The effectiveness of FSC Group Certification

A study of the accessibility of the Forest Stewardship Council Group Certification Scheme to small forest holdings in Western Europe
Preface

This report has been prepared by Karin Beland Lindahl, Taiga Consulting AB of Sweden and Michael Garforth of the United Kingdom for WWF’s European Policy Office. Karin Beland Lindahl is a biologist with long experience of working on Swedish and international forest issues. She lives in northern Sweden where she has been following the forest debate for more than 15 years. She was one of the founders of the Taiga Rescue Network and worked as its international co-ordinator for many years. Since 1996, she has been working as an independent consultant, running the company Taiga Consulting AB. Taiga Consulting offers information, education and research on forest related issues to a broad range of clients. Karin Beland Lindahl was a member of the FSC’s international Board of Directors between 1997-1999.

Michael Garforth is a graduate in natural resources management living in Scotland. In his 25 years of professional experience he has worked as a forest manager, forest economist and forest policy analyst. As Head of the Forestry Commission’s Policy Unit he represented the United Kingdom government in European and global forest policy processes. He became involved in the forest certification debate in 1994 and subsequently in the development of the United Kingdom forest certification standard. He now works with the company ProForest which provides research, training and capacity building services internationally in sustainable forest management and forest certification. Many people have contributed to the report. The authors would like to thank in particular the researchers who prepared reports on the forestry sectors in the countries surveyed for the study and reviews of existing group certification schemes which formed the basis for the analysis and recommendations presented in this report: Johannes Wilhelms, Wolfgang Herzog and Marion Karmann (Germany), Juan Picos Martin (Spain), Veerle Dossche (Belgium). Karin Beland Lindahl of Taiga Consulting prepared the Swedish forest sector report and reviews of Swedish group certification schemes. Michael Garforth prepared the United Kingdom forestry sector report and reviews of United Kingdom group certification schemes.

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Contents

Summary .................................................................5
1. Introduction .........................................................11
  1.1 Focus of the study .............................................11
  1.2 Development of certification .................................11
  1.3 Previous studies ...............................................13
2. Study objectives ..................................................15
3. Country Reviews ..................................................17
  3.1 Sweden ..........................................................17
  3.2 Germany ........................................................20
  3.3 United Kingdom ...............................................22
  3.4 Spain ............................................................25
  3.5 Belgium ..........................................................27
  3.6 The needs and expectations of small forest holdings ....29
4. Review of group certificates .....................................33
  4.1 Group certification requirements ............................33
  4.2 Key features of the schemes reviewed .......................35
  4.3 Effectiveness of the FSC’s group certification programme 43
5. Overall conclusions and recommendations .....................53
Summary

The FSC has from its beginning promoted certification of small forest holdings but FSC certification is perceived by most European private forest owner associations as inappropriate or inaccessible. The FSC introduced its group certification programme to help small forest holdings achieve certification and to access the certified forest products market. The study was commissioned by WWF’s European Policy Office to assess the effectiveness of group certification in meeting the needs and expectations of small forest holdings in Northern and Western Europe and in meeting the FSC’s objectives.

The results point to significant differences in attitudes towards, and the implementation of FSC certification in the countries studied. There are also significant variations in ownership patterns and interest and motivations in managing forests. Certification in the private sector is furthest developed in Sweden and the United Kingdom, less well developed in Germany and least well developed in Spain and Belgium. The factors that appear most likely to determine whether, and how quickly, FSC certification is implemented are: owners’ perceptions of the FSC; the certification standards of the FSC; owners’ capacity to implement the requirements of the standards; the benefits of certification in relation to the costs; owners’ capacity to meet the costs of certification.

Meeting the needs and expectations of small forest holdings

The key needs and expectations of owners of small forest holdings which the FSC certification scheme needs to satisfy are: entry to certification at a cost that is affordable relative to owners’ capacity to pay; tangible benefits from certification in the form of price or improved market access; assessment against an appropriate and achievable standard; access to low cost and preferably free information and advice on how to meet the requirements of the certification standard; retention of the right to manage their own holdings; due regard should be paid to the interests of private forest owners.
Entry to certification at a cost that is affordable relative to capacity to pay

For FSC group certification to work, potential group managers need to be able to develop suitable schemes and forest owners need to be able to afford to join them. The cost of establishing and operating schemes (developing and implementing group systems and procedures, certification assessment and surveillances does not appear to be a significant barrier when group managers are confident of being able to recover their costs from charges to members or when the scheme is closely associated with a government programme to improve the capacity and capability of forest owners and the management of privately owned forests. There is no evidence that compliance with the group manager's systems present a major barrier to owners interested in joining a group scheme. The evidence from the review is that group schemes can make FSC certification affordable for small forest holdings. Affordability is related to capacity to pay. As with individual certification for larger holdings, group certification is more likely to develop in regions that have strong forest economies, face a strong demand for FSC certified products and have a well organised and competitive forest management services sector or can benefit from government support. The technology is sufficiently flexible to accommodate a wide range of technical capability among owners and the evidence from the review is that there are actors that have the skills necessary to adapt the technology to serve that range.

Tangible benefits from certification

The majority of owners join FSC group schemes because they expect direct market benefits associated with the production and sale of timber. Interest in joining group schemes that require payment of a fee will be strengthened if the demand for FSC certified products is strong enough and is communicated through the wood supply chain to potential group managers and members. Throughout most of the countries reviewed it is evident that there is insufficient market demand at the moment to encourage large numbers of private owners to join group schemes, in particular owners of small private holdings that are not motivated by non-tangible benefits.

Assessment against an appropriate and achievable standard

The general perception of many forest owner associations is that some of the requirements of FSC standards are not appropriate and not achievable. The evidence from the review is that FSC certification standards are achievable provided that generally applicable requirements are adapted to overcome problems that would otherwise be caused for very small holdings. Group members do not find the requirements of FSC certification standards inappropriate or too costly. Some members in all of the schemes had to address gaps between some requirements of the standards and present practice at the time of the certification assessment but the gaps were closed without significant difficulty or cost.
Access to information and advice on how to meet the requirements of the certification standard

Group certification enhances the capacity of small forest holdings to comply with the FSC’s Principles and Criteria and local standard. Market demand for FSC certified timber gives impetus for new forest owner groups to be set up and may encourage existing non-certified groups to adapt and extend their systems, procedures and services with an overall increase in capacity of forest owners to achieve good forest stewardship.

Retention of the right to manage their own holdings

It is evident from the country reviews that owners generally are not aware of the flexibility of group certification to cater for owners who do not want to give up the right to manage.

Due regard paid to the interests of forest owners

There is no evidence that owners who have joined FSC group schemes have any concerns about the way in which the FSC administers its certification scheme or the way in which the owners’ interests are looked after. There is a gap between the perceptions of those owners that are reluctant to participate in FSC certification and the experience of owners that have joined FSC group schemes.

Meeting the Objectives of the FSC

The following conclusions can be drawn on the effectiveness of group certification in meeting the objectives of the FSC.

Encouraging good forest stewardship

The evidence from the review is that certification bodies are able to ensure that group certification delivers the same standards of forest stewardship as individual certification. As group certification grows it will be important to monitor the implementation of the FSC’s guidelines for sampling in certification assessments of group schemes to ensure that they are leading to consistent certification decisions. In order to maintain the veracity of group certification the FSC’s guidance to certification bodies and group managers on the design of systems and procedures will need to ensure that the requirements of the certification standard are met by larger as well as smaller properties.

Appropriate and efficient procedures for group certification

The FSC’s group certification procedures provide access to certification to a wide range of sizes of forest holdings and have increased the amount
of certified timber available to wood processors. All the schemes reviewed appear to work effectively in the contexts for which they were designed and the evidence is that the FSC’s group certification procedures can be adapted to any situation. Potential group managers need to be aware of how group certification has been adapted to different circumstances so they benefit from the learning process that existing group managers have been through.

Overall conclusions and recommendations

The evidence from this review is that the FSC’s group certification scheme is an effective mechanism for providing access to certification for forest holdings that are not able to achieve certification individually for reasons of capacity or cost. The studies of group schemes in Sweden, the UK and Germany show that group certification can work for most landowners and in very different settings. The systems requirements of group certification, the requirements of certification standards and the cost of membership do not generally seem to be major barriers in themselves. Most barriers are external to the scheme and include insufficient market pull, the politics surrounding certification and the “ownership” of certification schemes, lack of capacity, a general lack of profitability or capacity in parts of the forest sector, and alternatives that are perceived as more attractive.

The authors conclude that there is no need make substantial changes to the current system of FSC group certification or the way the system is applied in order to encourage group certification on a larger scale Group certification can be transferred from situations where it is already working effectively to other countries and settings provided that there is sufficient market pull and sufficient organisational and financial capacity in the forestry sector. The external problems need to be addressed by relevant resources being directed to the forest sector in the regions and countries where they are needed.

The authors offer the following recommendations for action aimed at achieving wider acceptance and take up of FSC group certification:

**Encourage potential group managers to develop schemes**

- Promote the development of a group manager network around Europe to encourage and enable sharing of best practice and to provide practical advice to potential group managers.

- Support the promotion of the group manager’s guide being developed by the UK DFID Forest Research Programme.

- Identify “model” group certification schemes around Europe and promote their strengths to forest owner organisations and forest owners in an easily accessible format such as web pages and CD-ROM.
In regions with weak forestry economies, encourage governments to offer support under national rural development programmes for the development of new forest owner groups and strengthening of existing groups.

**Overcome perceptions that the FSC does not pay due regard to forest owners’ interests**

- Promote the FSC’s strength as a multi-stakeholder, consensus-based organisation and seek consensus over certification standards in its dialogue with forest owners and forest owner organisations by being prepared to compromise without weakening the principles of forest stewardship for which the FSC stands.

- Communicate more effectively with forest owners to overcome misconceptions about the FSC. Identify groups of forest owners or organisations in countries where FSC certification is weak and work with them to develop group certification programmes. Use limited resources by focusing promotion and development on a limited number of target groups where the FSC may be weak but where the basic conditions for successful certification are in place (i.e. market demand exists, the private sector is sufficiently well organised, and the economy of the forestry sector is sufficiently strong).

- Promote the FSC to the international forest products market and forest owners as the benchmark in credible accreditation and standardisation for forestry. Make sure that the FSC’s systems and procedures and those of its accredited certification bodies continue to ensure that the FSC label really does mean good forest stewardship.

**Overcome perceptions that FSC standards are inappropriate or not achievable**

- Raise awareness among forest owners of the principles of sustainable forest management, in particular the FSC Principles and Criteria and how it is possible to implement them. Inform owners of the similarities between the FSC Principles and Criteria and European governments’ understanding of sustainable forest management as expressed, for example, in the Operational Level Guidelines adopted by the Ministerial Conference on the Protection of Forests in Europe in Lisbon in 1998.

- In countries that have FSC and other certification processes, promote the development of unifying national standards without diluting the achievement of the FSC’s Principles and Criteria. In countries where competition between the FSC and alternative certification schemes is unavoidable, ensure that accurate information about the initiatives is communicated to forest owners so they can
form their own judgement about whether to apply for certification and if so with which scheme. Promote the FSC’s inclusive, consensus-based approach to standards development.

- Ensure that FSC certification standards take account of problems that specific requirements may present to owners of small forest holdings. Where such problems are identified, work with forest owners to overcome them.

**Overcome perceptions that FSC certification is too expensive**

- Promote group certification to European governmental forestry institutions and forest owners as a low cost entry to markets for certified forest products for small forest holdings. Present actual information on costs.

- Promote group certification’s potential to strengthen the capacity and capability of small forest holdings to implement the principles of sustainable forest management.

**Ensure that demand for FSC certified products is sufficiently strong and is transferred through the wood supply chain to forest owners**

- Research the dynamics of the market for certified forest products to identify, understand and to be able to address problems of poor communication of demand from buyers to forest owners.

