



PEFC An Analysis

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Disclaimer:

This report is mainly based on publicly available documents. Greatest care has been taken to use the latest versions when writing it (January 2001). However, PEFC documents have proved to be modified frequently, without the extent of modification being specifically indicated. It is therefore possible that some references may not be valid at the time of printing.

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Abbreviations

AB	Accreditation Body
CB	Certification Body
BoD	Board of Directors
CBD	Convention on Biological Diversity
CI	Consumers International
C&I	Criteria and Indicators
CoC	Chain-of-Custody
DNV	Det Norske Veritas
ENGOS	Environmental Non-Governmental Organisations
FFCS	The Finnish Forest Certification Scheme
FMU	Forest Management Unit
FSC	Forest Stewardship Council
FSC P&C	Forest Stewardship Council Principles and Criteria
GMO	Genetically Modified Organisms
GTZ	Deutsche Gesellschaft für Technische Zusammen- arbeit GmbH
IEC	International Electrotechnical Commission
ILO	International Labour Organization
IFBWW	International Federation of Building and Woodworkers' Unions
ISO	International Organization for Standardization
NGOs	Non-Governmental Organisations
NS	National Scheme
PE C&I	Pan European Criteria and Indicators
PEFC	Pan European Forest Certification
PEFCC	Pan European Forest Certification Council
PEOLG	Pan European Operational Level Guidelines
PP	Precautionary Principle
SD	Sustainable Development
SFM	Sustainable Forest Management
TBT	Agreement on Technical Barriers to Trade
UN	United Nations
WTO	World Trade Organization

Executive Summary

The Pan-European Forest Certification system (PEFC) was created by forest industry and trade and forest owners' organisations in 1998. It is an endorsement mechanism for national, regional, or any other sub-national forest certification schemes in Europe and their mutual recognition.

This study has analysed PEFC mainly on the basis of publicly available documents, principally from the five schemes currently endorsed: Finland, Sweden, Norway, Germany and Austria. The study concludes that PEFC has limited capability to promote good forest management or contribute to sustainable development.

It has three main failings in that it does not:

1. provide reliable communication on the quality of forest management on the ground,
2. fulfil widely accepted international guides, standards and rules for certification, or
3. deliver its own objectives

These failings result from some of the fundamental choices around which PEFC is built, and the weaknesses of the resulting system. It is aimed at ensuring mutual recognition between endorsed schemes. The lowest requirements of the endorsement system and the lowest common denominator of the endorsed schemes therefore determine the overall performance of PEFC and each of its endorsed schemes.

Specifically:

An even quality of audits and certificates is not assured.

Accreditation is the mechanism that ensures minimum common, but satisfactory performance levels from different certification bodies. Although many national PEFC schemes require a specific accreditation for certification carried out under their system, specific accreditation procedures

have not been finalised yet in any country.

In some countries a decision has been taken not to develop them because of cost implications. Instead, the generic accreditation based on ISO guides is utilised. This does not address many aspects that have been deemed by the international community crucial for forest certification, e.g. evaluation of performance on the ground, sampling methodology or public reporting.

Nevertheless certifications have been carried out and, for example, most of Finland had been certified before the specific accreditation procedure was adopted.

At the European level, PEFC allows the possibility for non-accredited certification bodies to operate under the PEFC system.

Furthermore, many examples throughout Europe show that verification on the ground may happen many years after the issuance of a certificate. Many regional certificates are awarded only on the basis of reports prepared by the certification applicant.

PEFC does not deliver a minimum standard. It is system based. It does not insist that endorsed schemes make the award of certificates conditional on the achievement of pre-set thresholds. The non-binding reference to the Pan-European Criteria and Indicators and Pan European Operating Level Guidelines does not imply performance requirements.

Generally, certification procedures determine whether the performance elements of a standard will produce the desired result at the field level. Some PEFC national schemes have performance standards that are used within an environmental management system approach (ISO 14001 or EMAS).

This can lead to instances where a scheme cannot guarantee that stated performance is achieved on the ground.

In particular:

1. there is no clear requirement that applicants to certification must comply with all relevant national (e.g. health and safety) and international legislation (e.g. Convention on Biological Diversity)
2. there is no requirement that certification ensures a minimum safeguard for sensitive issues such as:
 - clear cutting
 - protection zones
 - logging in old growth and high conservation value forests
 - the use of chemicals (pesticides, fertilisers, etc.)
 - the use of genetically modified organisms
 - indigenous peoples' rights

PEFC is neither independent nor transparent. It is a system created, governed, and controlled, nationally and regionally by the forestry sector interest, mainly forest owners associations, industry, and trade. Voting power, at the European level, depends on the volume of timber produced nationally, thus favouring large producers. Environmental and social Non-Governmental Organisations (NGO) can at best only have an observer status in the General Assembly of PEFC Council. There is no mechanism to prevent a stakeholder group from imposing its view on others.

In addition, many national schemes make provisions to limit independence of audits carried out by certification bodies. For example, in some national schemes, the certification body needs to negotiate the thresholds for certification with the applicant and planning of audits is under the supervision of the applicant.

Conflict resolution and appeals mechanisms lack clarity and most often do not

allow third parties (i.e. parties different from the applicant and the certification body) to appeal against certification decisions. Mechanisms to deal with complaints about the certification scheme and its standard are frequently ill-defined (e.g. the process by which the standard was developed or the procedures that certifiers have to follow).

Some PEFC claims may be misleading. Claims made by some national schemes that consensus on the PEFC national standard has been reached with major NGOs are a misrepresentation of reality. There is very little proven NGO support for the PEFC in any of the countries which either have, or are developing standards and/or schemes.

Claims that PEFC certified forests are sustainably managed may be not only breaching ISO rules, but possibly cannot be verified within a purely system-based approach.

Chain of Custody (CoC) rules (tracking of forest products from the forest through the processing and distribution chain to the final consumer) are unnecessarily complex and lack clarity. They appear to allow raw material that has not come from a certified forest to enter the chain at its origin and be able to carry the PEFC logo further down the chain.

Claims allowed on products (logo and accompanying text) do not convey any information on the quantity of certified material within a product. For example, 100% of products can carry the logo even if only 70% of raw material is certified, with the following "explanatory" statement: "Promoting sustainable forest management". This would certainly fall under the ISO category of "vague" claims.

PEFC is not always voluntary. The system is created around group or regional certification, the latter being

the preferred option. In cases where forest owners trade their timber through the regional owners association and the association acquires PEFC certification, owners who do not wish to comply with the requirements of certification could lose their trading channels. This potentially leads to situations where certification occurs *de facto* and there have been reports of some owners being unaware of their status of “certified” under a regional system.

PEFC does not ensure commitment or liability of forest owners/managers. In some cases, the announcement that a forest owners association or administrative region has been certified is made through the local press. If a forest owner omits to read the press, he or she may become certified without knowing it. Frequently there is no contractual relationship between the certification body and the applicant. In such cases, the real individual commitment to certification criteria may be low.

The liability of every individual vis-à-vis the whole group is clarified only in very few national schemes. Procedures to expel forest owners not meeting the standard are mostly absent.

PEFC may have a discriminatory trade impact. PEFC fails to follow several fundamental requirements of the World Trade Organization’s Technical Barriers to Trade Agreement (TBT). By definition, PEFC is only applicable to Europe. It is not using existing international standards nor does it take part in the work of relevant international standardisation bodies, as required by TBT.

Mutual recognition with schemes outside Europe is presented as a way to minimise PEFC discrimination. However, PEFC endorsement procedures are general and flexible enough to allow the endorsement of a wide range of processes and procedures from very complex ones that are not binding when

applied at the ground level, to schemes without defined certification and assessment procedures at the moment of the endorsement. This has resulted in the endorsement of very different approaches. Mechanisms to harmonise national standards do not exist and the international debate on mutual recognition has proved to be very difficult. As a consequence, it is doubtful that a rigorous mechanism for recognising other certification initiative can be developed in the near future.

Summary discussion. Credibility is the cornerstone of any certification system. Credibility is achieved through a combination of sound, transparent, and international systems and standards, and a broad base of support from the international community.

This study has highlighted some very significant challenges for PEFC as it seeks to develop a certification system able to demonstrate that it can promote good forest management or contribute to sustainable development. Be it, *inter alia*, the lack of consistence between national schemes, the chosen governance structure, the approach to certification and the claims that are and can be made, the absence of well-defined appeals and dispute settlement mechanisms, all indicate potentially serious deficiencies.

Forest owners and the forest industry companies throughout Europe who are choosing between different certification systems available need to be aware of these significant weaknesses in PEFC, weaknesses which may seriously undermine its credibility in the marketplace and with NGO groups.

I. Introduction

¹ PEFC Technical document, Common Elements and Requirements of PEFC, Annex 1, PEFC Memorandum, Helsinki, 27 October 1998.

² Vallejo, N and Hauselmann, P. 2000. *Institutional Requirements for Forest Certification, a manual for stakeholders*, GTZ Forest Certification Project Working Paper 2, Eschborn.

³ e.g. the Q-label from Switzerland claims to be a PEFC member. No information on this, such as statutes, processes underway, standards in elaboration etc is available on the PEFC web site. However, the Q-label claims to have signed a contract that gives them the right to use the PEFC label on all their products. "The contract between PEFCC (Pan European Forest Certification Council) and HWK certification body (Q-Label Holz) was signed 26 September, 2000. With this, we have obtained the right to issue the European PEFC label along with the Q-Label to all forest companies that fulfil the requirements. ...The certificates issued previously will be replaced by the double certificate (Q- and PEFC label)". The Wedding is Perfect. *Wald und Holz* 1/01.

The Pan-European Forest Certification (PEFC) is a framework for endorsing individual national certification schemes in Europe. It was created by forest owners' associations, forest industry and trade representatives from Finland, Germany, France, Norway, Austria, in August 1998. A memorandum¹ was agreed and signed by the Steering Group in Helsinki two months later. Since officially launched, in Paris on 30 June, 1999, its Council (PEFCC) has endorsed national schemes from Finland, Sweden, Norway, Germany, and Austria.

PEFC credibility should be evaluated on its ability to ensure endorsed schemes have approaches and thresholds consistent with each other, and with the general framework. The whole system, judged independently from possible strengths of individual endorsed schemes, can therefore only be as strong as the weakest national scheme. Serious doubts have been expressed by key representatives of public interests, particularly key European NGOs, about the capability of the system to bring about better forest management at the ground level in Europe.

This report analyses the requirements of PEFC, the consistency of each national scheme within PEFC, as well as the requirements of PEFCC for endorsing national schemes, and therefore the overall relevance of the framework. It utilises a recent review of the institutional requirements for forest certification² as reference material. This review analyses existing international hard and soft law sources of key elements of forest certification.

Reference is made to international guides, policies and laws relating to sustainable development, WTO, ISO, as well as expectations of public interest groups. They are divided into general principles:

1. Evaluation of forest management that is environmentally sound, socially beneficial and just, and economically viable, thus promoting intergenerational equity and responsibility
2. Credibility to a large range of involved parties, including public interest groups; it must be non-misleading and transparent
3. Equal treatment / non-discriminatory trade impact
4. Independence from parties with vested interests
5. Provision of enforcement and complaints handling systems

This framework does not address performance issues, but deals only with institutional requirements. Further analysis has included aspects directly related to threshold requirements.

For easy reference, the present report structure follows those general principles. It has focused on some of the key aspects of forest certification in the context of sustainable development.

