INTERNATIONAL FOREST INDUSTRY ROUNDTABLE

Proposing an International

Mutual Recognition Framework

Report of the Working Group on mutual recognition between credible sustainable forest management certification systems and standards
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Proposing an International Mutual Recognition Framework for Forest Certification

Executive Summary

Retailers and consumers want to give preference to wood and wood products from forests that are under sustainable forest management. A program of forest certification independently verifying that wood products come from sustainably managed sources can provide this assurance.

For a variety of technical, political and legal reasons, a number of alternative forest certification systems have emerged - and it is now unlikely that any single system will establish a monopoly in forest certification. These certification systems, in combination, have the potential to supply large quantities of certified wood products from sustainably managed forests. By working together, through a Mutual Recognition Framework, they could meet expanding market demand for certified wood products. This presents an important opportunity to the forest products industry to continuously improve forest management and guarantee customers that this is being done.

The intent of Mutual Recognition is to provide a critical mass of credibly certified wood products by recognising that different certification systems can provide substantively equivalent standards of sustainable forest management. The Mutual Recognition Framework would set a high threshold for entry for participating systems, while enabling the use of standards that accommodate local and regional circumstances. By providing a rigorous process to differentiate *credible* from *non-credible* certification systems, Mutual Recognition would use market forces to provide a range of certification systems that will assure customers that their wood products purchases contribute to sustainable forest management.

Mutual Recognition is supported by a large cross section of forestland owners, forest products companies, environmental organisations, labour and other stakeholders. Many governments and intergovernmental agencies also support Mutual Recognition.

The *International Forest Industry Roundtable* – acting in a catalytic role - is proposing establishment of an International Mutual Recognition Framework for Forest Certification that is open to all systems that can meet its high standards.

Mutual Recognition can:

- Provide a mechanism that assures all retailers and their customers that forest certification systems and standards participating within the Framework produce substantively equivalent forest benefits on the ground

- Significantly expand the availability of certified forest products in response to growing market demand

- Allow and encourage customers to adopt inclusive purchasing policies that recognise that different systems deliver substantially equivalent, credible outcomes

- Prevent unfair discrimination against any region or country, including developing or small countries, by providing an open and free market exists for wood products from sustainably managed sources

An International Mutual Recognition Framework should include:

- A representative management body to administer the Framework on behalf of all stakeholders

- An independent quality assurance group to assess the quality and credibility of participating systems

- Analytical tools to assess the substantive equivalence of different systems, including:

    1. An agreed set of Criteria and Indicators defining the core elements of credible certification systems and standards for sustainably managed forests

    2. A questionnaire to measure individual system conformance against the Criteria and Indicators

    3. A glossary of forest standards and certification terminology

Proposing an International Mutual Recognition Framework

1. INTRODUCTION

Several factors motivate the international forest industry to support the development of an International Framework for Mutual Recognition between national and regional level sustainable forest management (SFM) certification systems and standards:

(1) the increasing globalisation of the forest products industry with expanding trade and investment interdependence between companies and markets

(2) the emergence in the 1990s of SFM as a leading trade, environment and development issue for a wide range of stakeholders including industry, forest owners, environmental groups, consumers, governments, communities, and international agencies

(3) the emergence of demand by retailers and consumers for assurance that forest products come from "well managed" or sustainably managed forests.

The forest products business is globally significant and its international investment, production and trade patterns are dynamic. Total sales are approaching US$ 500 billion p.a., with approximately 30% of outputs entering international trade. Worth some US$150 billion p.a., this represents 2% of world trade. Estimates show that global demand for wood fibre is expanding by between 1–2% per annum. International trade in forest products is, likewise, developing as industry responds to rising and changing industrial and consumer demand.

The 1990s saw increased pressure from a range of stakeholders for industry to demonstrate environmental performance and commitment to SFM principles. The same period saw the development of a number of regional, intergovernmental processes to develop criteria and indicators for SFM for different forest types (see Appendix 1).

In the mid 1990s there was expanded market pressure for the independent verification of SFM forest management practices and, increasingly, the provision of products from forests with certified SFM management systems. The Forest Stewardship Council (FSC), a non-governmental organisation based in Oaxaca, Mexico and others, pioneered 3rd party certification of forestry operations.

These factors have resulted in a proliferation of forestry standards and the emergence of several certification systems in response to, firstly, the significant differences in national and regional forestry circumstances and, secondly, industry's need to provide customers with information they required to make informed purchasing decisions.

In 1996, the International Forest Industry Roundtable (IFIR)–a global network of national associations and international companies–committed its members' companies to forest management practices that meet the SFM Vision, Principles and Elements developed at its 3rd meeting in Concepcion, Chile. This SFM Vision Statement, which is reviewed annually at each Roundtable meeting, is included in Appendix 1 to this report.

During its 6th meeting in Punkaharju, Finland (August 1999), the Roundtable established a Working Group to explore how to best gain international recognition of the various national and regional SFM certification systems and standards. At the Roundtable's 7th meeting in Marysville, Victoria, Australia (October 2000), the IFIR endorsed the Working Group's proposal for the development of an International Framework for Mutual Recognition for credible SFM certification systems. It further mandated the Working Group to consider options for administering the Framework and to discuss these with key stakeholders including customers, NGO groups and certification systems.

The IFIR Working Group–acting in a catalytic role–proposes an International Mutual Recognition Framework. This Framework will link the different, yet credible, SFM certification systems and standards that have been developed independently around the world, reflecting the very considerable differences in local forest types and unique operational conditions that exist between regions.

The Framework will support and enhance the credibility of existing national programmes. It will help in the development of new systems while providing a cost-effective approach for international marketing and communicating SFM programs to customers and other stakeholders.

Most importantly, Mutual Recognition between credible SFM certification systems and standards will increase the supply of certified products to meet expanding customer demand.

The Mutual Recognition Framework developed by the Working Group is based on the concepts of reciprocity, non-discrimination and substantive equivalence. Three analytical tools are proposed that will contribute to the measurement and assessment of equivalence:

- a set of Criteria and Indicators that characterise credible SFM standards and certification systems (Section 4.1 and Appendix 4)
- a Questionnaire to measure conformance, and therefore equivalence, against the Criteria and Indicators for credible standards and systems (Section 4.2 and Appendix 2)
- a Glossary of SFM terms (Section 4.3 and Appendix 3)

Section 4.4 discusses management and administration issues and Section 5 outlines an action plan for refinement and implementation.