- Monitor the effects of the FSC’s percentage based labelling policy to ensure that it is helping to transfer demand for FSC certified products, and therefore a market incentive, to small forest owners.
1. Introduction

1.1. Focus of the study

The Forest Stewardship Council (FSC) administers a global forest certification and product-labelling programme aimed at improving the quality of forest management worldwide. Just under two thirds of the global certified forest area is in northern and western Europe. Though some of the first certifications were communal forest owners, now the majority of FSC certified forests are owned by large, mainly corporate forestry enterprises. Small private forest holdings are less well represented and the take up of group certification by this sector has been slow. The reasons for this may include: perceptions of the FSC’s inclusiveness and credibility; the cost of group certification relative to the benefits; peer group pressure within the network of European forest owners organisations. The reasons may also include the availability of alternative certification schemes such as SÖDRA’s scheme in Sweden and the Finnish national forest certification scheme and owners’ perceptions of the requirements and cost of FSC certification in comparison with the alternatives. This study aims at:

- improving understanding of the needs and expectations of small forest holdings in western Europe in relation to certification
- assessing the effectiveness of group certification in meeting those needs and expectations
- assessing the effectiveness of group certification in meeting the objectives of the FSC
- identifying ways of increasing the take up of FSC group certification in the region.

1.2. Development of certification

The Forest Stewardship Council (FSC) was established in 1993 with the aim of improving forest management and halting and reversing forest decline.

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by providing and promoting a voluntary global forest certification and product labelling scheme. The FSC sets standards for forest management, accredits certification bodies to evaluate and certify forestry enterprises against those standards and licences the use of its logo to organisations selling products made from wood from certified forests. The FSC scheme is the only globally applicable forest certification and wood product labelling scheme.

Forest certification works by enabling traders and consumers to identify and purchase products that have been grown in well-managed forests. As a voluntary, market-based instrument, forest certification complements but cannot replace effective regulation, support and extension to forestry enterprises by national governments.

Demand for products from certified forests has grown rapidly since the FSC was established. Much of this growth has been brought about by the development of the World Wide Fund for Nature (WWF)'s international Forests and Trade Networks - associations of companies committed to producing and trading in products from well-managed forests. At May 2000, forests and trade networks were established in 13 countries and were under development in a further 67.

In response to the increasing demand for products from certified forests, the area of forest certified under the FSC's scheme had grown to 17.5 million hectares by April 2000. An analysis of FSC certificates in 1999 showed that small private forests comprised 1% of the certified forest area and 19% of the certificates. The low take up of certification by small enterprises is a major issue for an organisation committed to providing a certification scheme that offers equal access to the market for certified forests products for all producers.

The FSC has responded to the low take up of certification by small forest holdings by introducing procedures for certifying groups of forest holdings that may not be able to achieve certification individually. Group certification provides a simpler and lower cost alternative to certification of individual small forest holdings. A group management entity with legal personality holds the certificate and is responsible to the certification body for ensuring that all of the holdings in the group - the group members - comply with the certification requirements. Group certification reduces the cost of certification by allowing evaluations to be based on a sample of properties and spreading this lower total cost across as many enterprises as there are in the group. Group certification also facilitates access to certification by enabling small enterprises with insufficient individual capacity and capability to use information and expertise that can be provided by the group management entity.

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7 Source: Personal communication with WWF UK.
At June 2000, FSC accredited certification bodies had issued 14 group certificates in northern and western Europe covering about 475,000 hectares\(^9\). The number of enterprises and area of forest covered by group certificates is a small fraction of the potential.

### 1.3. Previous studies

A report published by the European Forestry Institute\(^{10}\) included the results of an opinion survey of forest owners in Finland, Germany and the United Kingdom in relation to forest certification. Key points from the survey were:

- Mixed views about the merits of and need for certification. Most of the owners surveyed thought that following national laws and regulations should be sufficient guarantee of good forest management and that independent certification would neither increase nor decrease demand for their timber. On the other hand over 60% said they would consider joining a certification scheme. The main reasons given for applying for certification were closely related to being able to sell timber.

- The majority of owners were either not willing to pay anything towards the cost of certification, or up to a maximum of 2% of their timber income on the direct costs of certification. Owners were slightly more willing to forego timber income (up to 5%) to meet the forest management requirements of certification.

- The owners surveyed were more likely to apply for certification if they or their peers or representatives had participated in designing the certification system, if certification did not require too much time or paperwork, if forest management did not have to be changed much, if they could derive a profit from certification, if the cost was met in part from grant-aid, if other owners in the locality had been certified, and if the certification body was the one forest owners preferred.

In a study carried out under the UK DFID Forestry Research Programme\(^{11}\) the most frequent barriers to certification identified by small enterprises were cost, documentation and administration and issues related to certification standards. Generally the cost of certification was perceived to be the problem rather than the cost of delivering the required standard of forestry. Recommendations from the study included:

- Developing a certification programme for small forests, one component of which would be recommendations for simplifying the requirements for group certification.

- Developing models for simplified group certification including a guide for potential group managers on setting up and running groups.

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\(^9\)Source: Forest Stewardship Council Secretariat.

\(^{10}\)Rametsteiner and others. Potential Markets for Certified Forest Products in Europe. European Forest Institute Discussion Paper 2.

These recommendations are being taken forward in a project funded by the UK DFID Forestry Research Programme and which will be completed later in 2000. Two outputs will be relevant to the further development of group certification in Europe: recommendations to the FSC for simplifying the procedures for certifying small forest holdings; and a package of guidance for potential group managers including generic systems and procedures.

In 1999 WWF Germany commissioned a survey on eco-labels for certified wood in Germany12. The purpose of the survey was to examine industry guidelines, consumer demands and the needs of consumer associations regarding reliable eco-labels for wood originating from environmentally and sustainably managed forests. The survey covered timber trade and forestry companies, individual consumers and state consumers associations. Key results of the survey were:

- Strong support from German companies for a globally applicable eco-label for timber products that is verified by independent experts and is supported by environmental organisations

- A substantial majority of German consumers would prefer timber with an accepted eco-label for sustainable forestry and would be prepared to pay higher prices for products carrying an acceptable eco-label.

The survey results suggest that market conditions for certified forest products in Germany should be providing significant encouragement to German forest owners and other suppliers to the German market to implement forest certification.

12Source: WWF Germany (1999). Survey on Eco-labels for Certified Wood in Germany: Evaluation of Results. Email: info@wwf.de
2. Study objectives

The objectives of the study were as follows:

• To characterise small forest holdings and their conditions in a selected number of representative western European countries and to briefly analyse and describe their needs and expectations in relation to certification

• To review existing FSC group certification schemes in western Europe in order to describe and compare existing models as well as to analyse their strengths, weaknesses and suitability in relation to identified needs and expectations

• To assess possible limitations of the existing group certification approaches as well as “gaps” within the supply of existing services in relation to identified needs and expectations of western European small forest holdings

• To suggest improvements and adaptations of the existing group certification models, needed changes to FSC policy as well as other possible means to overcome existing barriers for FSC certification of western European small forest holdings.

The first objective - characterisation of small forest holdings and the assessment of needs and expectations - was approached by analysing reviews of the private forestry sectors in Sweden, Germany, United Kingdom, Spain and Belgium prepared by the researchers listed in the Preface to this report. The reviews are summarised in Section 3 of this report. The countries were selected to be representative of conditions across northern and western Europe, regions where FSC certification and FSC group certification are well developed and less developed, and for the variety in the size and significance of their forestry sectors. The main characteristics of the five countries in relation to the status of FSC certification are summarised in the following table.
### Countries and Status of FSC Certification

<table>
<thead>
<tr>
<th>Country</th>
<th>Status of FSC certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>Relatively high awareness of FSC certification among private forest owners. FSC endorsed national standard. Implementation of FSC certification fully developed in the corporate sector. Implementation of FSC group certification relatively well developed.</td>
</tr>
<tr>
<td>Germany</td>
<td>Relatively high awareness of FSC certification among private forest owners. Implementation of FSC certification less developed. A national FSC standard has been developed.</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Relatively high awareness of FSC certification in parts of the private sector. FSC endorsed national standard. Implementation of FSC certification fully developed in the state sector. FSC group certification relatively well developed in the private sector.</td>
</tr>
<tr>
<td>Belgium</td>
<td>FSC national working group established and standard developed but little interest in FSC certification among private forest owners.</td>
</tr>
<tr>
<td>Spain</td>
<td>FSC national working group established but private forest owners’ interest in FSC certification is low.</td>
</tr>
</tbody>
</table>

The other three objectives were approached by commissioning and synthesising reviews of the character and strengths and weaknesses of eleven FSC group certification schemes in Sweden, Germany and the United Kingdom. The schemes are listed in the table below.

### Group Certification Schemes Reviewed in the Study

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Source</th>
</tr>
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<tbody>
<tr>
<td>Skogsällskapet Förvaltning AB, Sweden</td>
<td>Project Ostwestfalen, Nordrhein-Westfalen, Germany</td>
</tr>
<tr>
<td>Grönt Paraply I Sverige AB, Sweden</td>
<td>Scottish Woodlands Ltd, United Kingdom</td>
</tr>
<tr>
<td>Skogsutveckling Syd AB, Sweden</td>
<td>Coed Cymru, United Kingdom</td>
</tr>
<tr>
<td>AssiDomän Wood Supply South, Sweden</td>
<td>Clun Valley Alder Charcoal Project, United Kingdom</td>
</tr>
<tr>
<td>Municipality and City Association (GStB) of Rheinland-Pfalz, Germany</td>
<td>Independent Forestry, United Kingdom</td>
</tr>
<tr>
<td>Naturland, Germany</td>
<td></td>
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</tbody>
</table>

The reviews covered the nature of the management entity, the structure of the group and division of responsibilities, motivations for developing the scheme and for members joining the group, benefits of the scheme to the management entity and group members, development costs and membership costs and any problems related to compliance with the requirements of group certification including the requirements of the FSC’s Principles and Criteria and local certification standard. The individual reviews, with sources and references, form Annex 1 to this report.
3. Country Reviews

This section of the report presents overviews of the forestry sectors in each of the countries studied and more detailed reviews of the countries’ private forestry sectors. The section concludes with an analysis of the needs and expectations of small forest holdings in relation to certification. The needs and expectations that are identified form the basis for the analysis in Section 4 of the effectiveness of FSC group certification schemes.

3.1. Sweden

3.1.1. Overview of the forestry sector

The forestry sector is a major component of the Swedish economy contributing over 13% of gross export earnings in 1999. Swedish production of paper and board corresponds to 10% of world production. The annual timber harvest is about 15% of the total for the 38 European countries included in the Temperate and Boreal Forest Resources Assessment.

Forest ownership falls into three categories: public forests (26%), forests owned by joint stock companies (26%) and private forests (48%). Public forests include forests owned by the state (including state owned companies), by the Swedish Church and by municipalities. The companies that own forests are typically large forestry or forest industry corporations that own large areas of land. Private forests include forests owned by private persons, ordinary partnerships and estates of deceased persons.

Swedish forestry is regulated by the Forestry Act (Skogsvardslagen). Responsibility for implementing the Act lies with the National Forestry Service (Skogsstyrelsen). There is some overlap of functions with the Environmental Protection Agency (Naturvardsverket) whose responsibilities include the establishment of forest nature reserves and protection of endangered species.

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13The overview for Sweden is based on a report prepared by Karin Beland Lindahl. The report is held by the WWF European Policy Office.
Forestry practice for much of the 20th century was characterised by large scale clear cutting and intensive silviculture. This was very efficient in terms of securing a raw material base for Swedish industry but was at the expense of natural forest ecosystems. Old growth forests now occupy less than 5% of the productive forest area. Diverse natural forests have been replaced by even-aged single species stands and populations of many forest dependent species have declined dramatically.18

Public concern about forestry practices began to grow in the 1960s and towards the end of the 1980s a consensus emerged that there were serious issues surrounding biodiversity in Sweden's forests, though disagreement remained on how to tackle them. The government's response has been to broaden the focus of forestry policy from maximum yield to multiple use. The 1994 Forestry Act gives equal weight to timber production and environmental objectives. In the non-governmental sector, the development of the FSC national standard has forged a high degree of consensus. Concerns do remain, however, regarding protection of old growth forests, logging of key habitats and the use of intensive silvicultural methods.