Transparency is critical for the credibility of any certification system and so public availability of some key documents is an essential factor. Publicly available documents have been analysed in this report while information about national schemes that are not yet endorsed by PEFCC has been omitted, although some are already making public claims.³

Summary tables are used throughout the report but by their very nature, tables have a limited capacity to convey complex arguments. Readers are therefore encouraged to refer to the more complete analysis provided in this report and to consult the "institutional requirements for forest certification" (already mentioned) to gain a better understanding of the technical and theoretical complexities of the issues raised.

II. A Glance at PEFC

PEFC - at Pan-European, national, and sub-national levels - is set up by the "Technical Document" and its annexes⁴, as well as by the PEFC Statutes. It has been developed on the basis of the Memorandum adopted by representatives of forest owners and industry organisations in October 1998, in Helsinki.

PEFC's stated purpose is "to promote an internationally credible framework for forest certification schemes and initiatives in European countries, in the first instance, which will facilitate mutual recognition of such schemes."⁵

2.1 PEFC objectives and guiding principles

PEFC has established seven objectives⁶ as set out below:

1. "PEFC is a voluntary private sector initiative based on a broad view among relevant interested parties on SFM [Sustainable Forest Management] at the national or regional level
2. It offers a Pan-European framework for the establishment of comparable national certification systems and their mutual recognition
3. It aims to strengthening and improving the positive image of forestry and wood as a renewable raw material
4. It contributes to the promotion of economically viable, environmentally appropriate and socially beneficial management of forests
5. It gives assurance to customers and the general public that forests certified under the program are sustainably managed
6. It is based on independent third party audit
7. It is based on regional certification levels and is open for other options if appropriate"

In addition, PEFC claims to be guided by, and mindful of, the nine principles⁷ below:

1. Sustainable Forest Management as a goal
2. Credibility
3. Non-deceptiveness
4. Open Access and non-discrimination
5. Cost-effectiveness
6. Participation that seeks to involve all relevant interested parties
7. Transparency
8. Subsidiarity
9. Voluntariness

As appropriate, these objectives and guiding principles are discussed in this report, in terms of both of their relevance for a forest certification system and the extent to which the PEFC system may adequately ensure compliance with them.

2.2 Members

The PEFC Council (PEFCC) is PEFC's governing body responsible for coordinating the implementation and assessing the conformity of national schemes and acting as the formal representative of the PEFC.⁸

National forest owner organisations are responsible for inviting national organisations to be part of the national governing body. These national bodies, set up to initiate and direct the implementation of the PEFC Scheme within their country, can apply for membership and are the **only** PEFCC full members.

The PEFCC General Assembly (GA), which is the highest authority of the organisation, decides on the acceptance or rejection of other associations - such as international organisations - as extraordinary members **with no voting rights**.⁹

Each national governing body is represented by one delegate, who may be

⁴ www.pefc.org PEFC Statutes, Contents of the Technical document, Common Elements and Requirements of PEFC: 1. Introduction, 2. Objectives, 3. Scope, 4. Elements and procedures for PEFC, 4.1 Certification Criteria, 4.2 Level of Application, 4.3 Certification Procedures, 4.4 Dispute Settlement Body, 4.5 Common Collective Trademark and Logo, 5. Organisational Arrangements of PEFC, 5.1 Pan European Level, 5.2 National Level, 6. Definitions, 7. Annexes - Annex 1. PEFC Memorandum, Helsinki, 27 October, 1998, Annex 2. Pan-European Criteria, Lisbon, 1998, Annex 3. Pan-European Indicators, Lisbon, 1998, Annex 4. Pan-European Operational Level Guidelines, Lisbon, 1998, Annex 5. Principles on PEFC Standard Setting and Procedures for Endorsement of PEFC Certification Schemes, Annex 6. Chain of Custody, Luxembourg, 2000, Annex 7. PEFC Logo Usage Guide, Luxembourg, 2000.

⁵ PEFC welcome page on www.pefc.org

⁶ PEFC Technical document, Common Elements and Requirements of PEFC, Annex 1, PEFC Memorandum, Helsinki, 27 October, 1998 and PEFC Statutes, Preambular Provisions

⁷ *ibid.*

⁸ PEFC Statutes, Article 2

⁹ PEFC Statutes, Article 3

¹⁰ PEFC Statutes, Article 5

¹¹ "less than 10 million m₃, between 10 and 30 million m₃ and more than 30 million m₃ annual cutting. The Internal Rules of Procedures will determine the range of votes later, according to the official UN ECE/FAO statistics" *PEFC Statutes*, Article 6

¹² PEFC Statutes, Article 6

¹³ Extraordinary members are: FEBO (The European Timber Trade/Retailers Association), CEPI (Confederation of European Paper Industries), CEI Bois (European Confederation of Woodworking Industries), ELO (European Landowners' Organisation), CEPF (Confederation of European Forest Owners) and UEF (Union of European Foresters)

¹⁴ PEFC Technical document, Common Elements and Requirements of PEFC, clause 3.

¹⁵ Pan-European Operational Level Guidelines for Sustainable Forest Management, Annex 2 of the Resolution L2. 2-4 June, 1998.

¹⁶ PEFC Technical document, Common Elements and Requirements of PEFC, Annex 5, Guidelines on PEFC Standard Setting and Procedures for Endorsement of PEFC Certification Schemes

¹⁷ PEFC Technical document, Common Elements and Requirements of PEFC, Annex 5, Guidelines on PEFC Standard Setting and Procedures for Endorsement of PEFC Certification Schemes, clause 2.1. PEFC Minimum Requirements

accompanied by other representatives as observers.¹⁰ "All members have between one and three votes, according to the annual cutting categories."¹¹ However, **any decisions, binding the PEFC financially or politically have to be decided in the Board of Directors** and have to be signed by the Chairman and the Secretary General.¹²

The main role of the GA is to adopt and to revise the statutes of PEFC and to amend and revise technical documents and procedures. Most decisions are taken by simple majority. However, the dissolution of the organisation and the modification of Statutes require 2/3 of the votes, while the change of one of the objectives requires a 3/4 majority.

PEFC is administered and managed by a Board of Directors (BoD) which comprises the Chairman of the PEFC, two Vice-Chairmen and between two and eight members who are elected by the GA. **"The constitution of the Board members should intend to reflect the major interested parties who support the PEFC, the geographical distribution of the members and the diversity of their annual cutting categories."** The BoD takes its decisions by simple majority.

PEFC current members are:

1. PEFC Austria
2. WoodNet asbl -Belgium
3. The Council of the National Certification Centre – Czech Republic
4. PEFC Denmark
5. PEFC France
6. The Forest Certification Council, Finland
7. PEFC Germany
8. PEFC Council of Ireland
9. PEFC Latvia
10. PEFC Norway
11. Conselho Da Fileira Florestal Portuguesa, Portugal
12. CEF (Certificación Española Forestal), Spain
13. Swedish PEFC Co-operative
14. PEFC Switzerland.

Environmental and social interests are not members although they could in theory apply as **extraordinary members without voting rights**.¹³ The practical implications of the PEFC governing system will be analysed and discussed in detailed in part IV of this report.

2.3 PEFC common elements and minimum requirements

The following extracts from PEFC summarise the minimum requirements for endorsement and standard setting.

"In order to ensure a sufficient degree of equivalence and comparability, minimum requirements are defined for the following aspects of forest certification:

- the certification criteria
- the application
- the audit- and certification procedures
- the chain of custody verification
- product labelling"¹⁴

"Concerning the process of **standard setting**, the underlying elements are as follows:

- The certification criteria to be used in PEFC are based on the PE C&I as a common framework.
- The individual countries are free to further elaborate these indicators at the national level.
- The Pan European Operational Level Guidelines¹⁵ (PEOLG) will form the reference basis when national and regional certification criteria are elaborated.
- Laws & regulations have to be respected."¹⁶

2.4 Procedures for endorsement of PEFC Certification Schemes

The endorsement of a national, regional, or other sub-national scheme by PEFC entails the submission by the owner of the scheme of a series of documents that will be posted on the European PEFC website to allow for comments.¹⁷ These documents include:

- a checklist completed by the applicant,
- a description of how PEOLG have been used as a reference basis,
- a description of the standard development process,¹⁸
- a description of the scheme's level of applicability (individual, group, regional), and
- a description of certification procedures.¹⁹

2.5 PEFC Chain-of-Custody verification and the use of PEFC-logo

PEFC has developed a series of rules governing the system of tracing products from certified forests to the consumers. These require the system to be certified by an independent third party.

Three alternative approaches for the chain-of-custody verification are envisaged. Two of these are based on inventory control and accounting of wood/material flows and the third is based on physical separation:

- Input/output system (%-in/%-out)
- Minimum average percentage system
- Physical segregation

The input/output approach means that when a known percentage of PEFC certified wood enters into processing, the same percentage of the production output is considered to be certified. In the minimum average percentage approach the total batch of products can be labelled as certified when the amount of certified wood in the input batch exceeds 70% by volume or by weight for all forest based products.

Physical separation comprises segregating wood from different origins physically in all the phases of transportation, production and distribution.

The PEFC logo can be used with or without claims, on or off products. Further description of PEFC CoC and logo use rules can be found in § 4.2.13.

¹⁸ "1.1 Development Process on National, Regional, or any other Sub-national level. A Forum (e.g. working group, committee, council) shall be created to which relevant interested parties in the process are invited to participate (e.g. forest owners, forest industry, ENGOs, retailers, trade unions etc.). The steps when elaborating the above are as follows:

- 1.assessment of the relevance of SFM elements
- 2.interpretation of SFM elements in the national situations
- 3.definition of SFM elements

Transparency: During the preparation of certification criteria by the Forum, draft documents should be made available to interested parties who requested.

A Pilot study can be a useful mechanism in helping the development of the process.

Consensus: A consensus shall be the objective, but not a precondition, to decide on the certification criteria.

Consultative Process: A reasonable amount of time must be provided for, to allow consultation on the final draft certification criteria, prior to a final decision being made. Certification criteria will be periodically reviewed in the light of new scientific knowledge and a continuous improvement is aimed at.

The above process shall be adhered to when certification criteria are periodically reviewed" *Procedures for Endorsement of PEFC Certification Schemes* (Procedures for endorsement take ISO Guides 61 and 62 into consideration).

¹⁹ The requirements for the auditing and certification procedures are mainly based on EN 45011, General Requirements for bodies operating product certification systems), EN 45012, General requirements for bodies operating assessment and certification/registration of quality systems, and EN 30011-2, Qualification criteria for quality system auditors. Those constitute the European application of ISO Guides. PEFC Technical document, Common Elements and Requirements of PEFC, Annex 5, Principles on Standard Setting and Procedures for Endorsement of PEFC Certification Schemes, clause 2.5 Certification Procedures

III. Analysis of PEFC Endorsement System

²⁰ Pan- European Criteria and Indicators for Sustainable Forest Management, Annex 1 of the Resolution L2. 2-4 June, 1998.

²¹ For further details on definitions, differences and implications of system and performance approaches, please refer to Vallejo and Hauselmann. 2000.

²² Pan- European Operational Level Guidelines for Sustainable Forest Management, Annex 2 of the Resolution L2. 2-4 June, 1998.

²³ Third Ministerial Conference on the Protection of Forests in Europe, Resolution L2, 2-4 June, 1998

²⁴ Pan- European Criteria and Indicators for Sustainable Forest Management, Annex 1 of the Resolution L2. 2-4 June, 1998.

²⁵ *ibid.*

The endorsement system is central to the PEFC. The system determines the capacity of PEFC to serve as “a Pan-European framework for the establishment of comparable national certification systems and their mutual recognition” (PEFC second stated objective). It also determines the overall level of performance.