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2. WHAT IS MUTUAL RECOGNITION, WHY IS IT IMPORTANT AND WHAT ARE THE OBJECTIVES OF MUTUAL RECOGNITION?

2.1 WHAT IS MUTUAL RECOGNITION?

Mutual recognition is based on the concepts of reciprocity, non-discrimination and substantive equivalence. Mutual recognition, involving the use analytical processes to assess equivalence, is common within other international industries such as electronics, automotive, food manufacturing, information technology and communications.

Mutual recognition is defined as:

> *Reciprocal and non-discriminatory arrangements under which one certification system owner recognises and accepts other certification systems as being substantively equivalent in intent, outcomes and process in identified critical elements.*

2.2 WHY IS MUTUAL RECOGNITION IMPORTANT TO THE FOREST INDUSTRY?

For the international forest products business, mutual recognition is important because:

- *Retailers require* cost effective and credible *procurement and marketing tools* for forest products to create commercial advantage and inform final consumers.

- There is an emerging *consumer market* for forest products from SFM sources. This creates an opportunity to more *effectively market* the environmental attributes of forest products:

  (a) over the non renewable, non-wood based product substitutes of competitors, and
  (b) wood products from non-sustainably managed sources.

- *Developing countries* and *small countries* need a way to gain international recognition for their efforts in SFM, and to ensure access to markets for their forest products from certified sources.

- *International forest products companies* (multinationals and exporters) are looking for cost effective and credible *communication tools.* These tools will be used to:

  (a) address environmental and social performance in the multiple markets they operate in
  (b) maintain customer and market access
  (c) achieve commercial advantage.

- *Forest product manufacturers* along the wood fibre value chain need to know and understand the common elements of the various SFM standards and certification systems for the raw materials and intermediate products (such as logs, wood chips and pulp) they buy for incorporation into value-added products.

- *Industry and forest owners* are part of a global community of forest-based interests committed to SFM practices. They make, in their own right, an important contribution to SFM at the local, national, regional and international levels.

Without a solution the current proliferation of certification systems and related trademarks and communication devices may lead to:

- *Misinformation in the market place*–within and between industry, distributors, retailers, communities, investors, environmental groups and government audiences, as well as the final consumer–as to what constitutes SFM; and *confusion* among customers and end consumers regarding certification of forest raw materials and finished products.

- *Continued misperceptions* of key audience groups regarding the environmental and social performance of the forest industry, which has been effectively *exploited* by non-wood competitors.

- *Additional costs* for the forest industry and forest products as businesses try to meet the operational requirements of several certification systems leading to a potential decline in *competitiveness* against non-wood substitutes.

- *Creation* of a new set of environmentally based *non-tariff trade barriers*, due to the advantages that national systems may provide domestic products over imported products.

- *Developing and small countries* being *excluded* from *export markets*.

- Potential i*mposition* of "mandatory" solutions via government regulation at the national or international level.

2.3 WHAT ARE THE OBJECTIVES OF MUTUAL RECOGNITION?

Mutual recognition between certification systems and standards already occurs within the forest products industry at a sub-international level. Examples of this include the agreement between the US Sustainable Forestry Initiative (SFI) and the US Tree Farm System; and the UK Wood Assurance Scheme which provides a single national standard for use by more than one certification system (see Section 4.4.1 for more examples)

The objectives of the International Forest Industry Roundtable, however, are to provide a dynamic, comprehensive and credible International Mutual Recognition Framework in order to:

- Facilitate the development of mutual recognition arrangements between credible SFM certification systems.

- Provide a mechanism that assures all retailers and consumers that forest certification systems and standards participating within the Framework produce substantively equivalent forest benefits on the ground.

- Significantly expand the availability of certified forest products in response to growing market demand.

- Allow and encourage customers to adopt inclusive purchasing policies that recognise that different systems deliver substantially equivalent, credible outcomes.

- Prevent unfair discrimination against any region or country – including developing countries - by ensuring an open and free market is maintained for wood products providing these are from sustainably managed sources.

3. PROPOSING AN INTERNATIONAL MUTUAL RECOGNITION FRAMEWORK

3.1 KEY DESIGN FACTORS

A key objective of the international Mutual Recognition Framework is to meet the needs of customers and other stakeholders for information on the:

- *substantive equivalence of different systems, and*
- *environmental and social performance of forest management companies.*

The Framework accomplishes this by allowing for comparison between alternative SFM certification systems and standards and providing the ability to distinguish *credible* from *non-credible* approaches.

Credibility is defined as the *"quality of deserving belief or trust".*

The following design factors are critical to achieve this objective:

Credibility – the International Framework should:

- deliver to the marketplace forest products from sources committed to expanding the practice of SFM by providing assurance that individual companies, forest management operations, landowners or groups of landowners are in compliance with credible SFM standards
- permit forest product manufacturers and customers to judge objectively the credibility and rigor of different certification systems in terms of purchasing decisions
- provide customers with credible claims of sustainability
- use internationally recognised conformity assessment procedures.

Feasibility – the International Framework should:

- recognise and accommodate the variety of differing forest types, operating environments, ownership patterns and regulatory regimes that exist on a country, regional or sub-regional basis
- be cost effective with minimal cost entry barriers to organisations that are "qualified" to participate
- be administratively efficient with sound, transparent, simple and streamlined management and operational procedures, and,

- if practical and required, provide a label to identify products produced by systems included under the Framework.

Equivalence – participants in the International Framework should:

- be able to assess conformity and equivalence of different systems
- accept other approaches to certification that are substantively equivalent and therefore equally credible
- support all national or regional level certification systems that are linked together by the Framework
- protect and enhance the overall credibility of the International Framework

The Working Group built on the following initiatives (listed in alphabetic order) with the objective of creating a "world-wide" **International Framework for Mutual Recognition**:

- The *Confederation of European Paper Industries* (CEPI) and *Paper Federation of Great Britain* and the *U.K. Timber Trade Federation* which developed an analytical questionnaire and database to help customers compare various certification schemes and thereby better utilise forest products from certified sources.
- The *Forest Stewardship Council*, including administrative and management procedures and operation of its approach to mutual recognition and certification of FSC national standards.
- The *Pan European Forest Certification Council* (PEFCC) organisation which provides a mutual recognition framework covering national level SFM standards and certification systems within Europe based on the Helsinki criteria and indicator process. [Note the extension of the PEFCC framework to North American systems is actively being developed].