Large proportions of Swedish forest products are exported. Germany and the United Kingdom are the most important countries for Swedish exports of forest products. Swedish forest industry is consequently highly dependent on exports to some of the world's most environmentally sensitive markets where the FSC is relatively well known and recognised. The development of FSC certification in Sweden has been driven by demand in important export countries rather than the demand for FSC certified products on the domestic market.

3.1.2. Review of the private forestry sector

In Sweden approximately 240 000 private holdings are owned by 340 000 individuals. The average size of private forest properties is 50 hectares. 31% of holdings are less than 10 hectares in size and account for less than 2% of the total area, 86% of holdings are less than 100 hectares and account for 24% of the total area. The typical forest owner has inherited the land (often connected to a farm) from his or her parents or relatives, and has his or her major source of income from elsewhere. For a small proportion of owners, forestry is the main source of income. Among those who own more than 200 hectares of land as many as 25% derive most of their income from their forests. More than half of the private forest owners live on their properties, but as much as 30% live further than 40 km away.

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20Source: Karin Beland Lindahl – Christer Sergersteen, LRF Skogsägarna, personal communication.
Around forty percent of the forest owners and their families spend more than 20 days a year working in the forests, 7% no time at all and the rest in between. The saw milling industry has however had difficult times for some years and low prices for sawn wood currently affects the small private forest owners’ economic outlook in a negative way. About one third assess profitability as very good or satisfactory, less than half as less satisfactory and about 15% as bad. Swedish forestry is only marginally subsidised at present.

Swedish forest owners are organised in six regional forest owners associations that in turn are unified in the national Swedish Forest Owner’s Federation, S kogsägarna LRF. They have about 90,000 members and are the principal voice of the Swedish private forest owners. Some of the forest owners associations, primarily in the south, own processing industry, 22 sawmills and five pulp mills. The regional forest owner’s associations also act as a link between the individual private forest owners and the industry as they buy and sell their members’ wood. Most of the wood produced by private forest owners is sold to the forest industry corporations that depend on this wood supply.

The Swedish Forest Owner’s Federation was part of the Swedish FSC working group but left the process before the standard was finalised. The Federation subsequently started a separate standards process that is now aligned to the Pan European Forest Certification Scheme (PEFC). The Federation’s main argument at the time was that general costs to meet the requirement of the FSC standard would be too high, particularly the requirement in mountain forests, and the land use conflict in relation to the Swedish Sami (indigenous peoples).

All the Swedish forest industry corporations supported the Swedish FSC standard and are now FSC certified. They buy wood from the private forest owners and are interested in raising the percentage of certified wood in their industries; they are therefore interested in getting the private forest sector to certify their land according to FSC.

SÖDRA, one regional forest owners association, has already certified more than 6,000 properties (663,325 hectares) under its own certification scheme. The SÖDRA scheme, which is aligned to the PEFC, does not differ fundamentally from the FSC in terms of environmental requirements. In the northern part of Sweden, however, there are significant differences in social requirements. The “SÖDRA” certificates are offered to SÖDRA’s owners and their families spend more than 20 days a year working in the forests, 7% no time at all and the rest in between. The saw milling industry has however had difficult times for some years and low prices for sawn wood currently affects the small private forest owners’ economic outlook in a negative way. About one third assess profitability as very good or satisfactory, less than half as less satisfactory and about 15% as bad. Swedish forestry is only marginally subsidised at present.

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The Swedish Forest Owner’s Federation was part of the Swedish FSC working group but left the process before the standard was finalised. The Federation subsequently started a separate standards process that is now aligned to the Pan European Forest Certification Scheme (PEFC). The Federation’s main argument at the time was that general costs to meet the requirement of the FSC standard would be too high, particularly the requirement in mountain forests, and the land use conflict in relation to the Swedish Sami (indigenous peoples).

All the Swedish forest industry corporations supported the Swedish FSC standard and are now FSC certified. They buy wood from the private forest owners and are interested in raising the percentage of certified wood in their industries; they are therefore interested in getting the private forest sector to certify their land according to FSC.

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members for no charge, the development of certification adapted
management plans is subsidised and the private forest owners are offered a
price premium on their timber when selling to SÖDRA29. Other private forest
owners are being certified under the FSC through the various group
certification schemes that have been established. These schemes operate
on a commercial basis; that is, the forest owner is charged the full cost of
certification by the group manager. Price premiums have been offered on
certain qualities of timber (occasionally pulp) - but not as a rule.

3.2. Germany30

3.2.1. Overview of the forestry sector

Though forests occupy 30% of the land surface of Germany the contribution of
forestry to the national economy is very small at less than 1% of GDP31. Forest
management and harvesting are, however, important components of the rural
economy and the public has a strong sense of attachment to the country's forests.
Germany is the largest forest products market in Europe and has a large domestic
timber processing industry32. 46 % of Germany's forest area is privately owned,
20 % is in the ownership of municipal entities, 30 % belong to the 16 federal states
(Laender), and 4% is owned by the Federal Government33.

Each German state has its own forest laws that are set within a Federal
framework law. Responsibility for implementing forest law rests with the
states’ forestry administrations. Germany has a long tradition of forest
management. The concept of sustainable forest management has evolved
from an emphasis on sustainable harvesting levels to a more holistic
approach to management. The practice of clear cutting has been largely
replaced in state forests by “close to nature” management (using natural
regeneration where possible, marking skid trails to avoid soil erosion,
minimising the use of chemical pesticides and herbicides). State forestry
administrations encourage the same approach in private and municipal
forests.

FSC certification has been slower to develop in Germany than in Sweden
and the United Kingdom. One reason for this was a greater scepticism towards
certification in general and, more recently, the greater divisions between
advocates of the FSC scheme and German FSC standard and advocates of other certification schemes. Attempts are being made to
assess the differences between FSC and other certification schemes; for
example, a PEFC / FSC comparison model project was recently started
in North Rhine Westphalia aiming to identify differences between the
certification standards and procedures of the systems used34.

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29Source: Karin Beland Lindahl - Christer Segersteen, LRF Skogsägarna, personal communication.
31Source: Bundesministerium für Ernährung, Landwirtschaft und Forsten (1998). Waldbericht der
Bundesregierung, Bonn.
32Source: Bundesministerium für Ernährung, Landwirtschaft und Forsten (1998). Waldbericht der
Bundesregierung, Bonn.
3.2.2. Review of the private forestry sector

Germany has approximately 9.5 million hectares of forests in approximately 157,000 forest holdings and approximately 292,000 agricultural enterprises partially covered with forest. 97% of all forest holdings are private with an average size of 7.7 hectares (7.1 hectares in the western states, 14.7 hectares in the eastern states). 96% of all forest holdings are less than 50 hectares. These figures do not represent the complete ownership situation because the Agricultural Report does not provide any information about forest ownerships under 1 hectare size.

Germany’s small forest holdings are mainly associated with farm holdings. They can provide additional income and work (mainly in wintertime) to the farm household. Traditionally, tree harvesting offers the farmers the opportunity to have recourse to their reserve assets at any time, if needed. Permanent income is not a major objective. Low wood price periods can be passed more easily in comparison to bigger forest enterprises that are forced to raise their cutting rate to cover their running expenses. Today many owners of small forest holdings have additional income and use their forests as a hobby.

The organisation which most owners look to represent their interests is the Working Group of German Associations of Forest Owners ("Arbeitsgemeinschaft deutscher Waldbesitzerverbände" – AG DW). The AG DW and the state forest administrations are members of the German Forestry Federation ("Deutscher Forstwirtschaftsrat" - DFW R). The DFW R presents itself as the official organ of the entire forestry sector. None of the main environmental NGOs with an interest in forestry are members of the DFW R.

The profitability of small forest holdings is generally low and many private owners are dependent on subsidies from the state governments. Forest policy in Germany aims at improving the financial situation and the management of small forest holdings by offering assistance to support the establishment of forest co-operatives, and by providing free or reduced cost assistance through the local offices of the state forest administrations. In contrast the German forest products sector has maintained a competitive international position. The relative success of the forest products sector has not resulted in higher prices being received by forest owners for their timber.

Initially the forest owners associations were strongly opposed to forest certification, which they perceived as NGO driven. A position commonly held by owners’ organisations was that “sustainable forest management” had been applied in Germany for 200 years, particularly in the private forest sector. Private forest owners have no interest in the certification of individual forest holdings because they believe it will be too expensive.

An FSC working group has been established in Germany and has developed a national FSC standard. German forest owners are divided in their support for the FSC scheme and alternative certification schemes.

The FSC scheme is supported by communal forest owners, some state administrations and some private owners. The German PEFC scheme, which is currently under development, is supported mainly by private forest owners associations, in particular the AG DW. Currently only some private forest holdings are certified under the FSC scheme. Most of the area of FSC group certification schemes is represented by state, municipal and communal forests.

3.3. United Kingdom

3.3.1. Overview of the forestry sector

The UK forestry sector is comparatively young. 86% of the forest area is plantation forest, much of it established last century and much of that is still maturing. The forest products industry has been revitalised over the past 20 years with investment in large scale processing capacity in the sawmilling, pulp and paper and chip and fibre board sectors. The sector is a very small part of the total economy, contributing less than 1% of GDP. The forestry economy has been weakened over the last two to three years by a decline in timber prices to their lowest level in real terms for 50 years due to imbalance between demand and supply in Europe and the high cost of Sterling.

The United Kingdom produces only about 15% of the wood fibre that it consumes. The country's producers are therefore heavily trade exposed and have to follow market trends in product specification (for example, certification) as well as price. Harvest volume is forecast to double by 2010 as the recently planted forests mature. The sustainable harvest from the present forest area is estimated to be about 25% of domestic consumption of wood fibre. The UK will therefore remain a substantial net importer of forest products.

45% of forest area is publicly owned and managed by the state. The remaining 55% falls into several categories: very small forests, typically 1 to 10 hectares on farm holdings (about 31% of the non-publicly owned forests); mixed agriculture and forestry estates with a forest area typically in the range of a few tens to a few hundreds of hectares in several parcels; financial institutions – insurance companies and pension funds – with forest holdings of a few hundreds to over a thousand hectares owned as a part of a long term investment portfolio; the processing industry owns a relatively small total area in a few holdings typically of a few hundred to over a thousand hectares; charitable organisations such as the Woodland Trust, Royal Society for the Protection of Birds and County Wildlife Trusts; local authorities (municipalities); a small number of private individuals with no other connection to the land. The majority of small forest holdings that are relevant to this study are on farm holdings and mixed agriculture and forestry estates.

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37The overview for the United Kingdom is based on a report prepared by Michael Garforth. The report is held by the WWF European Policy Office.
38Source: Forestry Commission Economics and Statistics Unit
39Source: Forestry Commission Economics and Statistics Unit
40Source: Forestry Commission Economics and Statistics Unit
41Source: Forestry Commission Economics and Statistics Unit
42Source: Forestry Commission Economics and Statistics Unit
Responsibility for regulating private forest owners rests with the UK's four national executives: the Minister of Agriculture Fisheries and Food (for forestry in England), the Scottish Executive, the National Assembly for Wales and the (suspended) Northern Ireland Executive. In Great Britain, the Forestry Commission advises the English, Scottish and Welsh executives on forestry policy, implements programmes to support the private sector and manages the state forests through its semi-autonomous agency Forest Enterprise. In Northern Ireland, the Department of Agriculture is responsible for policy and its agency, the Forest Service, implements support programmes and manages the state forests.