PEFC, as a harmonising framework, has to be evaluated on its own minimum demands. However, certain national PEFC schemes have more stringent requirements on some aspects than the overall framework, as discussed below. The following analysis is primarily based on common elements and requirements, technical documents, and annexes that set the baseline for endorsement of differing national schemes by PEFC.

The discussion of the PEFC endorsement system focuses on the following areas:

- Performance and system requirements
- Its implications at the forest level
- Endorsement process
- Chain-of-custody requirements

3.1 Performance and system requirements

The PEFC system is based on the Pan European Criteria and Indicators,²⁰ as agreed by governments in Lisbon in 1998. These C&I are divided into six criteria defining, for European governments, what is SFM at the national level. This constitutes the common framework for PEFC. It is clearly system-based, i.e. no performance (threshold) is required.²¹

Additionally, there is a “recommendation” for PEFC national schemes to follow the Pan European Operational Level Guidelines²² (PEOLG), as a reference basis to set standards. The Third

Ministerial Conference on the Protection of Forests in Europe (Lisbon, 2-4 June, 1998) endorsed the PEOLG as a framework of recommendations that can contribute to improving sustainable forest management. Adaptation of the PEOLG into varying national, geographical, socio-economic and environmental conditions should be done with the participation of interested parties.²³

Some elements of PEOLG are related to performance. However, they are all formulated in a conditional instead of a prescriptive mode (“should” instead of “shall”). Furthermore the repeated use of wording such as “where appropriate” and “provided that conditions are adequate” make such elements less binding. This acts to further weaken the link between PEOLG and actual performance as a whole.

PEFC endorsement requirements do not insist PEFC national standards are performance based. There is no threshold established by PE C&I. PEFC criteria must only be “based on” the Pan European Criteria and Indicators²⁴, as agreed by governments in Lisbon as a “common framework.” Not even the weak performance elements in the PEOLG have to be maintained at the national level, since they only form a “reference basis.”

The purpose of PEOLG “is to identify complementary actions, at the operational level which will further contribute to sustainability of forest management. This [...] must respect forest and environmental legislation, decisions on protected areas, other general principles, as well as codes for forest practice **such as standards** used for forest management in any given country” [emphasis added].²⁵

This may have required from PEFC, if it were following consistently PEOLG, to use FSC Principles and Criteria as the

only existing international standard for forest certification.²⁶ At a minimum, where FSC national standards are already operational, e.g. Sweden, these standards should have been considered and/or adopted by PEFC, as a direct injunction of PEOLG. In the documentation of some national schemes, FSC P&C are only vaguely referenced. In others, they are not at all. These facts suggest that the link between PEOLG and PEFC standards is extremely tenuous and that national PEFC standards are not consistently reflecting the PEOLG.

In fact, the PEOLG stresses that "...all guidelines may not be necessarily relevant for all levels, all types of forest, or ownership categories."²⁷ This statement suggests the possibility of important deviations from these guidelines while allowing claims of conformance with them to be made.

The only performance threshold identified within PEFC endorsement requirements relates to legal compliance.²⁸ However, this refers only to the standard setting process. A clear requirement that legal compliance should be included in the requirements and thresholds set by the national standards is nowhere to be found. The checklist used for assessing schemes against PEFC rules²⁹ for endorsement purposes has no question related to legal compliance of certification applicants. The weakness of the formulation has allowed the development of PEFC endorsed national schemes where legal compliance is not part of the certification audit, as illustrated by the following examples.

PEFC Austria assumes that legal compliance is fulfilled and therefore does not require it to be checked: "obeying general and forest-related laws is considered to be a minimum requirement and thus has not been formulated as separate indicator for sustainability in forest management."³⁰

In Finland (FFCS), while "sampling-based field inspections are carried out to ensure the enforcement of forest legislation"³¹ and "if the criteria in the Forestry Centre's area of jurisdiction are to some extent not realised, the applicant must present remedial measures."³² FINAS³³ in its analysis of FFCS notes that no clear procedures exist to ensure that all this will happen and legal compliance will be ensured.³⁴

All PEFC requirements in term of endorsement, as well as standard setting process, are system requirements.³⁵

The conclusion from the above is that, even if some components of the PEOLG and individual national PEFC schemes have some elements of performance, PEFC itself is not performance based.

3.2 Implications at the field level

Some of the PEFC endorsed national schemes that have been reviewed³⁶ have designed thresholds for their national standards or criteria. The extent to which those thresholds or performance elements are used as the basis for auditing is of great importance. The certification (auditing) procedures determine whether performance elements will produce the desired result at the field level.

A growing amount of literature, both in the United States of America and in Europe, suggests that environmental performance cannot solely be assessed through an audit based on environmental management systems standards and procedures (EMS), "An analysis of information from 280 European companies at 430 production sites turns up no statistically significant relationship between better environmental performance and certification either to ISO 14001 or EU's ecomanagement and audit scheme."³⁷

²⁶ WTO TBT requires governments to ensure that national private standard setting bodies conform with its requirements. One of those is that national standardising bodies take part in the work of relevant international standard setting bodies and that they use the relevant part of international standards in the development of national standards, TBT Annex 3. The relevance of governmental C&I as a reference basis for the development of national standards is questionable also, as further developed in § 4.3.4

²⁷ Pan-European Operational Level Guidelines for Sustainable Forest Management, Annex 2 of the Resolution L2. 2-4 June, 1998.

²⁸ "National laws, programmes and policies have to be respected." These requirements refer to "The underlying Elements for Developing Certification Criteria for national, regional or other sub national level ..." only. *PEFC Technical document*, Annex 5.1, Guidelines on PEFC standard setting "Certification criteria will respect the relevant legal requirements, national policies and programmes." *PEFC Technical document, Common Elements and Requirements of PEFC*, clause 4.4.1 – Basis for certification criteria. The formulation does not clearly state that legal compliance is required from the forest management.

²⁹ PEFC Council check list for certification schemes applications

³⁰ PEFC Austria, Criteria and Indicators for SFM #4, structure of the catalogue, Appendix 1

³¹ Finnish Forest Certification Project, FFCS, Development Process, clause 3.4, Data collection, 19 November, 1998.

³² FFCS, Objectives and application of certification scheme at alternative implementation levels, Conditions for the acquisition of a certificate for applying group certification at the Forestry Centre level in the Technical Document SMS 1001, clause A3

³³ The Finnish national accreditation body

³⁴ "According to the procedures of the certification body **it is possible to grant a certificate even though all the observed non-conformities from the requirements have not been corrected**, [thus] the certification body must have procedures and detailed criteria to grant the certificate in such cases. The long-run nature of forest management, possibility of starting corrective actions and risk that the corrective actions do not possibly however materialise shall be taken into account in the criteria. There shall be a scheduled programme for corrective actions and the certification body shall monitor the materialisation of the programme at least annually". *Draft Guidelines for Accreditation of Forest Certification*. Centre for Metrology and Accreditation, FINAS, guidelines metser08060korjattu(eng)29060, June 2000.

³⁵ PEFC Technical document, Common Elements and Requirements of PEFC, Annex 5,

Guidelines on PEFC Standard Setting and Procedures for Endorsement of PEFC Certification Schemes

³⁶ PEFC endorsed schemes: Finland, Norway, Sweden, Germany, Austria - plus, not yet endorsed, France, Switzerland, Latvia, and Spain

³⁷ No Link Found between Management Systems and Performance. *Business and the Environment*, BATE's ISO 14000 Update, 2001. Vol. VII, No 1. Global News & Analysis of EMS Developments from Cutter Information Corp, Arlington, USA. www.cutter.com/environment/

³⁸ United States Environmental Protection Agency. August 1999. *Draft Report on Environmental Compliance and Performance of ISO 14001 – Certified Facilities*, Office of Enforcement and Compliance Assurance

³⁹ Morison, J, Kao Cushing, K, Day, Z and J, Speir. 2000. *Managing a Better Environment - Opportunities and Obstacles for ISO 14001 in Public Policy and Commerce*. Pacific Institute for Studies in Development, Environment, and Security, Oakland.

⁴⁰ FFCS, Annex 13 (Ty4rap.doc) Sertifiointitoiminnan ohjeistaminen (audit guidelines), 19 November, 1998.

⁴¹ FFCS, Annex 1, (Ty4rap.doc) Sertifiointitoiminnan ohjeistaminen (audit guidelines), November, 1998.

⁴² "Two sets of Audit Guidelines were prepared, one to be applied at the level of region of Forestry Centre and the other one at the level of Forest Management Association. The former one is included in a separate report, "Draft Finnish Forest Certification Standards", while the latter is available in Finnish only. The two documents are largely similar. A separate audit guideline was not deemed necessary for the certification of individual forest holdings because of the **straightforward nature of the criteria requirements**" [emphasis added]. "The guidelines are not binding for external auditors in assessments, but they are expected to facilitate the implementation of audits. The requirements of the certification standard, in particular the assessment criteria, are the basis for external audit, and these requirements are interpreted by certification bodies as appropriate in local conditions." *Finnish Forest Certification Project, Objectives of Audit Guidelines, Development Process and Elements*, clause 3.2 Helsinki, 19 November, 1998.

⁴³ FFCS Annex 11, (Ty2rap.doc) Ryhmäsertifiointin säännöstön laadinta (group certification), November, 1998.

⁴⁴ PEFC Norway Certification Scheme Application, Oslo 30 November, 1999, chapter 3.0 and INDUFOR, Conformity Assessment of the Norwegian Living Forest Standard with PEFC Requirements. April 2000, p 11-13.

⁴⁵ "Where natural conditions exist, stable edges of forest must be maintained and developed surrounding valuable cultural land-

In the USA "a U.S EPA Office of Enforcement and Compliance Assurance study³⁸ of 133 ISO-certified facilities in the United States found that approximately 20 percent had significant environmental violations from 1995 to 1997. Of those significant violations, the study found that 63 percent were in significant violation for a period of a year or more."³⁹

Sweden

The Swedish PEFC system is known as "performance based". Both the national and regional standards give performance levels to be implemented at the FMU for most criteria. The national document serves as the baseline and some elements are more specific and/or stronger in regional documents. However, many aspects consist of general statements, with undefined elements that are subject to interpretation.

PEFCC has apparently endorsed the system without review of those standards, which are crucial in terms of field level performance. It is not clear if documents in Swedish are acceptable for the endorsement procedure, since PEFCC require English as the working language and the Swedish documents are not part of those on the PEFCC website reporting on the endorsement documentation. The regional documents were actually finalised in Sweden after the endorsement of the national PEFC scheme by PEFCC.

Guidelines for certifiers have not yet been defined. However, 1.3 million ha have already been certified in Sweden, leaving a great deal of uncertainty about where and how performance levels are applied in field assessments.

Having separate performance levels for regional standards is justified first on the different ecological conditions that exist between regions (though the borders correspond to the borders between forest owner associations and not

biogeographical ones). Secondly, on economic profitability and growth conditions in different parts of Sweden (e.g. forest owners in northern Sweden cannot carry the same environmental standards due to less profitable forest operations).

Finland

The Finnish PEFC Scheme (FFCS) has not defined any new standard. It has used a pre-existing standard, developed within another framework to be used under specific procedures. This standard has some performance-based criteria, which are the baseline for certification, but thresholds are not defined. PEFC Finland has left it to auditors to make a site-specific decision.⁴⁰ The Audit Guidelines also do not provide thresholds and have not been developed for certification of individual forest holdings.⁴¹

The Guidelines for the level of region of Forestry Centre clearly do not request thresholds to be fulfilled. As stated in FFCS, these "guidelines are not binding for external auditors in assessments". The "requirements are interpreted by certification bodies as appropriate in local conditions". Thus there is no strict requirement to fulfil the criteria. At the level of the Forest Management Association a "largely similar" Guideline was developed,⁴² which is only available in Finnish.⁴³ These situations may imply the creation of a conflict of interest for certification bodies if thresholds become a negotiation between the CB and the applicant.