3.2 OUTLINE OF THE INTERNATIONAL FRAMEWORK

Mutual recognition is based on the need for participating systems to contain *core processes and critical elements that have been agreed as constituting a credible approach* to:

- *national (or regional/sub-national) performance standards* which quantify and qualify the achievement of SFM
- *national (or regional/sub-national) certification systems* which deliver to the marketplace forest products from sources committed to expanding

the practice of SFM through internationally recognised conformity assessment procedures

The key components of the proposed International Mutual Recognition Framework include:

- Criteria and Indicators that define the core processes and elements of credible SFM certification systems and standards (see Section 4.1 and Appendix 4), including:

  (a) consistency with internationally recognised SFM Criteria and Indicator Accords, such as the Montreal, Helsinki, Tarapoto, African Timber Organisation and ITTO processes (see Section 4.1 and Appendix One) and
  (b) independent, 3rd party verification of performance (see Section 4.1, theme 7)

- a Methodology to assess the substantive equivalence of different systems by measuring individual system conformance against the Criteria and Indicators, thereby providing the basis for Mutual Recognition (see Section 4.2 and Appendix 2)

- a SFM glossary and terminology (see Section 4.3 and Appendix 3)

- management options for the control and administration of the Framework, including quality assurance functions (see Section 4.4).

4. COMPONENTS OF THE INTERNATIONAL MUTUAL RECOGNITION FRAMEWORK

4.1 CRITERIA AND INDICATORS OF CREDIBLE SFM CERTIFICATION SYSTEMS AND STANDARDS

A set of Criteria and Indicators–grouped under nine themes–has been developed. It covers the development processes, content and scope, and conformity assessment requirements of SFM certification systems and standards.

A separate theme dealing with wood flow accounting systems (or chain of custody) has also been included.

Taken in combination, these Criteria and Indicators outline the core processes and critical elements that constitute credible SFM certification systems and standards *i.e. systems that are deserving of trust and belief in terms of the contribution they make to SFM.*

Theme	Criteria
1. Conformity with SFM standards and legislation	The certification system shall require conformance with a nationally (or regionally/sub nationally) accepted standard for sustainable forest management (SFM) that is consistent with internationally agreed sets of SFM Criteria and Indicators and which complies with applicable legislation, including ratified international agreements (e.g. Convention on Biodiversity). **(There are 9 Indicators to help determine how the standard meets this criterion. See Appendix 4)**
2. Participation	The certification system shall be open and accessible to all interested stakeholders. The influence of all stakeholders shall be balanced and consensus outcomes shall be sought. **(There are 7 Indicators to help determine how the standard meets this criterion. See Appendix 4)**
3. Scientifically supported	The SFM standard shall be supported by scientifically accepted information. **(There are 2 Indicators to help determine how the standard meets this criterion. See Appendix 4)**
4. Continual improvement	The certification system shall be responsive to new knowledge and amenable to changed public values, and shall contribute to continual improvement in sustainable forest management. **(There are 4 Indicators to help determine how the standard meets this criterion. See Appendix 4)**
5. Non discriminatory	The certification system shall not discriminate among forest types, sizes and ownership structures. **(There are 5 Indicators to help determine how the standard meets this criterion. See Appendix 4)**
6. Repeatability, reliability and consistency	The certification system shall ensure that the results of independent audits are repeatable and consistent. **(There are 5 Indicators to help determine how the standard meets this criterion. See Appendix 4)**

7. Independence and competence	Audits and certifications shall be carried out by competent, independent third party certification bodies and auditors who are accredited through internationally accepted procedures. All certification institutions (including those involved in forest assessment, accreditation, standards setting, and dispute resolution) shall be free from conflicts of interest. **(There are 11 Indicators to help determine how the standard meets this criterion. See Appendix 4)**
8. Transparency	The certification system shall be transparent. All interests can identify and comprehend standards and institutional frameworks. Procedures and documentation shall be clear, concise and readily available. **(There are 7 Indicators to help determine how the standard meets this criterion. See Appendix 4)**
9. SFM Claims	Certification procedures shall include guidelines that ensure all SFM claims are clear, unambiguous, substantiated, and consistent with relevant national and international laws, standards and guidelines. **(There are 3 Indicators to help determine how the standard meets this criterion. See Appendix 4)**

Wood Flow Accounting System (or chain of custody)	Where used, a woodflow accounting system shall reliably record and report material flows by: ❖ Wood source ❖ Delivery to the mill gate ❖ Processing and distribution along the value chain This information may be used to support claims and the requirements of many labelling systems. **(There are 2 Indicators to help determine how the standard meets this criterion. See Appendix 4)**

These Criteria and Indicators are given in full in Appendix 4.

4.2. METHODOLOGY TO ASSIST IN DETERMINING SUBSTANTIVE EQUIVALENCE

These Criteria and Indicators of "credibility" provide, essentially, a template or "measuring stick" against which different systems can be assessed.

One tool proposed to measure conformance against these Criteria and Indicators is a questionnaire. It will assist assess the substantive equivalence of different certification systems that wish to enter into a mutual recognition relationship.

An analysis of relative conformity against these Criteria and Indicators can provide the platform or basis for a mutual recognition agreement linking "compatible" and "credible" systems.

The Great Britain Paper and U.K. Timber Trade Federations have developed a questionnaire methodology for the unbiased comparison of different certification systems and covers the following topics:

- Governing Body
- scope of scheme/unit of certification

- operational status and commercial viability
- assessment of forest management objectives and outcomes
- accreditation of certification bodies
- certification bodies
- standards setting process
- scope of standards
- compatibility with national forestry policy and regulations
- environmental claims and labelling

CEPI has further developed this questionnaire approach for its Comparative Matrix of Forest Certification Schemes (released in April 2000 and updated in November 2000).

The Working Group proposes that a questionnaire, similar to CEPI's, be adapted to match the agreed Criteria and Indicators for SFM certification systems and standards outlined in Section 4.1. A copy of the CEPI questionnaire is included in the report as Appendix 2.

The Working Group also acknowledges that other equivalency assessment procedures may assist, such as site visits and on-the-ground evaluations.

