

## Saving Our Forests Is the Forest Stewardship Council the best mechanism?

Over 1.2 billion people live in extreme poverty – subsisting on less than a dollar a day – and over 90 percent of them depend on forests for their survival. And while the rest of us may not depend on forests directly for our livelihoods, ultimately we could not survive without them either. Forests provide trillions of dollars worth of essential services, such as nutrient cycling, water quality regulation, and carbon dioxide capture. But despite this, every year we cut down 14 million hectares – an area the size of Nepal.<sup>1</sup> As the world's population continues to expand, and countries such as India and China experience rapid economic growth, the global demand for forest products grows with it. In fact, in the last 50 years we have done more damage to forest ecosystems than in the previous 80 centuries of human activity.<sup>2</sup>

In an effort to slow this rate of destruction, The Rainforest Alliance created the world's first forest management certification system in 1989, calling it the SmartWood program. Initially focusing exclusively on tropical forests, the Alliance worked with businesses, governments, and local communities to implement sustainable forestry practices. In addition to providing training and education, the SmartWood program created a market for responsibly managed forest products by certifying them as sustainable through independent, third-party auditors, thereby giving consumers a way of supporting those practices.

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<sup>1</sup> Helma Brandlmaier, Margaret Rainey. "Forest conservation as a common denominator – WWF global partnerships with IKEA, Sveaskog and the World Bank." Sustainable Development International. <<http://www.p2pays.org/ref/40/39491.pdf>>

<sup>2</sup> Forest Stewardship Council US Fact sheet. "Why FSC is the best forest management system." <<http://www.fscus.org/images/documents/FSC%20fact%20sheet%20why%20best.pdf>>

The idea caught on, and today there are over 90 forest management certification programs.<sup>3</sup> Many of them were created by resource extraction industries to provide a less stringent, more business-friendly option than the one provided by Rainforest Alliance. Others, such as the Certificacao Florestal in Brazil, the Malaysian Timber Certification Council, and the Indonesian Ecolabeling Institute, were born of governments concerned with preserving national autonomy and sovereignty, and making sure environmental concerns didn't trump domestic economic interests.<sup>4</sup>

In 1990, a group of representatives from environmental and human rights organizations (including the Rainforest Alliance) and the timber industry and forestry profession began meeting to develop a worldwide certification and accreditation system that represented a global consensus on what constituted good forest management, and in 1993, the Forest Stewardship Council (FSC) was born.<sup>5</sup>

The FSC label is widely considered to be the most credible in the certification market.<sup>6</sup> One reason for this is the diversity of stakeholders. Three chambers – representing economic, social, and environmental concerns – exist within the General Assembly of the FSC, and within each chamber representatives from countries in the northern and southern hemispheres receive equal numbers of votes. The Board of Directors is elected by the membership and consists of nine members who serve three year terms.

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<sup>3</sup> Forest Stewardship Council. "Why FSC is the best forest management certification system."

<sup>4</sup> Benjamin Cashore, Fred Gale, Errol Meidinger, Deanna Newsom. "Forest Certification in Developing and Transitioning Countries: Part of a Sustainable Future?" November, 2006.

<<http://www.encyclopedia.com/doc/1G1-156005033.html>>

<sup>5</sup> Forest Stewardship Council. <[http://www.fsc.org/en/about/about\\_fsc/history](http://www.fsc.org/en/about/about_fsc/history)>

<sup>6</sup> S. Ozinga, L. Krul. "Footprints in the forest – Current practice and future challenges in forest certification." Feb., 2004. <<http://www.fern.org/pubs/reports/footprints.pdf>>; I.J. Visseren-Hamakers, P. Glasbergen. "Partnerships in forest governance." [http://www.fsc-deutschland.de/infocenter/docs/info/studien/universiteit\\_utrecht.pdf](http://www.fsc-deutschland.de/infocenter/docs/info/studien/universiteit_utrecht.pdf); Tom Wright, Jim Carlton. "FSC's 'Green' Label for Wood Products Gets Growing Pains." The Wall Street Journal. October 30, 2007

Another reason for the FSC's success is its promulgation of clear, performance-based standards that are based on the region where the forest is located. Indigenous people and local community organizations are involved in every level of decision making, and all processes and decisions are open for public review and comment.<sup>7</sup> The FSC's transparency and commitment to community engagement and multi-stakeholder participation have earned it the respect of environmental groups, businesses, and governments alike.