Norway

The "Living Forest Standard", now known as the PEFC Norway standard, also claims to be performance based.⁴⁴ However, most provisions are open to interpretation.⁴⁵ Certification is carried out within the framework of an EMS audit (ISO 14001 or EMAS).⁴⁶

This means that possible performance requirements (environmental objectives) need not be checked - only the mechanisms that are supposed to achieve such objectives are verified.

The limitations of this approach have been accepted by the certification body (Det Norske Veritas – DNV) that has carried out certification audits in Norway: “DNV agrees with WWF that the Standard for Sustainable Norwegian Forestry should be improved”. ... “DNV commented that the **standard’s wide room for interpretation was a weakness even before the work of certifying according to the standard started**. However, DNV was of the clear opinion that, in order to achieve an improvement of the routines and thereby more environmentally friendly operation in the Norwegian forestry industry, it was important for certification work to start”. ... “In our experience, which is based on our extensive Norwegian and international certification operations, **environmental certification based on continuous improvement principles contributes to exactly that – a gradual improvement**. The environmental certification of Norwegian forestry is no exception to this” [emphasis added].⁴⁷

Continuous improvement as the only achievement of certification is one of the most evident characteristics of a system-based approach. The Norwegian Metrology and Accreditation Service confirmed this in a letter to WWF that describes the use of the Living Forest Standard as an “environmental management system”.⁴⁸

Austria

The Austrian scheme mainly relies on two documents - the guidelines⁴⁹ and the C&I for SFM⁵⁰ in Austria. The guidelines contain performance elements, which have allowed the Austrian scheme to be described as performance based. However, closer inspec-

tion of the procedures reveals that only the C&I, who are system based, form the basis for regional, group and individual certification.⁵¹

To issue a certificate for a region it is not necessary to meet the Guidelines and the findings of field inspections are only “taken into account” at the re-audit after five years. Thus, no changes are required for 5 years, and at best, the Austrian scheme may become performance based five years after initial certification.⁵² At current rates of certification in countries where PEFC is operational, it is reasonable to assume that all Austria will be certified under PEFC well before any performance requirement is applied.

Germany

The case for PEFC Germany seems similar. The certificate is issued before a field assessment is carried out and regions have been certified more than one year without being sampled. Non-conformity with a performance requirement will only lead to “information”, which takes away the relevance to performance.⁵³

As stated above the endorsement mechanism does not require PEFC national schemes to be performance based or to assure that thresholds are actually used within a certification assessment process.⁵⁴ The use of an ISO 14001 or EMAS certification, even with performance objectives inscribed within the environmental policy of an organisation will not guarantee that these performances are met in every instance. Thus PEFC must be considered as system based.

scapes through forest management and cutting practices.” *Living Forest Standard*, Report 11, 2.4, p 8. “A multiple level border zone must be maintained or developed against water and watercourses where natural.” *Living Forest Standard*, Report 11, 2.23, p 14.

⁴⁶ INDUFOR. Conformity Assessment of the Norwegian Living Forest Standard with PEFC Requirements. April, 2000.

⁴⁷ Letter from Odd P. Torset, Regional Manager, Det Norske Veritas in Norway to WWF Norway, 13 November 2000, Ref. Journal 9432.

⁴⁸ Norwegian Metrology and Accreditation Service, letter with attachment to WWF-Norway, 26 September, 2000. Ref 00/1010-NB/67

⁴⁹ PEFC Austria, Guidelines for Sustainable Forest Management in Austria, appendix 2b, amended 31 July, 2000.

⁵⁰ PEFC Austria, Criteria and Indicators for Assessing Sustainable Forest Management in Austria, appendix 1

⁵¹ PEFC Austria, Forest Certification in Austria: System Description, clause 6.2.2.2, amended 31 July, 2000.

⁵² “[...] are the data on sustainable forest management in the enterprise/group of enterprise correct in content (Criteria and Indicators: Appendix 1) and have the targets [set by the applicant] been met (in the case of re-audits). This is done in **connection** with the Guidelines for Sustainable Forest Management (Appendix 2) in the respectively valid version.” *PEFC Austria, Forest Certification in Austria: System Description*. Clause 6.2.2.2, amended 31 July, 2000.

⁵³ PEFC Germany System description, Annex 5, Evaluation Matrix

⁵⁴ PEFC Technical documents, Common Elements and Requirements of PEFC, Annex 5, Guidelines on PEFC Standard Setting and Procedures for Endorsement of PEFC Certification Schemes, 2.1. PEFC Minimum Requirements

⁵⁵ PEFC Council Check List for Certification Scheme Applications, Part 1 – Check list on the development Process of National, Regional or Any Other Subnational Level

⁵⁶ FORM Ecology Consultants and Forest Resources Management. 2000. PEFC Conformity Assessment Report of the Swedish PEFC Forest Certification Scheme. Final Evaluation Report, chapter 2, 2.3. Results, p 14.

⁵⁷ FORM Ecology Consultants and Forest Resources Management. 2000. PEFC Conformity Assessment Report of the Swedish PEFC Forest Certification Scheme. Final Evaluation Report, chapter 3, 3.5. Consensus, p 16.

⁵⁸ FORM Ecology Consultants and Forest Resources Management. 2000. PEFC Conformity Assessment Report of the Swedish PEFC Forest Certification Scheme. Final Evaluation Report, chapter 3, 3.9. Conclusion, p 16.

⁵⁹ Letter from WWF Norway to Det Norske Veritas. "Weakened confidence in DNV's (Veritas in Norway) environmental certification of Norwegian forestry based on 'ISO 14001 according to Living Forest'/PEFC. At the latter stages of the Living Forest (LF) process, in 1998, WWF emphasised that the Living forest (Levende Skog) standard are not sufficiently developed for certification. Later WWF has pointed out, in letters dated 7 December, 1999 and 29 March, 2000, that the environmental certification of forest based on 'ISO 14001 according to Living Forest' does not adequately guarantee the conservation of biological diversity nor the compulsory environmental quality of the certified forestry." (translation), 2 November, 2000.

3.3 Endorsement process

The endorsement of national schemes by PEFC is mainly based on a checklist filled in by the applicant scheme, and a report on the application and checklist by a consultant. The checklist eludes any substantive aspects, e.g. related to consultation: "Has a Forum been created to which interested parties in the process have been invited to participate and indicate which of these participated in the process?" "Consensus shall be the objective, but not a precondition, to decide on the certification criteria. Has a consensus been reached?"⁵⁵ There is no question related to the outcome of the consultation, where and how to identify interested parties, etc. The limitations of this approach are best shown in the following examples.

In Sweden, the consultant's report recognises, in relation to the views and positions of ENGOs and the Sami people organisations, that "this is an important issue that will however be very difficult to solve not only because of the different interest of the two groups, but maybe even more given the current position taken by the two groups (Sami people only support FSC, and some forest owners have gone to court [to contest Sami rights to access grazing land for their reindeer]) which makes an open dialogue on these problems very problematic."⁵⁶

"3.5 Consensus: The environmental organisations and the Sami people organisations support FSC only and do not want to participate in PEFC. **There are several reasons** for this, but one reason is, that **they will not have holding power in decision-making**. This comment is in line with the comment made by the Forest and Wood workers' Union. **Given these circumstances it has not been possible to achieve consensus among all stakeholders.**" [emphasis added]⁵⁷

"3.9 Conclusion. " ... However, PEFC Sweden has given the different stakeholders the possibility to participate (**as required by PEFC**). It is therefore very easy to criticise PEFC Sweden for lack of balance in the process, but this is also unavoidable given the position taken by the environmental NGOs and Sami people organisations. **The consultants conclude that PEFC Sweden is open for consultation of all relevant parties.**" [emphasis added]⁵⁸

In Norway, the initial consultation on the Living Forest Standard (LFS) was conducted in a framework that was neither related to certification, or PEFC. In fact, the whole process took part before PEFC was even designed or launched. When the scope of the project moved towards certification, WWF was still part of the drafting group but did not accept the proposed standard as sufficient for certification purposes and expressed this through several written communications.⁵⁹ These communications have apparently been ignored. Nevertheless, consultation was deemed adequate and consensus reached in the framework of PEFC, thus allowing endorsement of the Norwegian scheme by PEFC.

This approach to endorsement may favour misleading claims about consultation. An example is the claim that WWF Norway participated in the consensus about the "Norwegian PEFC standard", as mentioned above. In the Finnish application to PEFC, WWF Finland (among other environmental organisations) is indicated as having taken part in the development of the Finnish standard. However, no indication is given that they ever signed the final PEFC Finland standard and system. Environmental NGOs participated in the development of a scheme for Finland, whose objective was to develop an initiative that was compatible with FSC. When it became clear that this compatibility was never to be

tested, some NGOs withdrew from the process in April 1997, and others in April 1998.⁶⁰

It is also worth noting that the PEFC endorsement mechanism leaves the door open for certification bodies that are not accredited.⁶¹ In some cases, the PEFC General Assembly (GA) can evaluate the adequacy of certification bodies without accreditation, thus creating for PEFC an accreditation function. There is, however, no procedure to this effect. At the same time it should be emphasised that accreditation in the individual countries does not have to be PEFC specific. Currently only PEFC Finland has a draft accreditation manual, which is not yet accepted.⁶² PEFC Germany, for example, decided not to have PEFC-specific accreditation for cost reasons.⁶³ All of this may have significant implications for the quality of auditing within the PEFC system.

Further studies, outside the scope of the present one, should be made to reach conclusion whether accreditation for system-type certifications (EMAS or ISO 14001/9000) ensures adequate and consistent qualification for certification bodies to carry out forest management certification.

PEFC in Norway or Sweden does require such a specific accreditation. However, the special accreditation mechanisms have not yet been developed, which has still not prevented certification being carried out.

In Finland 95 % of the country⁶⁴ has been certified under PEFC although accreditation is not operational. In Norway, the Norwegian Metrology and Accreditation Service (Norwegian Accreditation is a subdivision of this organisation) has invited WWF Norway to participate in a certification committee, which would include representatives from the certification bodies, environmental organisations, governments,

forest associations and their customers. It is proposed that "... the goal of the sector committee is to give advice and recommendations in order to contribute to secure the market's confidence to certificates regarding environmental management systems for forestry issued under the Norwegian accreditation system ..."⁶⁵

3.4 Conclusions

PEFC has very flexible requirements for endorsement. The endorsement mechanism is largely system-based, i.e. it only verifies that certain procedures exist, without concerning itself too greatly about checking results actually achieved.

PEFC does not require a performance approach from national schemes, and most are based, more or less openly, on a system approach to forest management certification.

⁶⁰ WWF Finland, Press Release 7 October, 1997; Finnish Nature League, Finnish Association for Nature Conservation, WWF Natur och Miljö, Birdlife Finland, Press Release, 23 April, 1998 "The National Forest Certification is not Supported by Environmental NGOs"; Joint press release by Finnish environmental organisations on FFCS, 27 October, 1998 "Finnish environmental organisations do not support the certification initiative promoted by forest industry and private forest owners—the level of standards in the Finnish self-certification initiative is inadequate for environmental NGOs".