4.3 SFM GLOSSARY AND TERMINOLOGY

The Working Group proposes that the Mutual Recognition Framework adopt the ISO 14050 Environmental Management vocabulary that is incorporated in ISO Technical Report 14061 to aid in assessing substantive equivalence.

An appendix – drawing from a number of sources, including ISO - is included in this report as Appendix 3.

4.4 MANAGEMENT AND ADMINISTRATION

The nature of management and administrative arrangements depends on whether the Framework operates to encourage mutual recognition at the bilateral or regional levels or seeks to develop a truly global Framework. As indicated in Section 2, Mutual Recognition already occurs at the sub-national, national and regional levels.

The Working Group notes these are not mutually exclusive options. In fact, the Framework could evolve from existing bilateral and regional arrangements and, over the long term, move towards an International Mutual Recognition Framework.

4.4.1 Bilateral and regional mutual recognition

The following table illustrates the range of mutual recognition developments that already occur at the sub-international level:

Unilateral Recognition Framework	
Netherlands	*The Keurhout programme compares forest certification programs and labels products from those systems that meet or are substantially equivalent to its own criteria.*
Joint standard development or "co" certification	
Indonesia	*LEI organisation is undertaking joint standard development with FSC.*
Malaysia	*NTCC is co-ordinating the formulation of an FSC-compatible forest certification standard.*
UK	*UK Woodland Assurance Scheme provides a single SFM certification standard for use in national schemes e.g. FSC UK and PEFC UK.*
Bi-lateral Recognition	
Sweden	*Sweden is undertaking discussions of mutual recognition processes between national level FSC and PEFCC schemes.*
USA	*SFI and American Tree Farm System have mutually recognised each others scheme.*
"Mutual Recognition" Frameworks	
Europe	*PEFCC provides framework (and trademark) for mutual recognition of compatible national and regional forestry standards (Note: extension of framework to North America is developing)*
International	*FSC provides a set of principles and criteria for "good forest management" as a framework for the recognition of FSC national or sub-national standards providing these are based on FSC principles and criteria and are developed in accordance with FSC's process procedures.*

The proposed Framework provides for a process to assist establish agreement on mutual recognition between two or more discrete certification systems at the bilateral and regional levels. The process will involve the use of analytical tools to assess substantive equivalence outlined in Sections 4.2 and 4.3.

It also requires system "managers" to agree on how participating organisations are able to share associated benefits, such as trademarks, resulting from mutual recognition.

Operational requirements of bilateral or regional mutual recognition are:

Agreement between the administrative bodies for each system on the:

(a) the substantive equivalence analysis of each system (using the assessment questionnaire–Section 4.2) against the Criteria and Indicators for credible SFM certification systems and standards (Section 4.1 and Appendix 4)

(b) administrative arrangements and the sharing of the SFM communication benefits associated with the mutual recognised systems e.g. field/site visits, regular reviews, dispute resolution, use of trademarks.

While both the Pan European Forest Certification Council (PEFCC) and the Forest Stewardship Council (FSC) are examples of "mutual recognition" framework systems in operation at the sub-international level, the intention of the *International Forest Industry Roundtable* is to provide a dynamic, comprehensive and credible **International Mutual Recognition Framework.**

4.4.2 Creating an International Mutual Recognition Framework

The following factors could lead to the development of an International Mutual Recognition Framework:

- early and extensive development of a number of bilateral agreements
- regional certification systems that mutually recognise national standards based on geographic proximity, forest type and similar social, environment and economic development needs e.g. ITTO covering ASEAN countries, ATO covering parts of Africa
- mutual recognition arrangements between these larger, more broadly-based regional certification systems
- all stakeholders in the SFM dialogue accept that national and regional SFM certification systems and standards developed in accordance with the Criteria and Indicators, and linked through mutual recognition arrangements, or, within an International Framework, are credible ways of confirming SFM performance.

Operational requirements for an International Mutual Recognition Framework working at the global level are more complex than for national and bilateral arrangements. A global Framework will require a dedicated management and administrative structure.

The Working Group proposes the following as a good governance model for the International Framework that would command the full support of participating stakeholder groups:

A Governing Body:

Composition-stakeholders and participants involved in SFM certification and the supply of certified forest products
Responsibilities-operate the International Framework; appoint the Board of Directors

A Board:

Composition–representative of participating stakeholders.
Responsibilities–manage and continuously improve the Framework system; appoint the Secretariat to administer the Framework

A Secretariat:

Composition–competent management executives.

Responsibilities–administer the Framework in accordance with the directions of the Board, including support for the independent quality assurance group.

An Independent Quality Assurance Group:

Composition–credible, technical forestry operational, quality control and certification experts/institutions
Responsibilities–to assure the quality, credibility and substantive equivalence of "incoming" systems through the use of approved analytical tools; to regularly assess the certification procedures of existing systems and the changes they make; to advise on acceptable standards for the operation of certification systems; to act as the Framework ombudsman

Such a "global" system might use a single trademark, identifying all the credible certification approaches involved in the International Framework, to:

- meet customers' and international forest product companies' needs for a cost effective communication and marketing tool for forest products – against non-wood substitutes and non SFM sourced forest products
- illustrate industry's commitment to SFM and the role it plays nationally, regionally and globally contributing to the effective achievement of SFM
- avoid misinformation in the market place.

The Working Group proposes two options for the composition of the Framework's *Governing Body*:

Model 1 – An organisation of SFM stakeholders: The Governing body is broad-based, comprising representative stakeholder organisations associated with SFM .

Model 2 – A consortium of Certification organisations: The Governing body is a consortium of certification bodies e.g. the Sustainable Forestry Board (SFI, USA), Canadian Standards Association (Sustainable Forest Management Standard, Canada), Associação Brasileiro de Normas Tecnicas (CERFLOR, Brazil), Forest Stewardship Council, the Pan European Forest Certification Council (much of Europe), LEI (Indonesia), and NTCC (Malaysia).

