination between competing schemes as regards requirements, so that forest owners are not faced with difficult choices about management measures which may be acceptable to one scheme but not to another. If the requirements of the different schemes coincide, forest owners can certify their management with two different schemes, while having only one set of management rules. This strategy also avoids any damage to the image of forest products which may arise from the vigorous competition between certification schemes.

- non-discrimination against small scale forest owners

Within the context of promoting sustainable forest management through certification, a special question concerns the ability of small-scale forest owners to bear the costs of forest certification, which are normally heavier, on a per hectare basis, than for large forest holdings. Also, economic, social, environmental and procedural criteria required by forest certification standards can create disadvantageous conditions for small owners.

Could governments, in the interest of equity, play a role to encourage good management by the many millions of forest owners, e.g. in Europe? Issues include: small owners' contribution to environmental services in broader areas; economic efficiency; comparison with government support to small scale producers in other sectors; and relevant international trade obligations.

- balance between certification and other policy

Governments may have a role to play in evaluating the balance between certification and other policy instruments and promoting a mix of instruments that fit the country conditions, in dialogue with the civil society.

Governments provide the framework for efficient, safe and equitable markets

Governments have a number of responsibilities in the establishment and maintenance of efficient, safe and equitable markets for all products. These include such areas as consumer safety, consumer information, anti-trust, occupational safety and health etc. (such requirements are set by governments in mandatory technical regulations which are respected by all market players, both local and foreign/importers). One principle underlying much of the legislation in this area is that of non-discrimination, as well as keeping to the minimum necessary level of government intervention. The government also has the role of ensuring "fair play" on the market: in the area of forest certification such a role might be to ensure that there is no abuse in labelling or that there is no misleading consumer information/labelling (for example, requiring a manufacturer to indicate if a particular label is a trade mark or a certification mark).

Governments agree on the rules for international trade

The international trade regime developed over the past 60 years, through GATT and then WTO, has been a key factor in the rise of global prosperity. Two key principles underlying this regime are the progressive removal of all barriers to trade (tariff or non-tariff barriers) and non-discrimination (e.g. between suppliers or on the grounds of production processes), except in very precisely defined circumstances. However, the core purpose of certification of sustainable forest management is to enable consumers to distinguish between wood products by providing information on how they are produced. It is generally understood that, as long as the certification of wood-based products is voluntary, it is not in contradiction with WTO/ GATT rules.

Non-governmental bodies are not subject to WTO jurisdiction, although the Technical Barriers to Trade Agreement contains provisions for certification systems of non-governmental bodies. In general, the relations between WTO rules and the provisions of multi-lateral environmental agreements (MEAs), all being intergovernmental agreements, are the subject of negotiation.

Governments are forest owners

In cases where governments (or government owned agencies or companies) own and/or manage forests, they also have to consider whether to seek certification of their forests by private institutions. Does seeking such certification imply that the laws and regulations governing public forests, or the practice of public forest managers, are inadequate? Is it acceptable for private certifiers to judge

whether public forest managers are achieving their stated objectives? In a situation where publicly owned forests are in fact being managed in a sustainable way, what is there to gain from certification?

In most tropical countries, governments are the largest owners of forests, although they are often managed by the private sector. As the forest owners, governments could decide to support these processes in their countries, they could even wish for more integral participation in the rule-making process.

Governments are buyers of wood products

It is estimated that governments account for a significant part of the total wood consumption worldwide. The influence of public procurement on timber markets is therefore very strong. All governments have public procurement policies, aimed for instance at avoiding corruption and cartel activity through transparent procedures: there are international agreements and codes of practice in this area. It is a relatively new, and possibly controversial² development, however, for public buyers to set conditions regarding the way in which the wood they purchase has been grown. When public procurement policies require a proven sustainable origin of wood, this may be an important signal to producers, which is expected to have a positive influence on forest management.

Such public procurement policies promoting sustainably produced forest products, are of increasing importance in many countries of the UNECE region as instruments of governments to promote sustainable forest management, both domestic and abroad. Denmark, Germany and United Kingdom have developed sets of rules for wood product procurement by public institutions, which typically refer in some way to certification as one means of ensuring that wood comes from a sustainably managed forest. Even though their policies are already well developed and implemented, their development has been more complex than expected and many questions are still unanswered.

Questions that are still under discussion are, for example, which certification schemes public procurement managers may refer to when seeking assurance that the wood has been grown in a sustainably managed forest, and the minimum requirements which non-certified wood products procured by public agencies (if any) should fulfil. It seems to be commonly agreed that wood should at least be of legal origin. Which documentation, permits, deeds of ownership, etc., can be accepted is still unclear.

An issue complicating the development of public procurement policies promoting sustainable forest management is that procurement officials must adhere to transparent and open processes, which usually forbid favouring one supplier over another for any other reason than performance or price: this makes it difficult to specify one certification scheme rather than another, or, indeed certified timber over non-certified. Some governments have decided not to develop any procurement policies involving forest certification elements, arguing that public procurement should only follow free market rules.

Governments are not part of the governance of international certification schemes.

Despite the complex interaction of government activities with certification issues governments have not, until now, been stakeholder members of the international certification initiatives. One reason for this is the need for these schemes to be “voluntary and market based”, both objectives which might appear to be compromised by the presence of governments in the governance of certification schemes. Another is the fear that their presence could unbalance the dialogue between economic, environmental and social stakeholders.

In a survey among EU member countries there were different opinions on the appropriate degree of governmental intervention into private certification programmes. A majority of 54% of respondents from governmental institutions supported interventions comprising rules of conduct for certification systems and setting accompanying measures, such as encouraging and supporting private bodies in their efforts to build efficient and fair systems. Another 38% thought that the role of government would be fulfilled by setting accompanying measures. A

² The systems set up by some governments to guide public procurement managers to purchase only sustainably produced wood products have not yet been legally tested, for conformity with WTO rules.

majority of the non-governmental interest groups (66%) found that the role of government should be confined to setting accompanying measures. From a governmental point of view, a central question is whether it is more desirable to install a monopolistic organization and endow it with sufficient resources to operate, to support more than one institution in order to induce competition, or simply not to take any position at all.

Conclusion

The brief overview above of the roles governments may play in relation to forest certification does not pretend to be exhaustive, still less to provide guidelines on what role should be played by governments. Rather it is intended to stimulate discussion at the policy forum, by presenting a broad outline of some of the (possible) interactions between government actions and forest certification.

References

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