The history of the UK forestry sector is one of gradual decline in native forest and management activity over many centuries - to less than 5% forest cover by 1900 - followed by a programme of re-afforestation mainly with non-native species, sponsored by successive governments since 1920\(^43\). From the beginning of the programme of forest restoration through to the end of the second world war the main emphasis of policy and practice was on maximising the production of timber for the coal mines and other industrial uses. With increasing leisure time from the 1950's onwards, recreation became more important. Through the 1970's environmental awareness increased, non-governmental organisations became more influential and landscape and wildlife became more important. In the 1980's, the principle of multiple-use forestry became generally accepted. The state forestry authorities began to develop comprehensive guidelines for managing forests and to bring stricter environmental design requirements into their grant schemes.

Through the 1990's following the adoption of the Forest Principles at the 1992 UN Conference on Environment and Development and the adoption of the Guidelines for the Sustainable Management of European Forests by the Ministerial Conference on the Protection of Forests in Europe in Helsinki in 1993, UK forestry policy and practice has been orientated towards sustainable forest management. The government's current approach to forest management is set out in the UK Forestry Standard\(^44\).

The United Kingdom was one of the first countries to have an FSC national standards process. The main forest owner and industry organisations decided not to participate in the FSC process and the standard was endorsed in 1998 without their support. The Forestry Commission - the state forest service for Great Britain - brought all the key organisations together with the aim of developing a standard that all stakeholders would buy into. The standard was completed in May 1999 and published as the Certification Standard for the UK Woodland Assurance Scheme (UKWAS)\(^45\). The UKWAS certification standard was subsequently recognised by the FSC Secretariat as compatible with the endorsed FSC standard. Since then certification of the public forests managed by Forest Enterprise and of private sector group schemes has brought over 60% of the UK's timber harvest under the FSC scheme\(^46\).

3.3.2. Review of the private forestry sector

The private sector owns 1.4 million hectares of forest in 106,000 holdings, an average holding size of 13 hectares. 82% of the holdings are less than 10 hectares and account for 17% of private sector area, 90% are less than 50 hectares and account for 25% of private sector area and 98% are less than 100 hectares and account for 52% of private sector area. Most privately owned forests are part of predominantly agricultural holdings or of mixed agricultural and forestry estates. Generally farm holdings do not have much interest in managing their forests because they are small and unprofitable. British farmers have no tradition of forest management and only a small proportion have the capability and capacity to manage their forests. A substantial proportion of farm woodlands are not managed at all and management can be guaranteed only with government subsidies. The owners of mixed agricultural and forestry estates generally take an interest in their forests and manage them as an integral part of their estates. Their management objectives typically include timber production, game and amenity. The larger and more profitable estates employ professional forestry staff. Estates that cannot afford to employ full time staff contract the services of forestry consultants or forest management companies. Forest management on the smaller estates that cannot afford to pay for forestry from the profits on other estate activities is dependent on government subsidies.

Several organisations represent private forest owners' interests in the UK. Each has a core constituency for example owners of large mixed agricultural and forestry estates, owners of mainly agricultural holdings - but there is considerable overlap and some owners may be members of two or more organisations. The most active and influential representative bodies in relation to forest certification are the Timber Growers Association, Ulster Timber Growers Organisation, Country Landowners Association and Scottish Landowners Association. The Timber Growers Association is a member of the Confédération Européenne des Propriétaires Forestiers, the body that represents national forest owner organisations at a European level. All of the above organisations are represented on the UK Woodland Assurance Scheme Steering Group.

The forest owner organisations are mainly engaged in political lobbying and keeping members informed about forestry policy and national discussions about forestry practice including certification. Some of the organisations have regional branches that provide some extension of forestry practice but they do not provide forest management services. A large proportion of the area in private ownership is managed by forest management companies and individual forestry consultants on behalf of the owners.

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Source: Michael Garforth, personal communication with SGS Qualifor and Soil Association
The attitude of the private forestry sector to certification has passed through three phases. First, dismay and fear at the imposition of additional and expensive controls on forest management by economically powerful companies influenced by international environmental NGOs who had a controlling stake in the FSC. Second, the introduction of an alternative label underpinned by the assurance of government regulation of forest management. Third, participation with all stakeholders, including the FSC-UK Working Group, in the development of the UK Woodland Assurance Scheme.

In the current phase, there remain some concerns among private forest owners about the cost of achieving certification and loss of markets if they are not able to achieve it. Attitudes have been affected significantly by the low level of timber prices as a result of which woodland owners have less money to pay for essential silvicultural operations and many cannot afford the cost of certification individually.

3.4. Spain

3.4.1. Overview of the forestry sector

More than 80% of Spanish land is under such climate and soil conditions that timber production is very difficult. The remaining 20% has what are among most productive forest stands for timber production in Europe. Timber production contributes only 0.14% of GDP. In contrast, non-timber forest products (egg cork production, hunting, pasture grasslands, fruits and resin) contribute 0.42%. Though forestry’s contribution to the national economy is small, in many rural areas forestry activity has become the most important source of incomes and revenues, direct and indirect employment and the main factor behind rural development in economically depressed areas. In those regions in the north of Spain with better conditions for timber production the timber industry has developed significantly.

Of the total closed and open forest land and brushwood land, 4.5% are owned by the regional governments, 28% are owned by communities or municipalities (of which 4% are managed by the Regional Forest Authorities) and 68% are private (4% of these are managed by the Public Forest Service under agreements with the owners). In some regions, the percentage of private forests is much higher - up to 95% in several regions). Only between 15% and 20% of the total area of privately owned forests can be considered closed forest land. In contrast, 60% of the public forest area is closed forest.

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48The label was called the Forestry Industry Council of Great Britain “Woodmark”.
49The overview for Spain is based on a report prepared by Juan Picos Martin. The report is the source of all the information presented in this overview unless otherwise stated. The report is held by the WWF European Policy Office.
The national government has only a few competencies in relation to forests and natural resources: basic legislation, national statistics, international programs, forest policy coordination and general planning. The 17 regional governments have all other competencies, including subsidies and grants. The Spanish Constitution regulates the legislative and administrative competencies of every regional government. Forest laws vary from region to region though they are all under the guidelines of the basic national laws. Legislative competence is shared between the national and regional authorities.

The achievement of sustainable forest management and monitoring progress towards it is one of the most significant commitments of the Spanish Forest Strategy established by the Ministry of Environment (Ministerio de Medio Ambiente). The Strategy considers the certification of forest products to be an important tool for encouraging sustainable forest management. In Spain the FSC is being promoted by Adena-WWF. National FSC standards for Spain are being discussed within a multi-stakeholder group. Private forest owners have so far been reluctant to participate in the group.

In Spain demand for certified products is weak. Nevertheless many Spanish forest products exporters are being asked to certify the products they want to sell in other European countries, mainly UK, Netherlands and Germany. For that reason a number of processing companies have joined the Spanish FSC initiative.

### 3.4.2. Review of the private forestry sector

In Spain, there are around 1.5 million forest owners. For most of them, income from the forest is not a significant motivation though it may supplement their other income. 89% of all holdings are less than 10 hectares in size and account for 7% of the total area of private forest. The average holding size is 3 hectares. Many holdings are divided into several smaller properties so that the size of individual ownerships is frequently less than 1 hectare. In some regions, in addition to private forest holdings there are large areas of communally owned forest (private forests with shared ownership and responsibility for management). Communally owned forests are typically substantially larger, with an average area of 250 hectares. The profitability of most private forests is very poor because of the low prices of the forest products, the small size of the holdings, the impact of grazing and the high frequency of forest fires.

There are various forest owner organisations operating at regional level in Spain but generally they are not representative of the totality of forest owners. At national level, most of the associations are confederated in COSE (Confederación de Selvicultores Españoles). This organization belongs to the Confédération Européenne des Propriétaires Forestiers, the body that represents national forest owner organisations at a European level. Other

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Spanish associations are founding members of the “Union de Sylviculteurs du Sud de l’Europe” (USSE). The most developed associations have territorial or district offices and forest extension services for their members. In recent years many co-operatives for wood marketing have been established as well as private forest management companies and cooperatives.

Private forest owners generally are poorly informed about forest certification. Many of them think that certification could lead to a substantial increase in cost and that there will be no market benefit. In addition, many owners already opposed to the strong interventionism of public administrations believe that certification will be another important constraint for their forest management. The most representative associations of landowners hold influential positions in relation to the development of certification in Spain; for example, COSE belongs to the Board of the CEF (Certificación Española Forestal - Spanish Forest Certification), which is the Pan European Forest Certification National governing body.

3.5. Belgium

3.5.1. Overview of the forestry sector

Forestry is a minor component of the Belgian economy. Agriculture, including forestry and fisheries, contributes about 1.9% of GDP and forestry alone contributes about 0.1%. Most of Belgium’s forests are in the region of Wallonia but the timber processing industry is situated mainly in Flanders. About 51% of Wallonia’s forest area is privately owned, 36% by towns and 13% by the Wallonian government and the provinces. In Flanders, 68% of the total forest area is owned by private forest owners, 13% by municipalities, 12% by the Flemish government and the remainder by the army, welfare institutions and the provinces. Responsibility for forestry policy, supervision of the private sector and provision of grant aid rests with the regional governments.

In Flanders, a new progressive Forest Decree was made in 1990. The Decree introduced three fundamental changes: first, specific provision for private forests; second, recognition and regulation of the multiple functions of forests; and third, new measures in relation to forest protection and maintenance. As the Forest Decree is still relatively young it is likely to be some time before the policies served by the Decree will be fully implemented in the private sector. Implementation of generally accepted principles of sustainable forest management is more advanced in state forests. The Flemish High Council on Forests, on which private forest owners are represented, has endorsed criteria for sustainable forest management that are close to the Belgian FSC standard. Government subsidies to private forest owners will be linked in future to these criteria.

51 The overview for Belgium is based on a report prepared by Veerle Dossche. The report is the source of all the information presented in this overview unless otherwise stated. The report is held by the WWF European Policy Office.
In Wallonia the decree still dates from 1854 but a new decree is being prepared which is intended to introduce generally accepted principles of sustainable forest management. The Walloon government is not supportive of the FSC and it is therefore unlikely that subsidies in Wallonia will be linked to criteria that are close to the Belgian FSC standard.

Demand for FSC certified products has been relatively slow to develop in Belgium but since the formation of the national Forests and Trade Initiative interest has grown, particularly in the “do-it-yourself” and garden furniture sectors.

3.5.2. Review of the private forestry sector

In Wallonia, the ownership of the 250,000 hectares in private hands is highly fragmented involving more than 100,000 people. In Flanders, the average size of a forest unit is less than 20 hectares but almost 70% of the units are less than 10 hectares and 14% are less than 1 hectares. A forest unit may be owned by one or several public or private owners.

The profitability of private forest holdings is generally low or even negative. In 1990, a new Forest Decree for Flanders contained some specific clauses regarding the management of private forests. The possibility for horizontal integration to provide for better management of often scattered private forests was an important innovation. Integration is achieved through forest groupings, defined in the Forest decree as: “a formation of larger management units in order to enable a more rational management”. The Decree provided for subsidies for the preparation of a collective management plan. From 1992 until 1998, 88 forest groupings requested financial support, covering a surface of about 7,500 hectares.

The formation of forest groupings has led to the creation of more formal associations of forest owners called forest groups. A forest group is a voluntary collaboration between forest owners (public and private) within a specific region. A forest group can act as an organiser of collective forest management and timber marketing, and can provide advice and training. The creation of and the experience with the forest groups may offer advantages for certification:

- Many of the objectives of forest groups are in the same line with the objectives of certification.
- The structure of the forest groups is well suited to group certification. Extending their functions to include group certification management would avoid having to develop new structures and systems.
- It is easier to provide information to large numbers of owners within a group than to the same number individually.
- Subsidies to the forest groups are conditional on members achieving standards of forest management that are almost the same as the Belgian FSC standard.
In Wallonia, forest groups and forest groupings do not exist and the Walloon government does not provide subsidies for the preparation of collective management plans. Some private owners are member of co-operatives that offer services such as setting-up of a management plan, organisation of timber marketing, information and expertise. This structure is not well suited to group certification as there is no real co-operation between the forest owners.