⁶¹ "Accreditation bodies must be accredited by national accreditation bodies so as to ensure the credibility of the certification work and to facilitate mutual recognition. **However, where for some reason this is not possible or practical and an adequate credible alternative exists, a special application, requesting exemption from this clause and outlining the alternative procedure to ensure credibility, can be made to the General Assembly of the PEFC.**" [emphasis added]. *Pan European Certification Framework – Common elements and requirements – technical document clause 4.3.3 & Rules for the Verification of the Chain of Custody of Wood – Annex 6, clause 4*

⁶² Centre for Metrology and Accreditation, FINAS. Draft Guidelines for accreditation of forest certification, guidelines metser08060korjattu(eng)29060, June, 2000.

⁶³ Teggelbekkers, D. 2000 in Sprang, P. *Aspects of Quality Assurance under the Certification Schemes FSC and PEFC*, Freiburg, January, 2001.

⁶⁴ PEFC Finnish Forest Certification Council, Press Release, 25 January, 2001.

⁶⁵ Norwegian Metrology and Accreditation Service, letter with attachment to WWF-Norway, 26 September, 2000.

IV. PEFC in the Context of Sustainable Development

⁶⁶ PEFC Technical document, Common Elements and Requirements of PEFC, Annex 1, PEFC Memorandum, Helsinki, 27 October, 1998.

⁶⁷ Living Forest Standard, Report 11, 2.2. Areas of Biological Importance – Key Biotopes

⁶⁸ e.g. WWF statement at the third Ministerial Conference on the Protection of Forests in Europe, Lisbon June 2-4, 1998.

4.1 Evaluation of forest management that is environmentally sound, socially beneficial and just, and economically viable, thus promoting intergenerational equity and responsibility

PEFC objective 4 speaks of contributing “to the promotion of economically viable, environmentally appropriate and socially beneficial management of forests”. In addition a guiding principle is “sustainable forest management as a goal.”⁶⁶

To reflect environmentally sound, socially beneficial and economically viable forest management, a certification system should, *inter alia*:

- embody the Precautionary Principle (Rio Declaration, CBD, Public Interest)
- embody an holistic approach, in terms both of forest values and geographically (Rio Declaration, Forest Principles, Caring for the Earth)
- be equitable and recognise indigenous people, local communities and workers rights (Rio Declaration, Forest Principles)
- be target oriented and effective in reaching its objectives

The assessment of the level of requirements of PEFC national standards falls outside the scope of this study. However, the adequacy of a system approach to certification, for credible and non-misleading communication of environmental performance at the field level must be questioned, as explained in this report.

4.1.1 Precautionary Principle

The Precautionary Principle (PP) is a fundamental legal and scientific element of conservation that can be found in such legally binding convention as the CBD. It asks that precautions be taken to conserve environmental and social values even if there is doubt that certain operations will harm these

values, and the proof cannot be rigorously scientifically substantiated. It is thus an important principle in situations where uncertainty and lack of knowledge impeach the use of risk assessment methodologies. It can take the form of no action - for instance no forest harvesting in a potential “key biotope” if there are doubts that the operation will be safe.

No reference to the “Precautionary Principle” (PP) or a precautionary approach is found in PEFC documents. Such elements have been found to a certain extent in some national PEFC schemes, like in Norway, in relation to key biotopes. “Until the key biotopes are registered for a specific property, a cautious approach shall be taken and the values in likely key biotopes should be protected until competent professionals can make a registration.”⁶⁷ However, as a harmonising framework, PEFC does not require any reference to the PP and few national schemes mention it.

4.1.2 Holistic approach

As already mentioned, PEFC uses the Pan European C&I and PEOLG as a harmonising framework. The C&I and the PEOLG only broadly address issues related to the ecological and socio-economic aspects of forest values, product and services. Ministers at the third Ministerial Conference on the Protection of Forests in Europe, in Lisbon, were criticised by environmental NGOs for the lack of relationship between the PE C&I and the PEOLG, and performance, including specific targets to be reached and the emphasis on, *inter alia*:

- socio-economic issues at the detriment of biodiversity conservation and/or enhancement
- the subjacent implication that SFM is a fact in Europe, while some studies have indicated to the contrary,
- lack of resolution regarding protected areas.⁶⁸

Critics have also referred to the lack of participation at the national level.

In the case of the Norwegian “conformity assessment” for endorsement, it was considered that **“PEOLG are aimed at production forests and they do not address the issues related to total protection of forest (excluded from all commercial activities.”** [emphasis added]⁶⁹

The scope of PEFC, by its very name, is European only. Therefore, the global dimension of a holistic approach is missing. The declared intention of PEFC to establish mutual recognition (MR) with non-European schemes/systems is aimed at circumventing this limitation. However, global mutual recognition for forest certification is still a concept. If it materialises in the near future it is unlikely to do so on the basis of a rigorous framework (see chapter V).

Many, including environmental NGOs, question the ability of a system-based approach (such as PEFC) to ensure that management of certified forests fits within a holistic framework. “The Viken and Nidara cases reveal crucial insufficiencies in the DNV’s environmental certification of Forestry” state WWF Norway in the letter to Det Norske Veritas.⁷⁰ This doubt can be reinforced by the fact that the Pan European C&I and the accompanying operational level guidelines only form a framework for PEFC national schemes. There is no hierarchical framework to internalise, and make operational, the holistic approach from the European to the FMU level. This means that there is no causality between the PE C&I, the PEOLG, the standards developed by national PEFC schemes and the forest management assessment in the ground.

Although national schemes may have some special provisions for critical forest issues such as logging in old growth or high conservation value

forests, the use of GMOs or chemicals, or clear cutting,⁷¹ the PEFC common elements and minimum requirements have no such provisions. These are, however, critical issues for civil society, including consumers and ENGOS. There are a number of examples where this lack of special provision, or the inability of the certification process to ensure the application of special provisions, has led to the certification of forest where questionable operations were conducted. Examples include the logging of old growth forest in the Kainuu region (Finland), disputes with the Sami people in Lapland in a habitat of the threatened Siberian jay bird in the Virat area (southern Finland), in high conservation biotopes in Norway (see example above). In two of these cases the pressure of ENGOS has either lead to the suspension of the certificate (Norway) or the stopping of logging operations (Virat area). These are only a few among the growing number of cases where environmentally damaging operations were certified under PEFC.⁷²

4.1.3 Equitability

Criterion 6 of PEOLG states: “Property rights and land tenure arrangements should be clearly defined and established for the relevant forest area. Likewise, legal customary and traditional rights related to the forest land should be clarified and respected.”⁷³ There is no reference to workers’ rights, nor specifically to indigenous people or local communities. Outside of a reference, in the introduction, to international conventions such as ILO, the Convention on Biological Diversity (CBD), or the Biosafety Protocol, (all of which contain key legally binding provisions in realising all these rights in the context of sustainable use), none have been directly incorporated into the guidelines themselves.

⁶⁹ INDUFOR. Conformity Assessment of the Norwegian Living Forest Standard with PEFC Requirements. April, 2000. p 9.

⁷⁰ WWF Norway’s letter to Det Norske Veritas, 2 November, 2000: “Weakened confidence in DNV’s (Veritas in Norway) environmental certification of Norwegian forestry based on ‘ISO 14001 according to Living Forest’/PEFC”

⁷¹ e.g. Germany has requirements against clear cutting, chemicals should be minimised in Sweden, genetically modified material must be avoided in Norway, old individual trees and rare tree species are maintained, if possible, as are cells and groups of trees in Austria

⁷² e.g. Liimatainen, M and Harkki, S. 2001. *Anything Goes? – Report on PEFC Certified Finnish Forestry*, Greenpeace and the Finnish Nature League, Helsinki

⁷³ Pan-European Operational Level Guidelines for Sustainable Forest Management (PEOLG), criterion 6.1 b Annex 2 of the Resolution L2. 2-4 June, 1998.

⁷⁴ “Strengthening and improving the positive image of forestry and wood as a renewable raw material” Principle 3; “Contribution to the promotion of economically viable, environmentally appropriate and socially beneficial management of forests” Principle 4; “Provision of assurance to customers and the general public that forests certified under the program are sustainably managed” Principle 5.

The relevant International Labour Organization (ILO) Conventions, in relation to workers, have only recently been added into the PEFC common elements and requirements (Luxemburg, 26 January, 2000). However, how they are to be incorporated into the national standards is not clear. It is not stated as a requirement that should become part of the national standards and field level assessment, nor is it clarified if this new provision will be retrospective in national schemes already endorsed.

The link between PEOLG and national PEFC standards that is at best rather weak (see above); the issue of democratic and balanced participation of key stakeholders (also discussed below); and the lack of reference to international conventions within the PEFC Common framework, all support the conclusion that PEFC does not adequately fulfil this requirement.

4.1.4 Conclusions

The following table summarises compliance of PEFC as a whole with the requirements related to an evaluation of forest management that is environmentally sound, socially beneficial and just, and economically viable.

Embody the Precautionary Principle	No
Embody an holistic approach, in terms both of forest value and geographically	No
Be equitable and recognise indigenous people, local communities and workers rights	partially for workers

4.2 Credible to a large range of involved parties, including public interest groups; non-misleading and transparent

Credibility is probably the most impor-

tant single element for the success of a certification scheme or system. However, credibility itself is the result of many components.

PEFC objective 1 “voluntary private sector initiative based on a broad view among relevant interested parties on SFM at the national or regional level”, relates to the guiding principles “participation that seeks to involve all relevant interested parties” and “transparency”. The objective and the guiding principle address partially the aspect of credibility and transparency. Both requirements, along with the requirement that a certification system should be non-misleading, support the potential achievement of PEFC objectives 3, 4 and 5.⁷⁴ Credibility is thus the cornerstone of the whole certification system.

Credibility depends on more elements than those mentioned in the PEFC objectives. A sound forest certification system should ideally:

- Be independent, and be based on independent third party audits (Public interest, NGO statement, ISO/IEC guide 2)
- Be participatory and acceptable to a large range of involved parties, including to consumers, social and environmental NGOs (Rio Declaration, Forest Principles public interest, ISO/IEC Directives, Guides 2- 59-61-62-65, ISO 14020, WTO TBT Agreement)
- Be fully transparent to the parties involved and to the public (Public interest, ISO/IEC Directives, Guides 2, 59, 61, 62, 65)
- Be built on consensus, to avoid unilateral measures and/or discriminatory trade impacts (Rio Declaration, Forest Principles, Public Interest, ISO/IEC Directives - Guides 2- 59- 61- 62- 65, ISO 14020, WTO TBT Agreement)
- Provide objective and measurable criteria and performance standards (Public interest, IPF/IFF, ISO 14020)

- Have transparent procedures including clear appeal mechanisms (WTO TBT Agreement, ISO/IEC Guides 59-61-62-65)
- Should not infer that certification assures sustainable forest management (ISO/IEC Guides 61- 62, ISO 14020)
- Should not infer that certification granted upon system management standards assures that a level of environmental performance has been reached (ISO/IEC guides 61-62)
- Have a quality management system (ISO/IEC Guides 61- 62- 65)
- Ensure active commitment of the managers/owners of a certified unit (Public interest, ISO/IEC Guide 65)
- Have clearly written procedures accessible to stakeholders for writing standards, certifying and accrediting (Rio Declaration Forest Principles, ISO/IEC Guide 59- 61- 62- 65)
- Have clear mechanisms that make reports and decisions available to the public (ISO/IEC Guide 59- 61- 62- 65, Public interest)
- Provide draft standards to interested parties, nationally and internationally, and take comments into account (WTO TBT Agreement)
- Allow sufficient time for comments on draft standards, nationally and internationally (WTO TBT Agreement)
- Encourage transparent use of eco-labelling -i.e. declarations that are precise and verifiable- (Forest Principles, UN Review of Agenda 21, Public interest, (ISO/IEC Guides 61- 62, ISO 14020 - 14021-14024).