The FSC's standards are also more stringent than any other certification program. For example, FSC certification is the only one to preclude any forest management operation that converts natural forest to an ecologically simplified "plantation." FSC standards also include special measures related to forests with high conservation values.<sup>8</sup>

Perhaps the FSC's greatest strength, however, lies in its Chain-of-Custody (COC) certification. In order to ensure the credibility of FSC-certified products, raw materials from certified forests are tracked as they leave the forest and become products down stream. It is therefore possible to trace any FSC-labeled product back through its distribution, manufacturing, and processing history to the original FSC-certified forest from which it came.

The COC certification process works much like the process for forest management certification. Independent, third-party auditors conduct certification assessments of interested companies, and help them design systems to track certified material in each client's specific context. The certifiers then review each company's procedures annually to ensure compliance. The FSC, in turn, conducts an annual audit of

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<sup>7</sup> Forest Stewardship Council. <[http://www.fscus.org/faqs/what\\_is\\_certification.php](http://www.fscus.org/faqs/what_is_certification.php)>

<sup>8</sup> FSC "Why FSC is the best forest management system"

each accredited certifier, to ensure that they are following the established policy guidelines for the COC certification process.<sup>9</sup>

Despite the FSC's status as the gold standard-bearer of forest management and product certification programs, however, it is not without its critics. Some environmentalists complain that even the FSC's standards are too lax. In fact, just over a month ago the FSC was forced to rescind its approval of Singapore-based paper company Asia Pulp & Paper Co. Ltd. (APP) after activists publicized the fact that the company had decimated a Delaware-sized portion of rainforest in Sumatra (home to endangered orangutan, tiger, and elephant species). In response to this and other complaints, the FSC has proposed new, tighter regulations, which its members will vote on later this month.<sup>10</sup>

As with the SmartWood program, the FSC uses independent certification bodies to assess forest management practices using their own evaluative process (based on FSC principles and criteria). The FSC asserts that this arrangement maintains their integrity by allowing them to remain outside of the assessment process. But in the eyes of some environmentalists, however, the fact that the "independent" certifiers are paid for their services by the companies they audit calls into question the integrity of the process far more than if the FSC controlled the audits themselves.

Despite these criticisms, environmental advocates are wary of abandoning the FSC by rescinding their support for the organization, because the industry alternatives are worse. Brant Olson, the director of the old-growth-forest campaign at the Rainforest Action Network, says in response to these critiques of the FSC, "It's a question of how do

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<sup>9</sup> FSC. "What is Chain-of-Custody?" <[http://www.fscus.org/images/documents/COC\\_Fact\\_Sheet.pdf](http://www.fscus.org/images/documents/COC_Fact_Sheet.pdf)>

<sup>10</sup> Wright, Carlton.

we improve the system, not whether we can keep the system. Because if you look at the alternative systems run by industry, those are even weaker.”<sup>11</sup>

Ultimately, the problem seems to boil down to a lack of supply of truly sustainable forest products. When the FSC was formed in 1993 its label signified that 100 percent of the wood used in its products was harvested in a sustainable manner. Under those standards it was able to certify only three products in the first year, and not many more during the next several years. There just weren’t enough producers that could meet that standard. Accordingly, in 1997 it loosened its requirements to just 50 percent; the rest of the pulp used just had to come from legal sources. As a result, the number of products the FSC was able to certify grew – as of last year – to 6,276. Today, over 224 million acres in 76 countries are FSC-certified, and annual sales of FSC-certified products total \$5 billion.<sup>12</sup> Yet even these numbers don’t represent a fraction of the global demand for forest products. Home Depot, the world’s single largest lumber retailer, seems to be making a genuine effort to source as much of its wood as possible from responsible sources, but due to the lack of supply, FSC-certified wood represents less than ten percent of the company’s total purchases.<sup>13</sup>