The Working Group notes that two existing organisation structures could be adapted, or brought together to form a single body, at the *Secretariat level* to effectively administer the International Mutual Recognition Framework:

- The *Pan European Forest Certification Council*
- The *Forest Stewardship Council*

5. ACTION PLAN

The International Forest Industry Roundtable – acting as a catalyst - is seeking to work with international stakeholders to operationalise the proposed International Mutual Recognition Framework during 2001, in order to achieve the following objectives:

- Facilitate the development of mutual recognition arrangements between credible certification systems
- Provide assurance to customers and consumers that forest certification standards participating within the Framework produce substantively equivalent forest benefits
- Significantly expand the availability of certified forest products in response to growing market demand
- Encourage customers to adopt inclusive purchasing policies that recognise that different systems deliver substantially equivalent, credible outcomes
- Prevent unfair discrimination against any region or country by providing an open and free market for wood products from sustainably managed sources

The following action plan to April 2001 seeks to support the achievement of these objectives:

ACTIONS
Finish Final report revisions and preparation of executive summary by Jan 2001.
Implement an outreach programme to discuss the framework and management proposals with key US and EU customer groups, lead NGO groups and national certification organisations (first/second quarter 2001).
Promote the Mutual Recognition framework and management proposals at: ▪ Canada Pulp and Paper Association's Paperweek 2001, Montreal, Jan, 2001 ▪ FAO/GTZ/ITTO Mutual Recognition seminar, Rome, Feb, 2001 ▪ American Forest and Paper Association's PaperWeek, New York, March, 2001 ▪ International Forum of Forest & Paper Associations, Rome, April, 2001 ▪ FAO Advisory Committee on Wood and Paper Products, Rome, April, 2001.
International stakeholders agree on implementation strategy for second half 2001

Appendix 1

Summary of International and Regional SFM processes

1. Governmental Processes

- **Regional SFM Criteria & Indicator Processes**

  - The Helsinki Process
  - The Montreal Process
  - The Tarapoto Proposal
  - The Dry-Zone Africa Process
  - The Near East Process
  - The Lepateriqué Process
  - The International Tropical Timber Organisation
  - The African Timber Organisation

  See attached summaries

2. Non-Governmental Processes

- International Forest Industry Roundtable's SFM Vision, Principles and Elements (see attached)

- Forest Stewardship Council's Principles and Criteria for well managed forests

SUMMARY OF REGIONAL SFM CRITERIA & INDICATOR PROCESSES

Extract from summary provided by Forest Resources Development Service, Forest Resources Division, FAO, Rome Italy

Criteria by which sustainable forest management can be defined and indicators by which it can be assessed and regularly monitored are important tools in evaluating the effects of forest management interventions and planning for future action aimed at gradually improved forest management.. The main initiatives are summarised below.

- The Pan-European Process on Criteria and Indicators for Sustainable Forest Management (the "Helsinki Process") covers forests in the boreal, temperate and Mediterranean zones. It is monitored by the periodically convened Ministerial Conference on the Protection of Forests in Europe. At the Third Ministerial Conference (Lisbon, June 1998), the six common national level criteria identified within this process were officially adopted. The corresponding indicators were endorsed in principle, committing participating countries to their continued further development. The Ministers also endorsed for implementation and future revision the voluntary Pan-European Operational Level Guidelines for Sustainable Forest Management. The work-programme, "Conservation and Enhancement of Biological and Landscape Diversity in Forest Ecosystems 1997-2000", appended to the Action Plan elaborated by Ministers of Environment in Europe, was also endorsed in principle. As a follow-up to the last round table discussions in Brussels, Belgium (November/98), two Expert Meetings have been convened in Vienna, Austria (March/April 1999 and October 1999), in which detailed action has been agreed upon by the European countries.

- The Montreal Process on Criteria and Indicators for the Conservation and Sustainable Management of Temperate and Boreal Forests focuses on temperate and boreal forests outside of Europe. The participating countries have endorsed seven non-legally binding national-level criteria and 67 indicators, appended to the Santiago Declaration of February 1995. At the 13th meeting of the Montreal Process (Moscow, Russia; October 1998), participating countries agreed to review and consider possible elements for criteria and indicators at the forest management unit level. The issue was further discussed and reviewed by the Technical Advisory Committee at a meeting in Montevideo, Uruguay (May 1999), in preparation for the 11th Meeting of the Montreal Process (Charleston, South Carolina, USA –November/December 1999).

- The Tarapoto Proposal for Criteria and Indicators for Sustainability of the Amazon Forest was adopted in February 1995 in Tarapoto, Peru. Seven criteria and 47 indicators were identified and proposed for national-level implementation by the eight participating countries, the signatories of the Amazon Co-operation Treaty (ACT). Criteria and indicators were also identified for the forest management unit (four criteria and 22 indicators) and global levels (one criterion and seven indicators). Following initial review in each of the participating countries, "National Consultations for Validation" were organised between December 1996 and April 1999 by seven of the countries (Bolivia, Colombia, Ecuador, Guyana, Peru, Suriname and Venezuela). A number of similar sub-national consultations in three regions of the country are planned by Brazil in late 1999. Through the national consultations, supported by the ACT, FAO, the Netherlands and Finland, each country analysed and systematically evaluated the relevance of the criteria and the applicability of the commonly identified indicators in the light of economic, ecological, social, political and institutional conditions and needs of each country. In the year 2000, the Government of Finland will support an Amazon-wide "Tarapoto II" meeting, to take stock of progress to date and to develop a plan of action for the future.

- The Dry-Zone Africa Process originated in the UNEP/FAO Expert Meeting on Criteria and Indicators for Sustainable Forest Management (Nairobi, Kenya; November 1995), where participating countries identified seven national-level criteria and 47 indicators for further consideration. The results of the meeting were subsequently submitted to the Tenth Session of the African Forestry and Wildlife Commission and to the Secretariats of the three sub-regional groupings which cover the 27 countries concerned (CILSS, IGAD,

SADC). In a workshop held in November 1997, participating countries reviewed national reports on the applicability and availability of information and national capacities for collection and analysis of data, and elaborated a plan of action for further work. A sub-regional follow-up meeting of national co-ordinators from dry zone SADC countries was held in Lilongwe, Malawi in December 1998 to further review progress and promote testing and implementation. A similar, UNEP/FAO sub-regional meeting of national co-ordinators from CILSS member countries was held in Dakar, Senegal (December 1999). Following a recommendation of the SADC workshop, "Practical guidelines for the further development and implementation of criteria and indicators for Dry-Zone Africa Process member countries" have been prepared, for review of countries concerned.