4.2.1 Independence

PEFC certification claims to be based on independent third party assessment. Independence and impartiality are fundamental elements of credibility. This includes the assurance that certification and accreditation bodies are free from any commercial, financial and

other pressures (ISO Guides 61, 62, and 65).

Within PEFC, certification bodies (CBs) are supposed to be accredited by national accreditation bodies in order to ensure their independence. However, a door is left open for non-accredited CBs, as already mentioned. Moreover, in several PEFC national schemes, certification is carried out at the regional/association level, with an important role given to the certification applicant, not only to help the auditors to carry out their work, but also to organise the audit.

In Finland, FFCS audit guidelines are “not binding” for CBs. A negotiation between the CB and Forest Centre / Forest Management Association / Forest Owner determines how the standard is adapted. “The guidelines are not binding for external auditors in assessments, but they are expected to facilitate the implementation of audits. The requirements of the certification standard, in particular the assessment criteria, are the basis for external audit, and these requirements are interpreted by certification bodies as appropriate in local conditions.”⁷⁵ “Certification results depend on individual forest owners, as they always have the final say about how forest holdings are managed.”⁷⁶

In PEFC Austria, “the certification body and the applicant jointly define the focus of the audit and the range of random inspections.”⁷⁷ The applicant, not the certification body, publishes a summary of the findings.⁷⁸

In Germany, the certification applicant also plays an important role in determining the sample survey design: “The planning of the ‘area-weight control sample’ is carried out between the applicant and the certification body. PEFC Germany has to be informed about the agreed size of the sample **and can modify it ... It is not the certifica-**

⁷⁵ FFCS. Development Process and Elements, Objectives of Audit Guidelines, clause 3.2

⁷⁶ FFCS. 1999. *Caring for Our Forests*, p 7.

⁷⁷ PEFC Austria, Forest Certification in Austria – Description of the System, clauses 5.3.6 and 6.2.3, on Random inspections

⁷⁸ See PEFC Austria, Forest Certification in Austria – Description of the System, clause 6.2.6

⁷⁹ Letter from DQS (Deutsche Gesellschaft zur Zertifizierung von Managementsystemen mbH), PEFC-Certifier, to WWF, 5 September, 2000.

⁸⁰ *ibid.*

⁸¹ *Regionaler Waldbericht Bayern 2000* published by the regional (Bavarian) PEFC working group, Munich, 2000.

⁸² PEFC Germany, System Description, Appendix I, Chapter 7.1. and 7.2

⁸³ Deutscher Forstzertifizierungsrat – DFZR (Germany), minutes, 21 September, 2000 (unpublished)

⁸⁴ PEFC Germany - Appendix V, clause 2 and 3, Manual for an area weighted sampling control system, including the matrix of control

⁸⁵ "The national forest owners' organisations are responsible for inviting national organisations representing all relevant interested parties to constitute such a national governing body." *PEFC Statutes* – Article 3

tion body's task to determine an 'appropriate percentage (of sampling, see PEFC Appendix V).' [emphasis added]⁷⁹ After an agreement between the applicant and the certification body has been reached the latter has to inform the PEFC-office. At this stage the chairperson of PEFC Germany "ensures [...] the quality of the sampling control system". Procedures to this effect are either not existent or at least not publicly available.

Certification summary reports should normally be made available to the public. However in Germany, "information about the region and the audit results are dealt with confidentially. Therefore, we cannot put audit reports and protocols at your [WWF's] disposal."⁸⁰

In the case of regional reports, these can be written by PEFC itself, not necessarily the third party who carried out the forest management evaluation. In Germany again, there are several examples of regional working groups who have written the regional report, as in Bavaria.⁸¹ This is done according to PEFC Germany procedures: "Authorised representations of the forest owners of a region apply for the evaluation of the region at the certification body. Together with this application a regional forest report has to be submitted to the certification body."⁸² It has been also expressed that "as a result, setting up the regional report without support of the federal state is impractical."⁸³

In Germany still, the CB only has the power to "[...] inform the regional representatives of the annual control sample's result" after the field level assessment. "The latter [the regional PEFC representative – certificate holder] have the task to co-ordinate the implementation of corrective measures and then to notify the certification authority if the measures agreed upon have been completed on time."⁸⁴

The serious doubts that such examples cast on the independence of the third party assessment of at least some PEFC national schemes must reflect on the whole PEFC endorsement system, and ultimately, back on all endorsed national schemes.

4.2.2 Participation

ISO Guides 61, 62, and 65 require that certification and accreditation processes should have a structure, where members are chosen to provide a balance of interests, where no single interest dominates and which should be free of undue pressure.

As mentioned above, full membership of PEFC is limited to representatives from national PEFC schemes. National governing bodies should invite all stakeholders. This approach is very similar to the one applied by ISO and for which this organisation has been severely criticised. The actual involvement of all stakeholders, particularly NGOs, in ISO national members is clearly insufficient. NGOs, if they are at all present in the process at the national level, may have their views ignored by the voting process and thus not be reflected in the national position. However, when decisions are taken at the international level, these are frequently presented as the result of a consensus process in which ENGOs have taken part, a potentially serious misrepresentation of reality.

With this experience in mind, the effectiveness of the requirement in PEFC statutes⁸⁵ must be questioned. In practice very few NGOs participate in PEFC national schemes. The cases of WWF Norway and Finland mentioned above are examples of the possible drift of the process.

Organisations supporting PEFC objectives can be accepted by the GA as extraordinary PEFC members, albeit

without voting rights. Currently extraordinary members only include economic sector interests as quoted above. No ENGO is part of PEFC. Under these conditions, a balanced representation can hardly be claimed in PEFC meetings. The International Federation of Building and Wood Workers (IFBWW) is one of the few NGOs that have a proactive stand towards PEFC to push their own agenda, (e.g. introduction of core ILO convention on PEFC requirements), and in which they recently succeeded. However, the actual application of this new reference in PEFC is not clear, as explained above. The Swedish woodworker union representative has recently been elected to the PEFC BoD.

In the absence of a mechanism to avoid one group imposing its position or having a decision imposed, the process cannot claim to be democratic. In the GA, national members have a voting power related to their annual cutting. **“All members have between 1 and 3 votes, according to the annual cutting categories: less than 10 million m³, between 10 and 30 million m³ and more than 30 million m³ annual cutting.”** [emphasis added]⁸⁶ The composition of the Board of Directors, elected by the GA, should reflect the “major interested parties who support PEFC, geographical distribution of the members and the diversity of **their annual cutting categories.**” [emphasis added]⁸⁷ Decisions by the Board are taken by simple majority.

These clauses taken together tend to give disproportionate power to large producers, and do not favour participation by non-producing parties (e.g. ENGOs). This point may be one of the major reasons why PEFC, both at the national and the European levels, has been less than successful at obtaining ENGO support. In addition, it casts further doubt on the independence of PEFC.

The fact that all stakeholders are not equally represented within PEFC in general, and its decision making process in particular is not accidental: “At the outset it was abundantly clear that it is extremely difficult for European family forestry ... to approve on the one hand, the concentration of power, and on the other, the artificial democracy between stakeholder groups.”⁸⁸ This quote refers to the chamber system within the FSC, where “environmental NGOs command one third of the votes, the **so-called social groups, i.e. indigenous people and the trade union movement share one other third**, and economic interests, like forest owners, the forest industry, trade, and e.g. consultant have the final third.” [emphasis added]⁸⁹

Participation is mentioned in the PE C&I as descriptive indicators: “provide opportunities for participation in public policy and decision making processes on forests ... enhance public participation in decision making processes related to implementation of forest policy”. PEFC does provide an opportunity for consultation, but fails to provide access to decision making, as stated above.

The conclusion from the elements mentioned above, is that PEFC is not fully participatory. It is therefore likely to be unacceptable to a large range of interested parties, not least to indigenous groups or environmental NGOs.

4.2.3 Transparency

Transparency relates to access to information and clearly written procedures, including appeal mechanisms (ISO guides 61 & 62, & WTO/TBT Annex 3) by all interested parties and the public. This includes reporting on the certification process. “An executive summary of assessments containing important results shall be made available to the

⁸⁶ PEFC Statutes – Article 5

⁸⁷ PEFC Statutes – Article 6

⁸⁸ Finnish Forest Industries Federation, Press Release, 7 September, 2000. “Finnish Forest Industries Need Raw Material from Certified Forests” Hannu Valtanen, Director of Natural Resources and Forest Policy

⁸⁹ *ibid.*

⁹⁰ PEFC Technical Document, Common Elements and Requirements of PEFC, clause 4.3 Certification Procedures, Reporting

⁹¹ Letter from PEFC Norway, Berit Sanness, to INDUFOR Oy, Hanna Nikinmaa, Oslo, 22 March, 2000

⁹² Markku Simula: "Key Elements in the International Certification Procedures: Review of the Pan European Certification", Presentation at the PEFC seminar, April 20-21, 1999. Würzburg

⁹³ ISO 14001:1996E

⁹⁴ ISO/IEC Guide 62 - 3.7.2

⁹⁵ PEFC Technical document, Common Elements and Requirements of PEFC, clause 4.4.2 Dispute settlement board

public."⁹⁰ This apparently firm statement is subsequently devalued by the heading under which it is stated: "after assessment, the following steps are **typically** applied." [emphasis added]

An analysis of each certificate issued under PEFC would indicate if the summary report were the rule or the exception, as well as the quality of such reports. As already discussed, it is not clear that the reports have to be written by the CBs. As seen below, under the analysis of Chain of Custody (CoC) requirements, the logo use allows some potentially very confusing claims, which make it hard for laymen to understand what is meant.

Consultants carrying out the evaluation of national schemes to be approved by PEFC, the so-called conformity assessment, do not have access to all documents, as illustrated below.⁹¹ The consultant carrying out the "conformity assessment" for PEFC Norway requested documents related to the audit programme and report. He received the answer that they are the property of the certification body and the certificate holder respectively. The consultant was therefore denied access to these documents. Most probably the general public will have even less access to information.

The weaknesses of PEFC's framework in terms of participation and transparency were already identified by Simula (1999)⁹² as a possible Achilles' heel. The problem seems not to have been resolved despite this warning.

4.2.4 Performance standards

Forest certification, as a mechanism to make credible claims on achieving levels of environmental performance must include a performance approach. Clearly, system elements must enter into the process to ensure consistence,

over time, of elements measured. However, as an indicator that society's vision of good forest management is met, thresholds must be defined by society.

A system approach only may help an organisation improve towards declared objectives, but as clearly stated in ISO 14001 introduction "... two organizations carrying out similar activities but having different environmental performances may both comply with ... [the] requirements [of this standard]."⁹³ In addition, if certification is granted on the basis of a quality system, the "logo shall not be used on a product or in a way that may be interpreted as denoting product conformity."⁹⁴ Clearly, the system approach alone cannot ensure that thresholds are met.

As seen above, PEFC as a whole is system-based, although some national schemes have performance requirements. Thus, any individual schemes making reference to its PEFC endorsement must be understood as system-based, i.e. without requirements for performance.

4.2.5 Appeal mechanisms

Recognised and requested both by ISO guides and WTO TBT agreement, clear appeal mechanisms are an important feature to ensure that the views of stakeholders, nationally and internationally are taken into account. This is considered as an important element to avoid unnecessary obstacles to trade.

PEFC requires national schemes to "set up an independent dispute settlement board [to take] care of all complaints arising from specific decisions concerning the issuance of certificates which cannot be solved between the certification body and the applicant."⁹⁵ The clarity of the mechanisms will thus depend on their formulation at the national level. There is no provision about handling

complaints from external stakeholders (e.g. a local community disapproving of the issuance of a certificate), about a national PEFC standard itself or the process by which it has been developed. PEFC Austria is the sole example where such a mechanism is reported.