Belgium has an established FSC working group that has prepared a national FSC standard. Belgium also has an established PEFC national governing body, Woodnet, which is funded by the Walloon government. The biggest private forest owners association, several federations of the timber sector as well as the Walloon forestry administration are members of Woodnet. In June 2000, the Belgian PEFC standard was submitted in a preliminary application to the PEFC Council. As in other European countries, environmental and social NGOs did not participate in the process.

Three Flemish public forests are FSC-certified with a total area of more than 4300 hectares, but the area of public certified forests could be increased in the future. So far there has been no certification of private forest holdings. Some pilot projects with private forest owners in Flanders and Wallonia to certify their properties under FSC system are ongoing.

**3.6. The needs and expectations of small forest holdings**

The reviews point to significant differences in attitudes towards, and the implementation of, FSC certification in the countries studied. There are also significant variations in ownership patterns and interest and motivations in managing forests. Certification in the private sector is furthest developed in Sweden and the United Kingdom, less well developed in Germany and least well developed in Spain and Belgium. The factors that appear most likely to determine whether, and how quickly, FSC certification is implemented are: owners’ perceptions of the FSC; the certification standards of the FSC; owners’ capacity to implement the requirements of the standards; the benefits of certification in relation to the costs; owners’ capacity to meet the costs of certification.

The key needs and expectations of owners of small forest holdings which the FSC certification scheme needs to satisfy are: entry to certification at a cost that is affordable relative to owners’ capacity to pay; tangible benefits from certification in the form of price or improved market access; assessment against an appropriate and achievable standard; access to low cost and preferably free information and advice on how to meet the requirements of the certification standard; retention of the right to manage their own holdings; due regard should be paid to the interests of private forest owners.

From this short overview of the private forestry sector in the five countries studied it is evident that there are significant differences in attitudes towards, and the implementation of, FSC certification in Europe. There are also significant variations in ownership patterns and interest and motivations for managing forests. Certification in the private sector is furthest developed in Sweden and the United Kingdom, less well developed in Germany and least well developed in Spain and Belgium. The factors that appear most likely to determine whether, and how quickly, FSC certification is implemented are:
• Owners’ perceptions of the FSC as an organisation (its constitution and procedures) and the strengths and weaknesses of the FSC compared with alternative certification schemes.

• The comparability between the forest stewardship standards advocated by the FSC, the standards used by other certification schemes and generally accepted principles of sustainable forest management.

• Possession of the skills required to implement sustainable forest management and the requirements of the FSC certification standard, or sufficient funds to buy in these skills.

• The benefits from certification relative to the costs, in particular tangible market benefits in the form of a higher price, or maintaining or increasing sales volume.

• Owners’ capacity to meet the costs of certification.

Perceptions of the FSC

Perceptions among owners of small forest holdings of the FSC, the FSC’s forest stewardship standards and of the alternatives to the FSC are likely to be determined largely by information provided by organisations on which they rely for advice and support, in particular forest owner organisations. Few owners have the time or the inclination to carry out their own research and make their own assessment. If an owner hears from his or her organisation that the standards of one certification system are more demanding than the standards of another, or that one system is more expensive than another, generally the owner would be likely to accept that advice without further consideration. The PEFC has been effective in building a network of national initiatives across Europe supported by private forest owner organisations. The majority of Europe’s private forest owners are therefore hearing the message that PEFC certification is the most practical way forward. Owners need to be provided with accurate information about the advantages and disadvantages of different certification systems so they can form their own judgement about whether to apply for certification and if so with which scheme.

Standards

The fundamental principles on which forest management is based have evolved throughout Europe from an emphasis on sustained yield of timber, through management for forests’ multiple goods and services, and following the 1992 UN Conference on Environment and Development and the 1993 Ministerial Conference on the Protection of Forests in Europe in Helsinki, to the concept of sustainable forest management. The interpretation of sustainable forest management has evolved at different rates in different regions and among different ownership groups. Owners generally would agree that sustainable forest management embraces the economic, environmental and social dimensions of forestry, but different groups of owners might interpret each dimension in a different ways. For example, the traditional rights of the Sami were recognised only by some owners as being an essential part of the social dimension of forestry. In the United
Kingdom, public access to private forests was a hotly debated issue during the standards process. At the level of the Principles and Criteria, the FSC’s requirements are very similar to more generally accepted principles including the principles endorsed by European governments. The perceptions of some private owners, however, may be that the FSC generally is seeking to impose more demanding standards of stewardship. It is certainly the case that national FSC standards may be more demanding than the base-line requirements of the FSC’s International Principles and Criteria, but national standards are negotiated by forest owners and other stakeholders. Forest owners will accept standards only if they consider them to be appropriate (that is, the requirement addresses an issue that is significant for a group of stakeholders) and achievable (that is, the requirement can be met without sacrificing economic sustainability).

**Knowledge and skills**

Many owners of small forest holdings do not have the capacity to manage their holdings in accordance with the standards required to achieve certification. They are dependent on information and services provided by state institutions, forest owner organisations or commercial forest management companies. Certification of small forest holdings has developed further and promises to develop more quickly in countries where, among other things, forest owners are well organised and there are effective support services. In Sweden, Germany and the UK, owners are being assisted in achieving certification by private forest management companies and forest owner organisations. In contrast, in Belgium and Spain, support services are less well developed and certification is lagging behind. There are, however, many owners who do have the motivation and the knowledge and skills to carry out their own management. There is evidence from the German review that some owners who do manage their own holdings are reluctant to pass any of the responsibility for management to a third party, as happens in some group certification schemes.

**Benefits from certification**

Benefits from certification take the form of direct market benefits – price premium, increased market share, maintained market share – and indirect benefits such as recognition by peers and stakeholders for achieving a high standard of forest stewardship. In the two countries where FSC certification is furthest development in the private sector it appears likely that it is direct market benefits that are the most important drivers. Sweden’s forestry industry is export driven and sells substantial volumes into markets where demand for FSC certified product has grown rapidly. Sweden’s corporate forest owners moved quickly to achieve certification in order to exploit the new market opportunity and to ensure that they maintained their existing markets. Relative to other countries, Sweden’s private forest owners have seen the direct benefits of certification and some owners have been able to access them.

The UK is a substantial net importer of forest products and the domestic forestry sector is led by the international market. The UK also has the most highly developed market for FSC certified products. Certification was slow to develop in the UK until the state forestry sector, which produces 60% of
the domestic timber harvest, decided to implement certification because of the threat of losing market share to producers in other countries, including Sweden. The private sector is now implementing certification in order to maintain access to the same markets. In contrast, in Germany, Spain and Belgium the direct markets benefits appear at present to be much weaker.

Capacity to meet the costs of certification

Capacity to meet the costs of certification is determined by two factors:

- the profitability of the holding relative to the costs of implementing the requirements of the certification standard
- the profitability of the holding in relation to the costs of certification (the fees and expenses charged by the certification body for the certification assessment and surveillances).

The main factors that determine profitability of a holding and therefore whether a holding is small or large in relation to certification are the size and productivity of the holding and the strength of the market for timber. It is evident from the information provided about ownership structure by the country correspondents that “small” cannot be defined precisely across Europe – in Spain 1-5 hectares would be regarded as small whereas in Sweden small holdings are typically in the range 30-100 hectares. Holdings of 50 hectares in Sweden appear generally to be profitable. In the other four countries, holdings of 50 hectares and many that are larger generally are not profitable and are dependent on state extension services and subsidies. The capacity of these holdings to pay for certification varies accordingly. Since capacity to pay is likely to be a major factor in determining whether and how quickly certification develops, the reasons for the difference in profitability of private holdings between Sweden and the other four countries merits study. No attempt has been made in the present study to determine the reasons for the difference.

Summary of needs and expectations

In summary the key needs and expectations of owners of small forest holdings which the FSC certification scheme needs to satisfy and which have been identified in this review are as follows:

- Entry to certification at a cost that is affordable relative to capacity to pay
- Tangible benefits from certification in the form of price or improved market access
- Assessment against an appropriate and achievable standard
- Access to low cost and preferably free information and advice on how to meet the requirements of the certification standard
- Retention of the right to manage their own holdings
- Due regard paid to the interests of private forest owners.
This section of the report begins with a description of the FSC’s group certification system and the key features of eleven group certification schemes operating in western Europe. The section goes on to present an analysis of the effectiveness of group certification in satisfying the needs and expectations of small forest holdings identified in the previous section of the report and the objectives of the FSC. The key features and analysis are based on detailed reviews of the eleven schemes that are appended to this report. The schemes were selected to provide a range of structures, overall size and target membership. The German group schemes included in the review are significantly different from those in Sweden and the United Kingdom in having a lower number of private forest owners as members and a higher number of communal and municipal owners.

### 4.1. Group certification requirements

The FSC’s requirements for group certification are defined by the document Group Certification: FSC Guidelines for Certification Bodies, dated 31 July 1998. The guidelines distinguish between the responsibilities of the group management entity and the responsibilities of group members. The group management entity applies for certification, holds the certificate and is responsible to the certification body for ensuring that the requirements of the Principles and Criteria for Forest Stewardship are met in the forest holdings covered by the certificate. The group management entity may be an individual, a forest management company, a co-operative body, an owners association or other similar legal entity.
Members of the group are responsible for implementing the requirement of group membership. Members do not hold individual certificates but for as long as they comply with all the requirements of group membership their forest holdings are covered by the group certificate and products from their forests may be covered by a chain of custody certificate and may thereafter carry the FSC logo.

The FSC’s requirements provide for flexibility in the division of responsibilities between a group management entity and the group’s members. The group management entity may take most or all of the responsibility for preparing and implementing the management plans for the forest holdings within the group. At the other extreme, the group management entity’s responsibilities may be limited to controlling entry to and exit from the group and ensuring by monitoring, that group members are meeting the requirements of the Principles and Criteria for Forest Stewardship. This flexibility may be applied within a group, with some members undertaking their own management planning and implementation while others contract the group management entity to do this for them. The full range of possibilities is exhibited by the groups that have been certified so far.
4.2. Key features of the schemes reviewed

The following summary of key features of each of the schemes is derived from full reviews that were prepared for each scheme and which form Annex 1 of this report. All of the groups have systems and procedures for members joining, leaving and being expelled from the group, group policies and management guidelines. Responsibility for complying with the requirements of group certification and the FSC Principles and criteria are shared in a variety of ways.

4.2.1. Skogsällskapet Förvaltning AB (SFAB), Sweden

SFAB is a for profit company providing forest management services to forest owners throughout Sweden. The company owns about 25,000 hectares of forest and manages about 450,000 hectares. The company was certified as a group manager in 1998 by the Soil Association. The group certificate covers 210,000 hectares in 110 properties. Members of the group include privately owned small farms, large estates, publicly owned forests and holdings owned by foundations. The holdings range in size from 6 hectares to 17,000 hectares. Some members do all of their own management; others contract SFAB to do it for them. SFAB offer clients assistance to market the timber harvested from their forests.

SFAB sees certification as a natural extension to its services. A main reason for SFAB to join and work with the FSC is anticipated credibility in the market place. It set up its group certification scheme in response to demand from some of its clients but membership has since grown well beyond that initial group. In the first year of the scheme most members joined because they were committed to the idea of FSC certification or because they wanted to gain public recognition for their stewardship. Owners joining more recently have done so because they believe FSC certification will be beneficial for them economically and that it will enable them to communicate their forest management policies and practices to other stakeholders more effectively. Some members have received higher prices for certified timber than for non-certified timber.