In addition to a lack of supply, outside of the U.S. and Western Europe there is a lack of demand for sustainably harvested products. Asia is by far the biggest market for wood harvested from the places where unsustainable logging is taking the worst toll (places such as Indonesia, Malaysia, Papua New Guinea, and The Solomon Islands), and

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<sup>11</sup> Wright, Carlton.

<sup>12</sup> As above

<sup>13</sup> Jim Carlton. “Once Targeted by Protesters, Home Depot Plays Green Role.” The Wall Street Journal. August 6, 2004.

with the exception of the Japanese market, it is unreceptive to sustainable forest management and certification.<sup>14</sup>

In the end, it may actually be companies like The Home Depot that are able to achieve more in the way of forest protection than groups like the FSC. The Home Depot's massive purchasing power allows it to create markets for which there might not otherwise be sufficient demand, and to function as a sort of international broker between environmentalists and industry. Whereas logging companies have little incentive to be receptive to interest groups – whether they are local groups of indigenous people or even national groups with a wider audience, such as the Rainforest Action Network – they have a huge incentive to listen to the person who has the power to sever Home Depot's logging contracts with any supplier with the stroke of a pen.

That person is Ron Jarvis, Home Depot's environmental global project manager. His position was created in 2000 in response to protests by environmental groups who charged that Home Depot wasn't doing enough to ensure that the lumber they sold wasn't coming from endangered forests. He spent the first six months in his new position educating himself on where Home Depot's lumber came from, and where the world's forestry hot spots were. As a result of this research he then slashed Home Depot's purchases of Indonesian lumber by 90 percent, after learning that their main supplier there was razing huge swaths of rain forest. The remaining ten percent came from suppliers using better methods (to what degree the article doesn't specify), and Jarvis felt it was better to reward them for those practices, in the hopes that this would encourage their former main supplier to improve its practices, rather than terminating all of Home Depot's contracts in Indonesia in order to avoid an environmentally sensitive area

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<sup>14</sup> Cashore, et. al.

altogether. He has also put pressure on a supplier in Gabon who is using equally destructive methods in an area that is home to the endangered lowland gorilla, by pulling all of Home Depot's contracts with the company after it refused to change its practices.<sup>15</sup>

In neither of these two specific examples has the offending supplier agreed to change its practices, but there is hope they may yet do so. By discriminating in this fashion and advertising its efforts Home Depot is helping to educate consumers in the U.S. about these issues, which will grow the market for sustainably harvested wood, and hopefully bring greater pressure to bear on intransigent suppliers. And there are examples in which Home Depot has had immediate (in relative terms!) success in changing supplier practices.

One such example is in Chile, where the two largest timber producers were wiping out the country's native forests to plant tree plantations. Chilean activists had been protesting the companies' actions since 1989 with no success. In 2002, the coordinator of the Chilean wood campaign for the San Francisco-based organization Forest Ethics, phoned Ron Jarvis and asked him to help broker a deal between the local activists and the timber companies. Jarvis agreed, and was successful in doing so. As the CEO of one of the timber companies said regarding Home Depot's request for a dialogue between the two sides, "Of course, we have to listen to what our customers want."<sup>16</sup> The result of this dialogue was an agreement that both sides were satisfied with, and which to date, both sides have adhered to.<sup>17</sup>†

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<sup>15</sup> Carlton

<sup>16</sup> As above.

<sup>17</sup> As above.

† Admittedly, this agreement is only one month old, and the article did not specify whether it is binding in any meaningful way.