- The Near East Process originated in the FAO/UNEP Expert Meeting on Criteria and Indicators for Sustainable Forest Management (Cairo; October 1996). In this meeting, participating countries identified for further consideration seven national level criteria and 65 indicators, focused on the management of dry-zone forests and woodlands in countries in the region. In a follow-up workshop (Cairo; July 1997), national co-ordinators reviewed reports from participating countries on the applicability and availability of information and national capacities for collection and analysis of data, and elaborated a future work programme. A second meeting of national co-ordinators was held in Damascus, Syria in December. Following recommendations from these meetings, "Practical guidelines for the further development and implementation of criteria and indicators for Near East Process member countries" have been prepared, for review of countries concerned

- The Lepaterique Process of Central America was initiated following the recommendations of an Expert Meeting on Criteria and Indicators for Sustainable Forest Management organised in Tegucigalpa, Honduras (January 1997) by the Council for Forests and Protected Areas (CCAB-AP) of the Central American Commission for Environment and Development (CCAD), with the support of an FAO TCP project. Experts from the seven CCAD countries identified eight criteria and 52 indicators for application at the national-level, and four criteria and 40 indicators for application at the regional (Central American) level. The expert meeting was followed by two sub-regional training workshops and seven national seminars, which reviewed applicability and availability of data and made recommendations on future implementation. With support from FAO, the Central America Process of Lepaterique is currently undertaking national validation workshops in countries.

- The International Tropical Timber Organisation (ITTO) recently revised its 1992 criteria for sustainable management of tropical moist forests. Through the work of an Expert Panel established in 1997 by the International Tropical Timber Council, these criteria were revised, with due attention to recent international developments in the field. The resulting document, "Criteria and Indicators for the Measurement of Sustainable Management of Natural Tropical Forests", discussed and approved by the XXIII Session of the ITTO in Yokohama (Japan, December 1997), identified seven criteria and 61 indicators, applicable at the national and forest management unit levels. Recently, ITTO co-sponsored the FAO/UNEP/ITTO/Indian Institute of Forest Management workshop, National Level Criteria and Indicators for Sustainable Forest Management of Dry Forests in Asia/South Asia" held in Bhopal, India in December, 1999[1].

- The African Timber Organisation (ATO) has helped member countries identify and test national and forest management unit level principles, criteria and indicators for sustainable forest management.

Many of the on-going initiatives have established technical committees to ensure scientific soundness of approach. At the international level, FAO collaborated with IUFRO in the organisation of an *International Conference on Indicators for Sustainable Forest Management* (Melbourne, Australia; August 1998) which reviewed the scientific basis for work in this field

[1] **Participating countries:** Bangladesh, Bhutan, China, India, Mongolia, Myanmar, Nepal, Pakistan, Sri Lanka, Thailand

and identified related research needs. As a follow-up, an international IUFRO/CIFOR/FAO/CATIE conference, with special reference to the tropics, was held in Turrialba, Costa Rica (November 1999). The Centre for International Forestry Research (CIFOR) has, over the years, focused on research aspects in the identification and testing of criteria and indicators at the forest management unit level. CIFOR is presently co-ordinating field testing in collaboration with a number of national institutes, *i.e.* in Brazil, Cameroon, Cote d'Ivoire, India and Indonesia. A set of documents, “Criteria and Indicators Tools Series”, has been published to support this work.

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INTERNATIONAL FOREST INDUSTRY ROUNDTABLE - 6th Meeting (IFIR6)
Punkaharju, Finland, 23 –25 August, 1999

SUSTAINABLE FOREST MANAGEMENT VISION, PRINCIPLES & ELEMENTS

I. Preamble

The world's forests make a vital contribution to a high quality of life by providing a wide range of economic, social, environmental and aesthetic benefits. The forest products industry seeks to practice a stewardship ethic that integrates the growing and harvesting of trees to meet the needs of society for wood products, paper products and fuelwood with the protection of important ecological values. All forest products producing countries and landowners should be encouraged to adopt principles of Sustainable Forest Management and pursue continuous improvement in their practices.

Sustainable forest management is a dynamic concept that will continue to evolve with experience and new knowledge developed through practice and research, and in response to changes in human needs and values. Therefore, a commitment to continuous improvement should be integrated into Sustainable Forest Management. Like the concept of sustainable development, forest management must consider the current and future needs of humanity while conserving other important forest values

There are many types of forests. These range from intensively managed short rotation plantations to extensively managed natural forests and wilderness. The management of these various categories of forests, with the application and achievement of appropriate sustainable forest management-related objectives and targets, collectively contributes to the overall goal of sustainable development. The appropriate balance of uses to achieve both sustainable forest management and sustainable development will vary in each country depending upon a variety of factors. Forestry must take into account the great variations in the earth's ecology and the individual characteristics of its numerous tree species reflected in the many diverse locally adapted forest management practices.

The following Vision, Principles, and Elements of Sustainable Forest Management have been developed by representatives of the global forest industries. This is a broad statement of values and is not intended to substitute for specific programs, policies, or measures that are best designed by industry at the national or regional level. This vision, elements and principles of sustainable forest management are intended to be consistent with international intergovernmental efforts to advance Sustainable Forest Management such as the Helsinki, Tarapoto, and Montreal processes.

II. Vision Statement

"To practice and actively promote sustainable forest management in order to meet the needs of the present without compromising the ability of future generations to meet their own needs, by utilizing forest management practices which are grounded in sound science. In this effort, the forest industry will practice on lands it manages, and encourage on other lands that supply wood and fibre products, the integration of reforesting, managing, and harvesting of trees for useful products with the conservation of soil, air and water quality, and biological diversity. It will also manage for other values such as wildlife, recreation, aesthetics, and other global, national and local imperatives."

III. Principles of Sustainable Forest Management

1. **Compliance with Laws.** Forest management shall respect all applicable laws, including international treaties, of the country in which it occurs. Industry will participate actively in the development of national legislation and international treaties to ensure that all aspects of sustainable forest management are well expressed.

2. **Forest Protection.** Forests shall be managed to protect their health and productivity, specifically providing protection against wildfire, pests, and diseases.

3. **Sustainable Yield of Products.** Forest management at a regional level shall seek to maintain or increase the long-term production of wood and other goods and services from forests.

4. **Economic Viability.** Forest management must be economically viable in the long-term.

5. **Tenure and Use Rights and Responsibilities.** Long-term tenure and use rights to the land and forest resources shall be clearly defined, documented, and legally established.