Development of the group’s systems and procedures and the cost of the certification assessment were funded entirely by SFAB. The cost for a member to enter the group is approximately €0.5 to €1 per hectare for properties between 200 and 2000 hectares. The costs can be further divided into fixed costs amounting to €220 to €550 per application and an area related fee of €0.3 per hectare.
4.2.2. Grönt Paraply I Sverige AB (GPSAB) Sweden

GPSAB is a for profit company set up specifically to offer FSC certification under a group scheme. The company is wholly owned by LRF Konsult AB which offers consultancy services aimed at developing and improving the economy of small and medium sized enterprises primarily in the agricultural and forestry sectors. LRF Konsult is owned by the Swedish National Farmers Federation (LRF). GPSAB was certified as a group manager by the Soil Association in 1999.

There are 8 (4 in process) holdings in the group covering 10,042 hectares of forest. GPSAB expects the majority of its members to be in the range 20 – 5,000 hectares. Membership of the group includes privately and publicly owned forests. All members are expected to plan and manage their forests themselves. GPSAB does not offer forest management services directly. The system is designed to allow forest owners to be free and independent to manage their forests as they think best. The role of GPSAB is limited to ensuring that members comply with the requirements of group certification and the certification standard. LRF Konsult AB “Skogsbyran” set up GPSAB as a commercial venture. Their aim is to develop GPSAB into a profitable business. The main motivations for members joining the group are commitment to sustainable forest management, stakeholder pressure and market opportunity.

The development and certification costs for GPSAB were met entirely by LRF Konsult with the aim of achieving a profitable business by charging for membership. The cost of the first year’s membership is €110 for the application plus an admission fee of €0.1 per hectare for properties up to 1000 ha, €0.8 per hectares from 1000 to 3000 hectares and according to individual agreements for larger properties. In the second and subsequent year GPSAB charges an annual fee approximately half the admission fee.

4.2.3. Skogsutveckling Syd AB (SUSAB), Sweden

SUSAB is a forest management company which offers forest planning, silvicultural and harvesting and marketing services to forest owners. The company is owned by Sydved AB. SUSAB received their group certificate from SGS Qualifor in October 1999. The main motivation for SUSAB developing the scheme was to increase the value and attractiveness of their services. SUSAB is targeting medium to large properties, from around 200 hectares upwards, whose owners will contract the company to provide the full range of forest management services. Responsibility for ensuring that management meets the requirements of the certification standard therefore rests entirely with SUSAB. SUSAB has no plans to offer membership to owners who do not want to contract the company to provide forest management services.
There are 15 members owning a total of 21,151 hectares in the group. The size of properties ranges from 100 to 6,000 hectares with an average of 800 hectares and consists exclusively of privately owned properties. Members of the group expect higher prices in the short term and in the longer term want to be able to maintain market access. Some members are receiving higher prices for some grades of wood, for example beech flooring, but higher prices have not been offered for softwood saw logs or pulpwood. In contrast, forest owners in the same region certified under the SÖDRA scheme are being paid an additional €0.5 per m³ for their softwood if selling to SÖDRA. The premium is paid for by SÖDRA as an incentive to their members to participate in the scheme. SUSAB funded the development of the scheme and plans to recover the development and operational costs from charges to members. Charges are €0.7 to €1 per hectare in the first year and about €0.3 per hectare per year thereafter.

4.2.4. AssiDomän Wood Supply South (ADWSS), Sweden

ADWSS is a wood purchasing organisation of the forest industry corporation AssiDomän AB which holds FSC forest management certificates for its own forests and chain of custody certificates for some of its processing operations. ADWSS’s main objective is to enable an increase of FSC certified raw material to AssiDomän industries. It received its group management certificate from SGS Qualifor in 1999.

ADWSS is aimed mainly at owners that want to sell their timber to the company. Other owners can join but pay more for membership. Most current members either use management services provided by ADWSS or manage their forests according to ADWSS’s written guidelines. ADWSS’s responsibilities consequently range from full authority for carrying out all planning and management (applicable for the majority of members) to responsibility only for ensuring that members comply with the requirements of group certification and the certification standard. Their present role primarily is to take full managerial responsibility.

There are 4 properties in the group with a total of 6,100 hectares. Members include public and private owners with one municipality contributing 5,000 hectares. Other members range between 390 and 666 hectares. Most members have had a long-standing interest in well-managed forest and conservation. They are motivated to join the group by recognition for their stewardship but more importantly by a price premium for sawn timber supplied to AssiDomän AB. ADWSS believe that it would be difficult to encourage owners to join the group if they did not pay a premium.

The cost of developing the group scheme was met by ADWSS. Owners who sell their timber to AssiDomän AB pay between €165 and €220 a year depending on the size of the property. The first year is free. Owners who do not sell their timber to AssiDomän AB pay between €330 and €550 a year.
4.2.5. Municipality and City Association (GStB) of Rheinland-Pfalz, Germany

GStB of Rheinland-Pfalz is the umbrella organisation for 1,900 forest owning communities and municipalities. GStB holds four group manager certificates, each one covering a defined region. The certificates were awarded by IMO, SGS and SKAL in 1999. The group consisted of 91 communities on March 2000 and new members are joining the group continuously. The average size of the community forests is about 300 hectares. The size of individual community forests ranges from less than 50 to more than 1000 hectares. So far the groups have been open only to community and municipal owners and closed to private owners. Responsibilities for complying with the requirements of group certification and the certification standard are shared between GStB, the communities and the State Forest Administration. GStB is responsible for defining the requirements of membership, the contract with the certification bodies, and developing guidelines for the implementation of the FSC Principles and Criteria. The group members – the communal forests – are contractually responsible to GStB for ensuring that their forests are managed in accordance with GStB’s guidelines. The State Forestry Administration is responsible for managing the communal forests. The relationships between GStB, the forest owners and the State Forest Administration are explained in more detail in Annex 1.2.

The main motivations of the group manager and members are:

• to improve the image of the communal forest owner and to demonstrate to the public that the forests are well managed

• to demonstrate that forest management takes ecological aspects into consideration

• to use the certificate for public relations work of the community

• to exploit the market in certified forest products.

GStB is meeting all of the costs of the scheme until 2001. From 2002 members will have to pay a fee of 0.5% of their income from timber sold as FSC certified. No fee will be charged for timber that is not sold as FSC certified.

4.2.6. Naturland Group Certification Scheme, Germany

The Naturland scheme was certified by IMO in 1998. Naturland was established, and is strongly supported, by environmental organisations. Naturland is open to owners in every part of Germany. The requirements of the Naturland standard exceed the minimum requirements of the FSC Principles and Criteria and the requirements of the German FSC standard.
The Naturland standard places more emphasis on natural processes, requires high ecological standards, and is aimed at owners who practice “close to nature” forestry. The scheme is accredited to the International Federation of Organic Agriculture Movements (IFOAM).

In February 2000 there were 9 members owning a total of 17,400 hectares of forest. 8 of the members are municipalities, 1 is a private landowner. The group systems and procedures are designed for owners who carry out all their own planning and management. Members’ properties may be several hundred kilometres away from the Naturland office.

Beside the usually mentioned reasons to join FSC certification, motivation to join the Naturland group is to demonstrate to the public a high consideration of ecological aspects and to use this image for the public relations work of the members. The costs for certification consist normally of a basic fee and a fee of 3% of the income from wood sold as FSC certified. Long-term the costs for certification of this group will be about €0.1 to 0.12 per hectare per year.

4.2.7. Model project Ostwestfalen in Nordrhein-Westfalen, Germany

This project is aimed at identifying differences between the certification standards and procedures of the FSC and the German national PEFC scheme. The potential members of the scheme are three state forest districts, a large communal forest-owner, 28 municipal forests, three private forests each more than 1000 hectares in size, a number of smaller private forest holdings and about 10 forestry co-operatives (Forstbetriebsgemeinschaften) with around 2,000 private owners with forests ranging from 1 hectare to over 100 hectares. Membership is restricted to forest holdings in the region. The membership has the potential to grow to around 120,000 hectares.

It is intended that the group management entity will be responsible for the contract with the certification body, development of group systems and procedures and of guidelines for members. Group members will be responsible to the group manager for ensuring that the group guidelines are implemented, though for small properties this is more likely to be done through the forest co-operatives. The state forest administration will be responsible to the group members for planning and management.

The motivations of the group manager and members are mainly:

- to improve the image of the community/forest owner and to demonstrate to the public that the forests are well managed
• to demonstrate that forest management takes ecological aspects into consideration
• to use the certificate for the PR work of the communities
• to exploit the market for FSC certified timber.

For the time being the development of the group is being funded by the state. In future it is expected that members will pay a fee of 0.5 to 1.0% of the income they receive from wood sold as FSC certified.

4.2.8. Scottish Woodlands Ltd, United Kingdom

Scottish Woodlands is a for profit forest management company operating throughout the UK. Clients include landowners, investment fund managers and individual investors who own properties ranging from small farm woodlands to large traditional estates. The company has 1,500 clients owning a total of 170,000 hectares. The company’s group scheme was certified by SGS Qualifor in 1999. Scottish Woodlands developed its group scheme to enhance the attractiveness of its services through public recognition of its stewardship and enabling access to markets for clients’ timber. In February 2000 the scheme had 25 members with a further 43 in the process of being admitted. A further 220 have been identified as probable members in the near future. Membership is open to all forest holdings in Great Britain. Members’ forest holdings range from 10 hectares to 3000 hectares in size but are typically in the range 100 – 400 hectares.

Scottish Woodlands is responsible for the contract with the certification body and for the group’s systems and procedures and guidelines to members. Most of the group’s members contract Scottish Woodlands to plan and manage their properties but the group is also open to owners who want to do this themselves providing they commit to meeting the requirements of the certification standard. Most members have joined the group to maintain or increase market access. None have joined expecting a price premium.

Scottish Woodlands funded the development of the scheme and the certification assessment. The company aims to recover its development costs as well as the cost of operating the scheme by charging a fee to group members. Members pay an average fee of about €950 a year.

4.2.9. Coed Cymru, United Kingdom

Coed Cymru (Welsh Woods) is a forest improvement initiative sponsored by central and local government. The objective of the initiative is to bring small native forests on Welsh farms into management. There are around 30,000 farm holdings with a total of 70,000 hectares of native woodland
in Wales. Coed Cymru achieved certification for its group scheme in 1998 under the SGS Qualifor programme. The main motivation for setting up the scheme was to improve access to markets for native hardwood timber and contribute to the objectives of the Coed Cymru initiative. At February 2000 there were 23 members with properties typically in the range of a few hectares to a few tens of hectares.

Coed Cymru’s clients generally do not have the knowledge and skills to carry out forest management and Coed Cymru staff therefore provide a complete management package from preparing a management plan to harvesting and marketing timber and managing regeneration and maintenance of the forest. All responsibility for complying with the requirements of group certification and the certification standard rest with Coed Cymru. The members of the group scheme simply sign a membership agreement and contract Coed Cymru to undertake management.

All the scheme development costs including the certification assessment were paid for out of the project’s core budget, which is funded by central government. Coed Cymru aims to recover some of the scheme operating costs by charging a small percentage of the income from timber sold from members’ woodlands as FSC certified.

4.2.10. Clun Valley Alder Charcoal Project (CVACP), United Kingdom

The CVACP is a central and local government sponsored initiative aimed at bringing degraded riverine alder coppice in one river catchment back into management. The group certification scheme was developed by the initiative to allow charcoal produced from alder wood to be sold with an FSC label. CVACP was awarded its group manager certificate by the Soil Association in 1999. There are between 300 – 400 farms in the catchment with riverine alder. At February 2000, 18 of these were members of the group.