In turn, some national schemes refer back to PEFC general procedures for dispute settlement. For example, PEFC Sweden has no mechanisms for handling complaints.⁹⁶ The consultant making the “conformity assessment” has thus deemed that requirement of PEFC will apply. Such an important aspect of certification should deserve a more rigorous approach.

4.2.6 Claims on Sustainable Forest Management

Sustainability is a highly regarded concept, albeit a difficult one to define in terms of certification. As stated in ISO 14021, “At this time there are no definitive methods for measuring sustainability or confirming its accomplishment. Therefore, no claim of sustainability shall be made.”⁹⁷ This is to be put in relation with ISO 14020⁹⁸ requirements that an environmental claim or declaration be based on verifiable, factual and technical basis for environmental labels and declarations. There is general agreement, therefore, in the certification and standardisation movement (broadly, not only confined to forest management) that it is not credible to claim sustainability.

Clearly, PEFC claims that forests certified under its system are sustainably managed. This can be seen in the options offered as explanatory text to the logo “coming from sustainably managed forests” or “promoting sustainable forest management” (see chapter 4.2.13). PEFC objective 5 is to provide assurance that forests certified under the programme are sustainably managed.

These are claims that sustainability has been achieved.

4.2.7 System approach and performance claims

PEFC allows for purely system based schemes to be endorsed. At the same time, the use of the logo and the accompanying claims are ruled on and decided at the European level. As seen above, some PEFC claims are about sustainability – an environmental performance level – albeit not a unanimously defined one. Thus PEFC allows performance claims to flow out of a system approach, which is in contradiction with generally accepted ISO rules (see §4.2.4).

4.2.8 Quality Management System

ISO guides 61, 62 and 65 require certification and accreditation bodies to have a quality management system. This should also apply to endorsement systems, such as PEFC, given that “endorsement” is an activity not very different from accreditation.

PEFC does specify a few management procedures. There are however some important gaps, including, *inter alia*:

- there are no procedures to define how PEFC GA may decide that a certification body is qualified, despite having no accreditation from a national accrediting body
- there is no procedure to handle complaints about PEFC itself.

4.2.9 Active commitment of managers/owners

Clear responsibilities to maintaining conditions which allowed initial certification, and effectively correcting any departure from these conditions, is cri-

⁹⁶ This was the case when PEFC Sweden was endorsed. The Swedish PEFC has apparently started a process for developing a dispute settlement procedure

⁹⁷ ISO 14021-5.5. Self declared environmental claims

⁹⁸ ISO 14020-4.2. Environmental Labels and Declarations –General Principles

⁹⁹ PEFC Technical document, Common Elements and Requirements of PEFC, 4. 2.1 Regional Certification

¹⁰⁰ PEFC Technical document, Common Elements and Requirements of PEFC, 4.2.2 Group Certification

¹⁰¹ PEFC Technical document, Common Elements and Requirements of PEFC, 4. 2.1 Regional Certification

¹⁰² *ibid.*

¹⁰³ e.g. *Musterschlussbrief für Rohholz*

¹⁰⁴ PEFC Austria, *Forest Certification in Austria – Description of the System*, 5.2.1 List of Passive Participants

tical to the credibility of a certification scheme/system. This is clearly expressed in ISO guide 65.

Certification under PEFC can happen at any scale, (“... certification units are defined as appropriate in national conditions”). However three options are mentioned (individual, group or regional) and it is indicated “in a number of countries regional certification is the best method ...”⁹⁹

FMU level certification is currently the exception rather than the rule, the whole system being made to favour access to certification by small forest owners/managers. In the case of group certification, PEFC requires that “all group members commit themselves to comply with the requirements.”¹⁰⁰ No further indication is given on how this commitment is made, or about any enforcement mechanisms.

In case of regional certification, the wording does not mention any commitment from individual owners. However, mention is made that “individual forest owners will have the possibility to participate on a voluntary basis”¹⁰¹ and that “compliance with the relevant certification requirements will be ensured by all actors in the regional certification.”¹⁰² There is no further detail on how to guarantee this outcome.

Interpretation on how commitment of managers and owners can be verified varies considerably between national schemes. In Austria, where only regional certification is operative, forest owners are informed that the region where they have their holding has been certified through an advertisement in the press.

If they do not want to adhere to certification requirements, they have to return a form that they cut out of the newspaper declining certification.¹⁰³ “The forest owners (members of the Austrian

Chambers of Agriculture) of a region are informed in writing that the region is applying for PEFC certification. They may choose to decline participating in the certification program within a period of three weeks and will have this option any time thereafter. If these forest owners also reject certification in a group or individually, their forest and the wood from such forests will not be considered certified. Thus they will also not be entitled to use the PEFC Trademark. The regional representative maintains an updated list of the forest owners who do not participate in the certification program, which he/she will also make available to the PEFC office. **The list contains the name, address and forest (in ha) of the non-participating forest owner. It will be made available to the public and wood-processing enterprises upon request.** [emphasis added]¹⁰⁴ Questions can be raised about the legality of this form of passive consent.

Under the Finish PEFC, the decision to apply for certification is taken at the Forest Management Association or Regional Forestry Centre levels. Forest owners are deemed to be committed to certification through their membership of the Forest Association. If they do not want to be part of the group certification, they have to send back a letter to the respective organisation stating so. Practically, questions can be raised concerning obligations forest owners would fall under to allow field testing by auditors, with whom they have no contract whatsoever. The validity of the whole certificate attributed in these circumstances should be analysed. Owners have only to commit themselves to certification in writing when they sell their timber.

In Norway, a similar situation occurs. As stated in the “conformity assessment” report, the “membership scheme is based on the principle that members of an association are committed to follow

the byelaws of the association. If the association changes its byelaws to include certification requirements the members are obliged to apply them in all forest management."¹⁰⁵ Forest owners "can continue to be members **and decide whether they want to sell their timber through [the] association and be certified or find other trading channels** and not join the group certification." [emphasis added]¹⁰⁶

In the case of PEFC Germany, individual members of forest co-operatives (FBG) are invited to enter the PEFC certification, otherwise they lose the opportunity to trade their timber through the FBG in the future.¹⁰⁷

Thus, active commitment of the individual forest owner/manager is treated in a very heterogeneous manner between different PEFC national schemes. The question of liability of each individual member vis-à-vis the whole group is not addressed at all. With such a spectrum of owner commitments contained within the PEFC framework, it is doubtful that PEFC procedures, at the European level, ensure a distinct level of commitment throughout the system. Under this current situation, certifications that intend to be serious are lumped together with potentially worthless certifications, thus greatly undermining the credibility of the whole.

4.2.10 Written procedures

The effectiveness of a standard is largely determined by the quality of the certification process. This is, in turn, a function of the accreditation process. The fact that there are no specific certification and accreditation procedures defined for forest management certification under PEFC, but only the usual accreditations used for ISO 9000/14001 or EMAS, limits the effectiveness of the whole process. As illustrated above, in the case of the FFCS and as identified

by FINAS, a lack of crucial certification procedures leaves a large potential for unidentified non-compliances within the Finnish system.

4.2.11 Clear mechanisms available to the public

Written procedures are available on the Internet web pages of national schemes (accessible also from the PEFC web page). Sometimes they are published in newspapers. PEFC requirements for endorsing national schemes require that they establish a forum in which interested parties are invited to participate. The forum has to be initiated by a forest owners association with invitation to other parties and can be a working group or council to prepare the national scheme for endorsement.

The decision about ultimate certification does not have to be made publicly available. There is no requirement in PEFC Technical Document that names of certificate holders or users will be made publicly available. "After the assessment the following steps are typically applied: [...] an executive summary containing important results shall be made available to the public."¹⁰⁸

4.2.12 Consultation and comments

PEFC requires that national schemes should make draft documents available to interested parties who request them.¹⁰⁹ No further explanation is given, thus leaving room for broad interpretation by national schemes. One assumes that the forum established by the national initiative will have sufficient membership to satisfy PEFC. Invitation to membership may provide good enough evidence of having tried, even if NGO uptake is actually poor. Comments on draft documents should be sent to the national governing body or the consultant making the evaluation for PEFC

¹⁰⁵ INDUFOR. 2000. *Conformity Assessment of the Norwegian Living Forest Standard with PEFC Requirements*, Assessment Report, Helsinki, p 4.

¹⁰⁶ INDUFOR. 2000. *Conformity Assessment of the Norwegian Living Forest Standard with PEFC Requirements*, Assessment Report, Helsinki, p 5.

¹⁰⁷ e.g. TUV-Siegel für heimische Wälder Trostberger Tagblatt, 18 November, 2000 and Informationen der Forstbetriebsgemeinschaft Lohr-West zur Marktlage und Einschlag. www.main-echo.de/news/main-netz - Der regionale Info-Service, 3 November, 2000.

¹⁰⁸ PEFC Technical document, Common Elements and Requirements of PEFC, clause 4.3.1

¹⁰⁹ PEFC Technical document, Common Elements and Requirements of PEFC, Annex 5, Guidelines on PEFC Standard Setting and Procedures for Endorsement of PEFC Certification Schemes, clause 1.1

¹¹⁰ *ibid.*

¹¹¹ PEFC Technical document, Common Elements and Requirements of PEFC, Annex 6, Rules for the Verification of the Chain of Custody of Wood, clause 7

¹¹² The amount of PEFC labelled product corresponds to the amount of PEFC raw material going into the production unit; 10% raw PEFC material allows 10% of the product to be PEFC labelled.

¹¹³ PEFC Technical document, Common Elements and Requirements of PEFC, Annex 7, Logo Usage Guide for Wood Products, clause 7

¹¹⁴ PEFC Technical document, Common Elements and Requirements of PEFC, Annex 6, Rules for the Verification of the Chain of Custody of Wood, clause 6

endorsement. This means that the consultation may only happen while the national scheme is in the process of endorsement. Only the final draft needs to be sent for comments. Therefore, the possibility for stakeholders not directly involved in the process to influence it is seriously limited, particularly if the advertisement of such consultation is not pro-active.

There is no prescription relating to handling of comments. As mentioned above, no mechanism is apparently planned to handle complaints about how comments are dealt with. Nevertheless, "a reasonable amount of time must be provided for to allow consultation of the final draft of the certification criteria prior to a final decision being made."¹¹⁰ In some cases copies of the draft standards have to be purchased (e.g. Spain), which may significantly limit accessibility and openness to comment.

4.2.13 Eco-labelling

The mechanism that allows a producer to put a label on a timber product is chain of custody (CoC), i.e. the tracking of timber from the forest through processing and distribution chains to the final consumer. Therefore, an analysis of the CoC rules within PEFC is the first step in assessing whether this system encourages transparent use of labelling.

The basic rules for CoC are the same for all national schemes and have to be endorsed by PEFC. Three "optional approaches" exist: input/output, minimum average percentage and physical separation systems.¹¹¹ CoC certification is needed when an on- or off-product statement is made.

In the input/output approach,¹¹² there is no minimum requirement. However, the only claims allowed are either the PEFC logo alone or the logo accompanied by

the following statement: "promoting sustainable forest management". The option of indicating the percentage of certified material in a product is not provided.¹¹³

CoC certificate can be awarded to a Company in a whole Country or region.¹¹⁴ Thus, there may conceivably be the possibility for a Company with several processing units in Europe to have a low input (e.g. 10 %) of certified material, only in one of its processing units, and to put a logo on the same proportion of its products (e.g. 10 %), produced in another unit, in another country. Theoretically, cheap, easy-to-get-certified material could thus procure a logo on high value added products, potentially made from timber from more controversial sources.