6. **Private Forest Owners**. The rights of private forest owners and local communities shall be respected and maintained.

7. **Indigenous People's Rights.** The defined, documented and legally established rights of indigenous people to own, use and manage their lands, territories and resources shall be respected.

8. **Biological Diversity.** Forest management should enable and contribute towards the conservation of natural biological diversity, including wildlife, either at the national, regional, or landscape scale.

9. **Soil and Water Quality.** Forest management shall conserve soil productivity and water quality.

10. **Conservation of Special Areas.** Sites of major environmental, social, or cultural significance shall be adequately conserved.

11. **Economic and Social Development.** Forest management shall contribute to economic and social development.

12. **Stakeholders.** Industry will work to develop an open dialogue with stakeholders.

IV. Elements of Sustainable Forest Management

The following elements provide important support to achieving the vision and principles of sustainable forest management.

E1 **Use of Chemical Products.** Chemical products will be used only in strict compliance with the laws of the country in which they are applied. Efforts will be made to use non-chemical economically efficient alternatives when appropriate.

E2 **Use of Biotechnology**. Any development and use of genetically modified material shall be in accordance with applicable scientific protocols, laws and regulations, recognizing the public interests associated with biotechnology. Due regard will also be given to the potential risks and benefits arising from the application of this technology.

E3 **Management Plan.** A management plan -- appropriate to the scale and intensity of operations -- shall be implemented and kept up to date. The long-term objectives of management, and the means of achieving them, shall be clearly stated in the plan.

E4 **Monitoring and Assessment.** Monitoring shall be conducted -- appropriate to the scale and intensity of forest management -- to assess the condition of the forest, yields of forest products, management activities and other environmental impacts.

E5 **Continuous Improvement.** Forest industry will work to continually improve the environmental performance of its forest management activities by integrating new and improved practices gained through research and experience.

The Sustainable Forest Management Vision, Principles, and Elements were first adopted at the Third International Forest Industry Roundtable held in October 1996 in Concepcion, Chile. In August 1999, at the Sixth Roundtable in Punkaharju, Finland, the Vision, Principles, and Elements were improved, expanded and recommitted to by the following organisations:

The Pulp & Paper Manufacturers Federation of Australia, Ltd (Australia)
National Association of Forest Industries (Australia)
The Brazilian Association of Pulp & Paper (Brazil)
Canadian Pulp & Paper Association (Canada)
Corporacion Chilena de la Madera (Chile)
Finnish Forest Industries Federation (Finland)
Mexican Forest Pulp & Paper Associations (Mexico)
New Zealand Forest Owners Association (New Zealand)
New Zealand Forest Industries Council (New Zealand)
Norwegian Pulp and Paper Association (Norway)
Swedish Forest Industries Federation (Sweden)
American Forest & Paper Association (USA)

Appendix 2

Methodology to assist determine substantive equivalence

Comparative Questionnaire and Database of Forest Management Certification Schemes operated by CEPI

Note: This questionnaire will be altered to reflect the Criteria and Indicators of credible SFM certification systems and standards proposed by the Roundtable's Working Group

See separate document

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Appendix 3

SFM certification system and standards - glossary and terminology

Extracts from:

- ISO 14050 Environmental Management terminology, from ISO Technical Report 14061
- PEFFC Website
- FSC Website
- Finnish Forest Certification Project

Note: further amendments and additions required

SFM certification system and standards
Glossary and Terminology

Accreditation

A procedure by which an authoritative body gives formal recognition that a body or person is competent to carry out specific tasks.

Accreditation body

An authoritative body that assesses the qualifications and capabilities of certification bodies to operate independently and reliably, verifies their competence, and controls their operation. The body must be neutral without vested interests with certification bodies and it's competence and neutrality is safeguarded through international accreditation co-operation.

Audit

Systematic and objective activity to find out the extent to which requirements related to an agreed subject matter are fulfilled, performed by one or more persons who are independent of what is audited. (ISO 9000, version CD2, 1999)

Audit report

A report on observations on the compliance of operations with the criteria. The report focuses on information on nonconformities.

Audit team

A group of auditors, or a single auditor, designated to perform a given audit; the audit team may also include technical experts and auditors-in-training.

Batch

The quantity of wood raw material or of intermediate or finished product which is quantified as being work in progress between the first day and the last day of the relevant batch period and subsequently delivered as an identified batch or parts of a batch to one or more processors, traders or users.

Batch period

The period within which a batch of wood material is processed, or a batch of finished product covered by this standard is manufactured, within a single processing or manufacturing plant, which shall normally be an identified maximum period of 12 months commencing on any day on which the relevant batch enters into processing as work in progress. The batch period relating to a specific phase or activity in the chain of custody may be standardised in national, regional or sectoral chain of custody rules if appropriate.

Certificate

A confirmation by an independent third party that a product, method or service is compliant with the certification criteria of pre-set requirements.

Certification

Procedure by which a third party gives a written assurance that a product, process or service conforms to specified requirements. (e.g. ISO/IEC Guide 2)

Certification body

An independent third party, accredited by a national accreditation body, that assesses and certifies organisations with respect to standards and any supplementary documentation required under the system.

Chain of custody

All the changes of custodianship of forest products, and products thereof, during the harvesting, transportation, processing and distribution chain from the forest to the end-use.

Chain of custody certificate

A certificate that confirms the origin of wood raw material, and products thereof. With a chain of custody certificate a producer/trader may verify that wood raw material used in products comes from certified forests.

Credibility

Quality of deserving belief or trust.

Environmental Aspect

Element of an organisation's activities, products or services that can interact with the environment.

NOTE: A significant environmental aspect is an environmental aspect that has or can have a significant environmental impact.

Environmental Impact

Any change to the environment, whether adverse or beneficial, wholly or partially resulting from an organisation's activities, products or services.

Environmental Management System EMS

The part of the overall management system that includes organisational structure, planning activities, responsibilities, practices, procedures, processes and resources for developing, implementing, achieving, reviewing and maintaining the environmental policy.

NOTE: For the purposes of this technical report, the abbreviation EMS is used specifically in reference to ISO 14001:1996.

Follow-up audit

An audit carried out to verify that the corrective action requirement has been implemented.

Forest

Generally considered to be a plant community of predominantly trees and other woody vegetation growing together, its land, flora and fauna, their interrelationships, and other resources and values attributed to it.