All management is planned and implemented by the CVACP and a small team of contractors. Group members sign a membership agreement with CVACP. The main reasons for farmers joining the group are interest in participating in the sustainable management of the river catchment and indirect benefits to the farm including improved landscape. The management of the alder coppice includes livestock fencing, which is paid for by the project and is effectively a subsidy to the farmer. Farmers are not charged for membership but all proceeds from the sale of the charcoal are retained by the project and used to fund project activities.
4.2.11. Independent Forestry, United Kingdom

Independent Forestry is a for profit forest management company run by a single forestry consultant operating mainly in the eastern region of England. The company’s clients range from farmers with small woodlands to owners of large traditional estates. Independent Forestry achieved group certification in 1999 under the SGS Qualifor programme. The main motivation for developing the scheme was to demonstrate the company’s environmental credentials to existing and potential new clients and help maintain and increase market access for clients’ timber. The group scheme includes all 31 of the company’s current clients plus one owner who has retained responsibility for managing his forest. The total area in the scheme is 1500 hectares.

Independent Forestry is responsible for the contract with the certification body and for developing and maintaining group systems and procedures. The division of responsibility for complying with the requirements of group certification and the certification standard is flexible. The group is open to owners who contract Independent Forestry as their forest manager and to owners who want to do their own management. The scheme development costs including the certification assessment was funded entirely by Independent Forestry. The company does not charge any membership fees to members who contract the company to provide forest planning and management services. Owners that do not contract for forest management service may join but must pay a fee.
4.3. Effectiveness of the FSC’s group certification programme

Analysis of the reviews of individual group schemes leads to a number of conclusions about the effectiveness of the FSC’s group certification programme in meeting the needs and expectations of small forest holdings identified in Section 3 and the objectives of the FSC.

4.3.1. Meeting the needs and expectations of small forest holding

4.3.1.1. Are schemes being developed that provide entry to certification at affordable cost?

Conclusions

For FSC group certification to work, potential group managers need to be able to develop suitable schemes and forest owners need to be able to afford to join them. The cost of establishing and operating schemes (developing and implementing group systems and procedures, certification assessment and surveillances) does not appear to be a significant barrier when group managers are confident of being able to recover their costs from charges to members or when the scheme is closely associated with a government programme to improve the capacity and capability of forest owners and the management of privately owned forests.

The evidence from the review is that group schemes can make FSC certification affordable for small forest holdings. Affordability is related to capacity to pay. As with individual certification for larger holdings, group certification is more likely to develop in regions that have strong forest economies, face a strong demand for FSC certified products and have a well organised and competitive forest management services sector or can benefit from government support. The technology is sufficiently flexible to accommodate a wide range of technical capability among owners and the evidence from the review is that there are actors that have the skills necessary to adapt the technology to serve that range. There is no evidence from the schemes reviewed that compliance with the group manager’s systems present a major barrier to joining.

Since the introduction of the FSC group certification programme a variety of organisations and individuals have acted with different motivations on the opportunity to develop group certification schemes. There is now a lot of experience around Europe of setting up schemes with a variety of structures and aimed at different types of forest owners. In Sweden the strong market pull for certification has led to the development of group certification schemes all of which are commercially based, i.e. the group management entities run the schemes as a business and seek to at least recover their costs. In Germany, with the exception of Naturland, it is unlikely that group schemes would have been developed without the support of state or municipal institutions. The United Kingdom group schemes are a mix of commercial and government sponsored. As in Sweden, the strong market pull for FSC certification has motivated
private forest management companies to develop group schemes as an additional service to existing and potential clients. The two government-sponsored schemes were developed to provide additional marketing opportunities for timber from small, unprofitable but environmentally valuable woodlands. In Spain and Belgium where the market pull for certification is relatively weak no group certification schemes have been developed so far. The cost of establishing and operating schemes (developing and implementing group systems and procedures, certification assessment and surveillances) does not appear to be a significant barrier when group managers are confident of being able to recover their costs from charges to members or when the scheme is closely associated with a government programme to improve the capacity and capability of forest owners and the management of privately owned forests.

The costs faced by a member of a group are the cost of complying with the group manager’s systems and procedures, the fees that members have to pay to the group manager and the costs of complying with the requirements of the certification standard (compliance with the requirements of certification standards is discussed in section 4.3.1.3 below). Based on the evidence from the reviews of existing group schemes, the majority of groups that apply for certification have some weaknesses in their systems and procedures when they are assessed by their certification body. None of the group managers interviewed said that it was excessively difficult or expensive to address such weaknesses. There is no evidence, therefore, that the FSC’s group certification requirements are inappropriate. However, some group managers did suggest that it would have been easier for them to achieve certification if they had had access to model systems and documentation. There is no evidence from the schemes reviewed that compliance with the group manager’s systems present a major barrier to joining.

The groups that charge their members do so in different ways: a fixed fee; a fixed fee plus an amount per hectare, sometimes varying with the size of the holding; a levy on timber sold as certified. The reviews do not provide enough information to be able to conclude which system is more attractive to forest owners. It may be the case that owners would be less concerned about paying a fee out of timber income rather paying an up-front fee without knowing whether they will receive any income. However, further research would be needed to test this hypothesis.

Membership fees across all the groups reviewed, if charged at all, range from €30 a year to €950 a year. The level of fees charged by group managers depends on their motivation for running a group (they may absorb the cost if they consider that the service will help to grow their forest management business), whether they receive external funding, and on the market where they operate. The membership fees charged by the Swedish group schemes
are generally lower than those under the German and United Kingdom schemes. This may be due to the market in group certification services being better developed and more competitive in Sweden. From the information obtained on development costs and incremental management costs the total annual cost per member in a group of 100 members ranges from €50 to €20 per member per year when the development costs are spread over 10 years. For larger groups obviously the cost per member is lower. In contrast the minimum cost for an individual holding to achieve certification under the FSC scheme is of the order of €1000 a year.

It is clear from the review that the cost of certification under a group scheme is substantially less than for individual properties. In Sweden, cost is clearly not a barrier to joining an FSC group certification scheme and the system is therefore affordable there. As noted earlier in the report, forest owners in Sweden have a higher capacity to pay for certification because forestry is more profitable. The picture is less clear in the UK. One group manager has been able to develop and offer a group certification scheme at no charge to clients that contract for forest management services. Most members of UK group schemes are either in schemes that are subsidised by the group manager or government funding or have contracted the group manager for forest management services. Private owners who carry out their own management are so far poorly represented in UK group schemes. The UK’s forest economy is significantly weaker than Sweden’s and capacity to pay is therefore lower. Group certification is not as well developed in the UK compared to Sweden and competition between service providers may not have been strong enough to have forced down costs. In Germany, group certification is least well developed and it is notable that private forest holdings are poorly represented in the schemes that were reviewed. The evidence from the review is that group schemes can make FSC certification affordable for small forest holdings but that the system, as with individual certification for larger holdings, is more likely to develop in regions that have strong forest economies, face a strong demand for FSC certified products and have a well organised and competitive forest management services sector or can benefit from government support. The technology is sufficiently flexible to accommodate a wide range of technical capability among forest owners and the evidence from the review is that there are actors that have the skills necessary to adopt the technology to serve that range. The affordability of FSC group certification must, however, be considered in relation to the benefits from certification, and the costs and benefits of alternative certification schemes.

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52 See the detailed reviews of individual group schemes in Annex 1
53 Source: SGS Qualifor
As noted in Section 3, benefits from certification take the form of direct market benefits – price premium, market share, maintained market share – and indirect benefits such as recognition by peers and stakeholders for achieving a high standard of forest stewardship. Except where group membership is free, as with two of the United Kingdom schemes and, for a short period, two of the German schemes, the majority of owners join group schemes because they expect direct market benefits associated with the production and sale of timber.

Market benefits from certification are most evident in Sweden where certification was led by corporate forest owners. Some group schemes in Sweden have been able to secure similar advantages for their members. In the UK group schemes have been able to offer market benefits to only a small number of private owners. Even the Coed Cymru scheme which is largely subsidised by government has attracted only a small proportion of the potential membership. Membership of the German schemes is dominated by municipal and communal forest holdings which may be motivated to participate in certification for political rather than commercial reasons. Throughout most of the countries reviewed, therefore, it is evident that there is insufficient market benefit at the moment to encourage large numbers of private owners to join group schemes, in particular owners of small private holdings that are not motivated by non-tangible benefits such as political recognition.

Interest in joining group schemes that require payment of a fee will be strengthened only if the demand for FSC certified products is strong enough and is communicated through the wood supply chain to potential group managers and members.

The managers of the group schemes reviewed in Sweden identified the FSC’s chain of custody rules as a serious barrier to certification of small forest holdings. Demand for FSC certified product, to the extent it exists, is not communicated effectively through the supply chain to small forest holdings, nor is it translated into a higher price for certified timber, with the possible exception of the Assi Doman Wood Supply South group.
The managers of the Swedish Groups considered that the changes to lower the threshold on solid timber from 100% to 70% were not sufficient to address the problem and could make the problem worse. The lower threshold may be possible for large corporate sawmills but still out of the reach of small sawmills without access to large areas of certified forest. A consequence of the revised policy, therefore, may be increased discrimination by size and ownership.

Private forest holdings need to be faced with a demand for FSC certified products and need to be able to satisfy that demand. Individually, small forest holdings are in a weak position in the market place. Group certification can help small forest holdings penetrate the market for certified raw material by amalgamating the supplies from large numbers of small holdings under a single, certified umbrella. One of the schemes reviewed was set up by Assi Doman for this purpose. In this case the group manager is part of a corporation that is marketing certified products as part of its business strategy and there is a tangible benefit to owners who join the group. The development of similar schemes will depend on the strength of the market for FSC certified products.

It is crucially important for the growth of FSC group certification to continue to develop a strong market for FSC certified products and to ensure that demand is transferred through the wood supply chain to small forest holdings so that owners benefit from certification. The present pattern of the demand for and the supply of certified forest products and the reasons behind it are not clear. Concerns that demand for certified products was likely to exceed supply was a major factor behind the change in the FSC’s percentage based labelling rules. Generally, however, the excess of demand over supply is not being communicated to forest owners sufficiently strongly. There may be several reasons for this: barriers caused by chain of custody rules; purchasers deciding that they will continue to buy non-certified products until certified product can be supplied at the same price; poor connections between buyers and suppliers. The strength of demand and the effectiveness of the market in communicating demand may vary significantly between different products.
4.3.1.3. Is the certification standard appropriate and achievable?

Owners of every size of forest holding need to be convinced that the certification standard is appropriate and achievable before they will apply for certification, whether as an individual or as a member of a group. There is some evidence from the reviews of the group schemes presented in Annex 1 and the individual country reports that form the basis for section 3 that there is a perception that FSC certification standards are in some general sense too demanding. There is also evidence that some specific requirements of some FSC standards are considered too demanding or not appropriate. For example, the German Naturland standard is designed around “close to nature” principles and will not be appropriate for owners who do not share those principles. There is no evidence, however, that the requirements of the national German FSC standard present a significant practical barrier, though there may still be a problem of perception in some owners’ minds. In general in Sweden the requirements of the FSC’s Principles and Criteria and the national standard are considered to be achievable, though the requirement to recognise the traditional rights of the Sami, is considered by many private owners to be a broader political issue and inappropriate for a forest management standard. Scale-related requirements such as set aside for biodiversity conservation and retention of old growth stands may present problems for very small forest holdings. The United Kingdom certification standard addresses such problems by varying the requirements for very small forest holdings; for example, the requirements to retain a minimum of 10% open ground in a certified forest is waived for holdings of less than 10 hectares. The evidence from the review is that FSC certification standards are achievable provided that generally applicable requirements are adapted to overcome problems that would otherwise be caused for very small owners.