Clearly Home Depot has clout, and it has found a way of leveraging its purchasing power to create change within the timber industry. Unfortunately, due to the fact that 95 percent of its wood comes from North America, its purchasing power in areas of the world where the situation is most dire is limited. It is a great pity that there are not enough responsible suppliers to fill a larger portion of the demand for forest products, both in the U.S. and in the global market, and that there aren't more retailers like Home Depot, particularly in places like Asia where there currently isn't much of a demand for sustainably harvested lumber. Encouraging retailers and consumers in Asia to care about the source of their lumber and the way in which it was harvested is crucial to saving these precious ecosystems.

Despite the best intentions of the FSC, it appears to me that retailers like Home Depot (and IKEA and Lowe's, who also seem to be making an effort, though not to the degree of Home Depot) have a greater ability to affect the market for sustainably harvested wood products. This is partly due to the fact that there are so few responsible suppliers; the FSC was almost forced to weaken its standards in order to be able to certify enough companies to have any impact on the market at all. And given the competition from lesser, weaker certification schemes, market penetration does seem to me to be a legitimately important goal for the FSC. It is also due to the fact that certification by one of 90 different groups – even if it is the most respected of those groups – is a much smaller carrot than a multi-million dollar contract with Home Depot. If a supplier fails to win FSC certification it can simply apply for – and in all likelihood, get – certification from a timber industry-created organization such as Sustainable Forestry Initiative. Huge contracts with retail giants are not so easy to come by. Having a bigger, juicier carrot,



and a heavier, uglier stick allows Home Depot to go to suppliers that are not certified by the FSC and say “Hey – stop logging in that particular forest or we’ll stop buying your pulp.” Home Depot can’t sell exclusively FSC-certified products because there aren’t enough of them, but they *can* limit themselves to products from companies that agree to leave the most ecologically sensitive areas of the world alone.

Activists who lost blood, sweat, and tears creating the FSC, hammering out its guidelines, and keeping its many participants engaged and committed to making it work are understandably dismayed when a failing as big as its certification of APP comes to light. Nazir Foead, the director of the Indonesian-species program at the World Wildlife Fund and a co-founder of the FSC, says “If they [APP] can get an FSC accreditation, there must be something wrong with the system.”<sup>18</sup> Individuals such as Mr. Foead must find themselves thinking that their time might have been better spent joining the Home Depot protests in the late 1990s than working to create what at times must feel like a bit of a Frankenstein creation.

But I think that while Home Depot could arguably be having a greater effect on forestry practices, both efforts – creating and maintaining the integrity of the FSC and pressuring retailers like Home Depot – are equally important, and difficult to compare in a truly meaningful way. The very existence of the FSC created standards and networks available to Mr. Jarvis; he probably wouldn’t have been able to achieve what he has without them.

There has been a movement among some environmentalists within the FSC to leave the Council and create a splinter group representing only environmental interests, in order to be able to promulgate stricter, more meaningful standards. This movement has

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<sup>18</sup> Wright and Carlton.

certainly become more visible in the wake of the APP scandal. Other environmentalists on the Council, however, argue that doing so would only strengthen the FSC's industry competitors by further undermining the integrity of the FSC, and do more harm than good. I think the latter argument is probably right, and the better strategy would be to continue to monitor the FSC's actions, as they have started to do through the group FSC-Watch,<sup>19</sup> but remain engaged, active participants on the Council. Whatever the Council's shortcomings, everyone concerned about sustainable forestry practices seems to agree that the FSC is far superior to any other certification organization, and I think it would be a terrible shame to throw the baby out with what is sadly, very dirty bathwater. The FSC needs Home Depot, and Home Depot needs the FSC.

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<sup>19</sup> FSC-Watch website: [http://www.fsc-watch.org/archives/2007/10/31/Rainforest\\_Action\\_Network](http://www.fsc-watch.org/archives/2007/10/31/Rainforest_Action_Network)