NOTE: Forests vary greatly around the world depending on the climate, soil, history and culture of the country involved. Many countries have a definition of forest included in legislation.

Forest certification

A procedure to assess the quality of forest management in relation to the criteria of a forest management standard.

Group certification

Certification of a defined forest area owned by several owners.

Industrial by-products

Wood based material in the form of sawdust, fibrous wood, printers' off-cuts, solid-wood off-cuts or composite wood off-cuts resulting from any wood transformation or manufacturing process and which may be reclaimed and recycled as raw material for manufacturing process, or burned. Various materials belonging to this category are defined in details in customary definitions of the business in question.

Industrial co-products

A class of virgin wood consisting of chips, slabs, sawdust and the like co-produced with the cutting of sawn wood or veneer log from the round wood log and used as materials for industrial processing or other commercial applications. Industrial co-products are comparable to virgin fibre when determining the percentage of certified raw material. Various materials belonging to this category are defined in details in customary definitions of the business in question.

Interested party

An individual or group concerned with or affected by the operation of an organisation.

Lead auditor

A person qualified to manage and perform audits.

Label

A claim which indicates certain aspects of a product.

Labelling

Usage of labels (on- or off-product labels) in connection of products in order to communicate their properties.

Life cycle analysis

An analysis concerning consecutive and interlinked stages of a product system, from raw material acquisition or generation of natural resources to the final disposal (“from the cradle to the grave“). It includes production of raw materials, the production, processing, storage, transport of materials, and use, recycling and disposal.

Monitoring audit

A periodic audit to verify that operations confirm with specified criteria.

Mutual recognition

Reciprocal and non-discriminatory arrangements under which one certification system owner recognises and accepts other certification systems as being substantively equivalent in intent, outcomes and process in identified critical elements.

Nonconformity

The non-fulfilment of specified requirements.

Off-product label

Information conveyed by a supplier by documentary means other than an on-product label, concerning the nature or classification of the material in a batch including the percentages of certified or non-certified materials in the batch.

On-product label

A merchandising label attached to a product or a package of products.

Organisation

Company, corporation, firm, enterprise, authority or institution, or part or combination thereof, whether incorporated or not, public or private, that has its own functions and administration.

NOTE: For organisations with more than one operating unit, a single operating unit may be defined as an organisation.

Origin

The forest from where the wood raw material of products originates. When determining the percentage of certified wood raw material producer/trader has to verify with a chain of custody certificate whether the origin is certified or not. The origin shows whether the forest is certified or not. The origin may be verified with systems based on inventory control and accounting of wood flows or physical separation.

Physical segregation

A procedure in which various raw material types of different origin are kept separate so that the origin of the raw material used in making a product is known.

Principles, Criteria and Indicators

International, national and private sector initiatives, whether governmental or non-governmental, provide a common hierarchical framework including “Principles, criteria and indicators” for evaluating progress towards achieving SFM.

NOTE: In some initiatives the principles are considered to be included in the criteria.

Principles

Fundamental rules which serve as a basis for reasoning and action.

NOTE: Principles are explicit elements of a goal such as SFM.

Criteria

Characteristics that are considered important and by which success or failure can be judged.

NOTE: The role of criteria is to characterise or define the essential elements or set of conditions or processes by which sustainable forest management may be assessed. [Source: Intergovernmental Seminar on Criteria and Indicators for SFM (ISCI].

Indicators

Quantitative, qualitative or descriptive measures that when periodically evaluated and monitored show the direction of change. [Source: Intergovernmental Seminar on Criteria and Indicators for SFM (ISCI].

NOTE: The report also defines a set of criteria and indicators for credible certification systems and standards as the basis for comparison, or measurement of substantive equivalence, between different certification systems – see section 4.1.

Production forest

A forest that is available for wood supply and other uses.

Recycled wood and wood fibre

Recycled wood/fibre in the form of either reclaimed pre-consumer by-products from processes in manufacture where these are not traceable to virgin wood raw material sources, or reclaimed post-consumer wood/fibre which after reclamation is recycled into the chain of commercial supply and reduced to a raw material form. Normally classified in a list of Standard Grades

Rolling average

The batch period is calculated as a rolling average in order to avoid remarkable Seasonal variation. This means that if a manufacturer has a batch period of si months and the basic monitoring period is one month, the batch period is calculated monthly as a average of previous six months.

Single issue-label

A label which states something only on one property of the product (e.g. management of the forests which are origins of the wood raw material used in the product).

Substantive equivalence

Genuine, real, actual or significance equivalence.

Note: used in the context of comparing or accessing different certification systems.

Sustainable Development

Meeting the needs of the present without compromising the ability of future generations to meet their own needs. [Source: The Brundtland Report].

Sustainable Forest Management SFM

While there is broad agreement on the concept of SFM, there are variations in the definitions developed through the various national and international initiatives.

Two definitions of SFM have been included here so that the user of this Technical Report can understand the scope of the concept and the ways it has been defined by people from different regions of the world.

1. Sustainable Forest Management

SFM is the process of managing permanent forest land to achieve one or more clearly specified objectives of management with regard to the production of a continuous flow of desired forest products and services without undue reduction of its inherent values and future productivity and without undue undesirable effects on the physical and social environment. [Source: International Tropical Timber Organisation (ITTP)].

2. Sustainable Forest Management (SFM)

The stewardship and use of forests and forest land in a way and at a rate, that maintains their biodiversity, productivity, regeneration capacity, vitality and their potential to fulfil now and in the future, relevant ecological, economic and social functions, at local, national and global levels and does not cause damage to other ecosystems (Definition of SFM within the Pan-European process). The PEFC certified forests are certified in accordance with the six Pan European criteria as defined and endorsed by the Pan-European Ministerial Conferences on the Protection of Forests in Europe.

Verification

Confirmation by examination of evidence that a product, process or service fulfils specified requirements.

Verification of the chain of custody of wood

A procedure in which the origin of wood used in making a product can verifiably be established.

Virgin wood/fibre

Wood/fibre, whether in the form of round wood, chips, sawdust, fibrous wood, not yet subjected to industrial processing.

Wood based raw material

Raw material or intermediate product based on wood (e.g. round wood, chips, sawdust, sawn wood, wood based panels, pulp, paper)

Appendix 4

Criteria and Indicators of "credible" SFM certification systems and standards

See separate document

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