Specific requirements of certification standards are negotiated by stakeholders. It may not always be possible to satisfy the expectations of all stakeholders, including forest owners. When this happens, some forest owners will exclude themselves from certification. This is an inevitable consequence of setting a standard and can be addressed only by continued dialogue between all the stakeholders. Knowledge and understanding of modern day concepts of sustainable forest management (as expressed, for example, in the Operational Level Guidelines adopted by the Ministerial
Conference on the Protection of Forests in Europe in Lisbon in 1998 and which therefore carry the endorsement of all of the governments of northern and western Europe) varies among private forest owners. Where understanding is not as well developed, it is more likely that owners will perceive FSC standards as being inappropriate. Leaving aside the examples of Naturland and the specific requirement of the Swedish FSC standard regarding the traditional rights of the Sami, the evidence from the reviews of group schemes is that group members do not find the requirements of FSC certification standards inappropriate or too costly. All of the schemes had to address gaps between some requirements of the standards and present practice at the time of the certification assessment but the gaps were closed without significant difficulty or cost.

4.3.1.4. Does group certification provide better access to information and advice on how to meet the requirements of the certification standard?

**Conclusions**

Group certification enhances the capacity of small forest holdings to comply with the FSC’s Principles and Criteria and local standard. Market demand for FSC certified timber gives impetus for new forest owner groups to be set up and may encourage existing non-certified groups to adapt and extend their systems, procedures and services with an overall increase in capacity of forest owners to achieve good forest stewardship.

Group certification supports owners who have no or very limited capacity to implement sustainable forest management principles, and owners who know a lot about forest management, have sufficient capacity, but who may not understand how to meet the requirements of certification standards. The group manager is able to provide information and advice and, if a group member wishes, preparation and implementation of a management plan. Some of the managers of the groups reviewed also provide high quality promotional material including brochures and web pages that introduce the FSC and group certification more effectively than the FSC are able to do themselves. In this way, group certification enhances capacity to comply with the FSC’s Principles and Criteria and local standard.

Market demand for FSC certified timber gives impetus for new forest owner groups to be set up and may encourage existing non-certified groups to adapt and extend their systems, procedures and services with an overall increase in capacity of forest owners to achieve good forest stewardship.
4.3.1.5. Can group members retain the right to manage their own holdings?

Conclusions

It is evident from the country reviews that some owners are not aware of the flexibility of group certification to cater for owners who do not want to give up the right to manage.

It is a great strength of the FSC’s group certification programme that it caters for a wide range of owners and situations. Among the groups reviewed there are several examples of group managers that provide a complete forest management and product marketing service to their members but who also admit members that carry out all of their own management. At least one scheme (Grönt Paraply in Sweden) is based on the business idea of offering low cost certification while interfering as little as possible in the owners’ forest management and business relations. It is evident from the country reviews that some owners are not aware of the flexibility of group certification to cater for owners who do not want to give up the right to manage.

4.3.1.6. Does the administration of the certification scheme pay due regard to the interests of forest owners?

Conclusions

There is no evidence that owners who have joined FSC group schemes have any concerns about the way in which the FSC administers its certification scheme or the way in which the owners’ interests are looked after. There is a gap between the perceptions of those owners that are reluctant to participate in FSC certification and the experience of owners that have joined FSC group schemes.

It is evident from the country reviews that a perception European private forest owner community that the FSC does not represent owners’ interests, that perhaps it is a vehicle for ENGOs to impose their vision of forestry on owners, and that the FSC does not address the needs and expectation of small forest holdings in particular. It is these perceptions that were the primary drivers behind the creation of a number of alternative certification schemes such as the SÖDRA scheme in Sweden and the Finnish national scheme. It is important, however, to distinguish between views expressed by forest owner organisations and views held by the owners themselves. Although group certification does not address perceptions directly, there is no evidence from the reviews of group schemes that members have any concerns about the way in which the FSC administers its certification scheme or the way in which their interests are looked after.
Forest owners will judge the extent to which the FSC scheme pays regard to their interests in comparison with alternative certification schemes. The fact that forest owners’ views are given greater weight than other stakeholders’ in some alternative schemes pulls them away from the FSC because owners think it appropriate that they have the major say on standards that they as the landowners are required to implement. In the specific case of Sweden and the SODRA scheme, the SODRA standard is very similar to the FSC standard, but the fact that the scheme is heavily subsidised undoubtedly makes membership cheaper.

### 4.3.2. Meeting the objectives of the FSC

#### 4.3.2.1. Does group certification achieve good forest stewardship?

**Conclusions**

The evidence from the review is that certification bodies are able to ensure that group certification delivers the same standards of forest stewardship as individual certification. As group certification grows it will be important to monitor the implementation of the FSC’s guidelines for sampling in certification assessments of group schemes to ensure that they are leading to consistent certification decisions. In order to maintain the veracity of group certification the FSC’s guidance to certification bodies and group managers on the design of systems and procedures will need to ensure that the requirements of the certification standard are met by larger as well as smaller properties.

Good forest stewardship within a certified group is dependent on the group manager and members implementing the systems and procedures requirements of group certification and the requirements of the certification standard, and on the certification body identifying weaknesses and ensuring that they are addressed. One cannot fully answer the question of whether group certification achieves good forest stewardship without evaluating forest management in the field. Such an evaluation was not within the scope of the study. However, the review of the certification bodies’ assessment reports provides some information about the performance of the group managers and members. All of the groups reviewed had to address issues identified by their certification bodies during the certification assessment, including major issues that prevented immediate certification. The issues included: procedures for monitoring members’ compliance with the requirements of the certification standard; compliance with specific requirements of the certification standard by individual members sampled during the certification assessment. All of the certified groups have procedures for admitting new members and for expelling members who consistently fail to meet the group manager’s requirements. Some groups have expelled members. The evidence from the review shows that certification bodies are able to ensure that group certification delivers the same standards of forest stewardship as individual certification.
All certification assessments, for individual enterprises and group schemes, are based on a sample of an enterprise’s or group’s activities. In group schemes, the sampling strategies applied by certification bodies need to take account of the variability across members’ properties, members’ objectives and their capacity and capability. It is essential for the continued credibility of group certification that certification bodies apply consistent sampling strategies for assessments and surveillances. Certification bodies’ sampling systems have not been reviewed in this study. As group certification grows it will be important to monitor the implementation of the FSC’s guidelines for sampling in certification assessments of group schemes to ensure that they are leading to consistent certification decisions.

The FSC’s group certification programme was designed to provide access for small forest holdings. Some holdings in some of the group schemes are several thousand hectares. In principle, provided that the group manager’s systems ensure that large as well as small properties are monitored adequately and that the certification bodies’ assessment and surveillance procedures are effective, there is no reason to set a size threshold for group membership. In order to maintain the veracity of group certification the FSC’s guidance to certification bodies and group managers on the design of systems and procedures will need to ensure that the requirements of the certification standard are met by larger as well as smaller properties.

4.3.2.2. Are the FSC’s group certification procedures appropriate and efficient?

Conclusions
The FSC’s group certification procedures provide access to certification to a wide range of sizes of forest holdings and have increased the amount of certified timber available to wood processors. All the schemes reviewed appear to work effectively in the contexts for which they were designed and the evidence is that the FSC’s group certification procedures can be adapted to any situation. Potential group managers need to be aware of how group certification has been adapted to different circumstances so they benefit from the learning process that existing group managers have been through.

The schemes reviewed provide access to certification to a wide range of sizes of forest holdings, many of which would not have applied for certification individually, and have increased the amount of certified timber available to wood processors. The smallest holding included in the schemes is less than 1 hectare and the largest is several thousand hectares. The schemes also accommodate all of the types of ownership found in western Europe – forests owned by private individuals, communal forests, municipal forests and state owned forests. All the schemes reviewed appear to work effectively in the contexts for which they were designed and the evidence is that the FSC’s group certification procedures can be adapted to any situation. The barriers identified are more often factors which lie outside the actual group certification systems such as the market, politics and the profitability of forestry in general. Potential group managers need to be aware of how group certification has been adapted to different circumstances so they benefit from the learning process that existing group managers have been through.
5. Overall conclusions and recommendations

The evidence from this review is that the FSC’s group certification scheme is an effective mechanism for providing access to certification for forest holdings that are not able to achieve certification individually for reasons of capacity or cost. The studies of group schemes in Sweden, the UK and Germany show that group certification can work for most landowners and in very different settings. The systems requirements of group certification, the requirements of certification standards and the cost of membership do not generally seem to be major barriers in themselves. Most barriers are external to the scheme and include insufficient market pull, the politics surrounding certification and the “ownership” of certification schemes, lack of capacity, a general lack of profitability or capacity in parts of the forest sector, and alternatives that are perceived to more attractive.

The authors conclude that there is no need to make substantial changes to the current system of FSC group certification or the way the system is applied in order to encourage group certification on a larger scale. Group certification can be transferred from situations where it is already working effectively to other countries and settings provided that there is sufficient market pull and sufficient organisational and financial capacity in the forestry sector. The external problems need to be addressed by relevant resources being directed to the forest sector in the regions and countries where they are needed.

The authors offer the following recommendations for action aimed at achieving wider acceptance and take up of FSC group certification:

**Encourage potential group managers to develop schemes**

- Promote the development of a group manager network around Europe to encourage and enable sharing of best practice and to provide practical advice to potential group managers.

- Support the promotion of the group manager’s guide being developed by the UK DFID Forest Research Programme.

- Identify “model” group certification schemes around Europe and promote their strengths to forest owner organisations and forest owners in an easily accessible format such as web pages and CD-ROM.

- In regions with weak forestry economies, encourage governments to offer support under national rural development programmes for the development of new forest owner groups and strengthening of existing groups.
• Overcome perceptions that the FSC does not pay due regard to forest owners’ interests

- Promote the FSC’s strength as a multi-stakeholder, consensus-based organisation and seek consensus over certification standards in its dialogue with forest owners and forest owner organisations by being prepared to compromise without weakening the principles of forest stewardship for which the FSC stands.

- Communicate more effectively with forest owners to overcome misconceptions about the FSC. Identify groups of forest owners or organisations in countries where FSC certification is weak and work with them to develop group certification programmes. Use limited resources by focusing promotion and development on a limited number of target groups where the FSC may be weak but where the basic conditions for successful certification are in place (i.e. market demand exists, the private sector is sufficiently well organised, and the economy of the forestry sector is sufficiently strong).

- Promote the FSC to the international forest products market and forest owners as the benchmark in credible accreditation and standardisation for forestry. Make sure that the FSC’s systems and procedures and those of its accredited certification bodies continue to ensure that the FSC label really does mean good forest stewardship.

• Overcome perceptions that FSC standards are inappropriate or not achievable

- Raise awareness among forest owners of the principles of sustainable forest management, in particular the FSC Principles and Criteria and how it is possible to implement them. Inform owners of the similarities between the FSC Principles and Criteria and European governments’ understanding of sustainable forest management as expressed, for example, in the Operational Level Guidelines adopted by the Ministerial Conference on the Protection of Forests in Europe in Lisbon in 1998.

- In countries that have FSC and other certification processes, promote the development of unifying national standards without diluting the achievement of the FSC’s Principles and Criteria. In countries where competition between the FSC and alternative certification schemes is unavoidable, ensure that accurate information about the initiatives is communicated to forest owners so they can form their own judgement about whether to apply for certification and if so with which scheme. Promote the FSC’s inclusive, consensus-based approach to standards development.

- Ensure that FSC certification standards take account of problems that specific requirements may present to owners of small forest holdings. Where such problems are identified, work with forest owners to overcome them.
• **Overcome perceptions that FSC certification is too expensive**

- Promote group certification to European governmental forestry institutions and forest owners as a low cost entry to markets for certified forest products for small forest holdings. Present actual information on costs.

- Promote group certification’s potential to strengthen the capacity and capability of small forest holdings to implement the principles of sustainable forest management.

• **Ensure that demand for FSC certified products is sufficiently strong and is transferred through the wood supply chain to forest owners**

- Research the dynamics of the market for certified forest products to identify, understand and to be able to address problems of poor communication of demand from buyers to forest owners.

- Monitor the effects of the FSC’s percentage based labelling policy to ensure that it is helping to transfer demand for FSC certified products, and therefore a market incentive, to small forest owners.