In any event, consumers will have difficulty knowing the percentage of certified timber in products they buy if the statement is only "promoting sustainable forest management".

The "minimum average percentage" approach requires a minimum of 70 % certified material in a product allowing a processing unit to label 100 % of its output with a PEFC label. However, the claim that can be made on- or off-product is the same as in the input/output approach. Under these conditions, the extra incentive for companies to go for the minimum average percentage option is not clear.

The physical segregation alternative allows for a different claim, "from sustainably managed forests", provided the product is 100 % certified wood. The difference between the two claims may be beyond the awareness of average consumers. It is also questionable whether this constitutes a sufficient incentive for companies to continuously improve the share of certified material they use, up to achieving 100 %.

None of the claim options give any indication about the relative content of certified material in products. Reference to the PEFC web site does not provide any further clarification. It is difficult to understand if and how these different options provide clear indications about proportions of certified timber contained within products.

The CoC rules and the statements that can be made under PEFC make CoC claims imprecise, and potentially misleading. They are likely to have difficulties passing a thorough evaluation according to ISO requirements regarding environmental claims.¹¹⁵

Making reference to sustainability is also imprecise since the notion is not unanimously defined.¹¹⁶ The adoption of the PE C&I, established to measure progress towards sustainability at the national level, cannot be considered as broadly accepted.

Sustainability implies a minimum threshold of environmental performance. PEFC claims that certified forests are managed sustainably, whilst the certification itself may have been based on a system approach that potentially breaches relevant ISO guidelines.¹¹⁷ *Sustainability* is a highly considered concept and reference to it can significantly influence purchasing decisions of potential buyers of timber products.¹¹⁸ All in all, therefore, some PEFC claims have the potential of being very misleading.

No requirement has been observed in any currently endorsed PEFC national scheme for verification that timber sold by a forest manager/owner actually comes from the forest in question. As pointed out by Sprang (2001)¹¹⁹, this seems to open up the possibility that a hypothetical dishonest forest manager/owner could purchase timber from non-certified forests and sell it as certified material, at the very beginning of

the CoC. Furthermore "... when the company buys or procures raw material or products, it must ensure that (a) the supplier has a valid forest management certificate, or (b) the supplier has a valid chain-of-custody certificate, or (c) **the origin of wood can be reliably verified otherwise.**"[emphasis added]¹²⁰ What is meant by "**reliably verified otherwise**" is not specified. These ambiguities raise further doubts on the robustness of PEFC claims.

4.2.14 Conclusions

The following table summarises PEFC features as a whole in relation to key requirements for credibility, as stated in the beginning of this chapter.

Be independent	no
Be based on independent third party audits	
independent	no
3rd party	yes
Be participatory and acceptable to a large range of involved parties, including consumers, social and environmental NGOs	no
Be fully transparent to the parties involved and to the public	no
Provide objective and measurable criteria and performance standards	no
Have transparent procedures including clear appeal mechanisms	no
Should not imply that certification assures sustainable forest management is achieved	no
Should not imply that certification granted upon system management standards assures that a level of environmental performance has been reached	no
Have a quality management system	partially
Ensure active commitment of the managers/owners of a certified unit	no
Have clearly written procedures accessible to stakeholders for writing standards, certifying and accrediting	no
Have clear mechanisms making reports and decisions available to the public	no
Provide draft standards to interested parties, nationally and internationally, and take comments into account	partially
Allow sufficient time for comments on draft standards, nationally and internationally	partially
encourage transparent use of eco-labelling (i.e. declarations that are precise and verifiable)	no

Of 15 requirements, PEFC comply partially with four. There seems to be important deficiencies in the PEFC system for eleven requirements. This

¹¹⁵ ISO 14020 lists key principles applicable to all types of environmental labels and declarations. They shall:

- be accurate, verifiable, relevant and not misleading
- not be prepared, adopted, or applied with the view to, or the effect of, creating unnecessary barriers to trade
- be based on scientific methodology that is sufficiently thorough and comprehensive to support the claim and that produces results that are accurate and reproducible
- make the information concerning the procedure, methodology, and any criteria used to support the claim available upon request to all interested parties
- take into consideration all relevant aspects of the life cycle of the product in their development
- not inhibit innovation that maintains or has the potential to improve environmental performance
- limit any administrative requirements or information demands to those necessary to establish conformance with applicable criteria

ria and standards of the labels and declarations

- included an open and participatory consultation with interested parties. Reasonable efforts should be made to achieve a consensus throughout the process

- make sure that information on the environmental aspect of products and services relevant to an environmental label or declaration is made available to purchasers from the party making the claim For further discussion, see Vallejo and Hauselmann. 2000.

¹¹⁶ ISO 14021.1999, clause 5.5

¹¹⁷ ISO Guide 61: 2.4.2 and Guide 62:3.7.2

¹¹⁸ so much so that ISO 14021 (self declared environmental claims) proscribes its use as quoted above

¹¹⁹ Sprang, P. 2001.

¹²⁰ PEFC Technical document, Common Elements and Requirements of PEFC, Annex 6, Chain of Custody, clause 5.1.1

¹²¹ For detailed discussion, see Vallejo and Hauselmann. 2000.

¹²² PEFC Technical document, Common Elements and Requirements of PEFC, Annex 5, Guidelines on PEFC Standard Setting and Procedures for Endorsement of PEFC Certification Schemes, clause 1.1

deficit in terms of credibility will inevitably impact on the achievement of PEFC stated objectives related to communicating a good image of forestry, that forests are managed sustainably and that wood is a renewable material. Ultimately the deficiencies impact on promotion of economically viable, environmentally appropriate and socially beneficial forest management.

4.3 Equal treatment / non-discriminatory trade impact

Equal treatment and non-discriminatory trade impact are not stated explicitly as being part of the PEFC objectives. Non-discrimination is mentioned in the guiding principles, along with open access. It is not clear whether these refer to trade impact so much as to European small forest owners' access to the system, which is discussed below.

Because timber products are traded internationally it is of the utmost importance that certification systems do not create unnecessary trade obstacles. The following requirements contribute to the minimisation of negative trade impact of certification, if they are fulfilled.¹²¹ Ideally certification should:

- be built on consensus (Rio Declaration, Forest Principles, Public Interest, ISO/IEC Directives - Guides 2, 59, 61, 62, 65, ISO 14020, WTO TBT Agreement)
- be voluntary in participation (UN Review of Agenda 21, Public interest, WTO TBT Agreement)
- be equally applicable to all types of timber and timber products, and regions, not discriminate between domestic and foreign suppliers (Forest Principles Public Interest, WTO TBT Agreement)
- have quantitative and qualitative forestry standards at national and sub-national levels, which recognise national sovereignty while embedded into a global framework that pro-

vides internationally recognised and equitable principles and criteria (Rio Declaration, Forest Principles, WTO TBT Agreement, ISO/IEC Guide 59, Public interest)

- have a process to harmonise standards with other similar ones (WTO TBT Agreement, ISO /IEC Guide 59)
- participate in the work of relevant international standardising bodies (WTO TBT Agreement, ISO/IEC Guide 59)
- have procedures that allow equity of access for all applicants, regardless of their size or location (ISO/IEC Guides 59- 61- 62- 65, Public Interest)

4.3.1 Consensus

Consensus is not mentioned in the PEFC statutes. The decision-making process is based on majority voting. Reference to consensus is made as a non-precondition objective.¹²² It has to be noted, however, that a strict reliance on consensus would make any *truly* multiple-stakeholder certification schemes impracticable because it would *de facto* give a veto-right to every single party. The downstream problems arise when publicity material cites organisations as being part of a consensus, when in fact they were not.

4.3.2 Voluntary participation

The voluntary nature of certification can be seriously called into question in cases such as those described for Norway, Germany and Austria. As discussed above (see §4.2.9), PEFC allows the certification of individuals who may not have given their consent. In addition, in several cases, forest owners who may not wish to adhere to certification would need to change their trading channels, a situation that makes some certification under PEFC a *de facto* obligation.

Regional certification is the only option

under the German PEFC scheme.¹²³ Forest owners or forest co-operatives that want to use the logo in an approved region have to pay a fee and send a letter of commitment. This commitment does not have to be signed by individual forest owners. The system was endorsed with procedures allowing one person to sign for all members of a forest association, without additional signatures of individual members. "With my signature I commit myself representing all members of the forestry association to observing the contents of the guideline in future."¹²⁴

Furthermore, the voluntary nature of certification, in cases like Germany could be further undermined by the intention to incorporate PEFC's criteria into planning instruments and guidelines which are generally binding, thus practically making PEFC certification a precondition e.g. for granting forest subsidies. "The PEFC-criteria will be used as a benchmark and guideline for any analytical and planning activities in the federal state forest, in private forests under public management consultation (German: "über tätige Mithilfe betreuten Privatwald") and in the state forest ... The guidelines will mainly be included for the elaboration of the following documents: ... measures for forest subsidies according to the federal forest law."¹²⁵

It is further stated, "the necessary planning measures will be backed up by target/actual value comparisons. This refers predominantly to the implementation of strategic planning concerning forest development by means of the PEFC criteria, in the course of their further development (federal forest programme, general silvicultural guideline, forest inventory operations, framework forest planning, guidelines for forest subsidies)."¹²⁶

In contrast, PEFC Sweden claims to be based on a group certification approach with commitment from each forest

owner. Regional certification does not exist as possibility in Sweden.

These examples help to illustrate that PEFC is not always voluntary and may even be imposed on forest owners.

4.3.3 Equality of application

Being a solely European scheme, by definition, PEFC is not applicable to all regions and types of timber. Mechanisms to avoid discrimination against non-European timber are not in place. PEFC claims an intention to establish a system of mutual recognition with non-European initiatives as a way to overcome this limitation. Mutual recognition, if it ever materialises, should at least be based on some harmonisation of standards and procedures. However, as suggested in this report, there are still significant shortfalls within PEFC itself in the harmonisation between different national schemes. Under these conditions, establishing mutual recognition agreements with non-European schemes is not foreseeable in the short to medium term.

4.3.4 Standards inscribed within a global framework

To avoid divergence into unilateral measures, national standards and certification initiatives should be enshrined within an international framework, preferably in a hierarchical fashion. As stated in the TBT's Code of Good Practice, "Where international standards exist or their completion is imminent, the standardizing body shall use them, or the relevant parts of them, as a basis for the standards it develops, except where such international standards or relevant parts would be ineffective or inappropriate, for instance, because of an insufficient level of protection or fundamental climatic or geographical factors or fundamental technological problems."¹²⁷

¹²³ "8. Specification on group and individual certification. 8.1 Specification for the group level in preparation. 8.2 Specification for the individual enterprise level in preparation." *PEFC Germany, System Description*, Appendix I, chapter 8.

¹²⁴ PEFC Germany, Appendix III b, Voluntary self commitment of forestry associations with conjointly usage of certificate, of the endorsed German scheme

¹²⁵ Regional Report of Brandenburg (draft), August, 2000, chapter 4.5.2.1, p 3 (unpublished)

¹²⁶ Regional Report of Brandenburg (draft), August, 2000, chapter 4.5.2.2, p 4 (unpublished)

¹²⁷ TBT's Code of Good Practice for the Preparation, Adoption and Application of Standards (TBT Annex 3), substantive provision F

¹²⁸ ISO/IEC guide 2:1991 (used as a reference in TBT Agreement)

¹²⁹ TBT Code of Good Practice for the Preparation, Adoption and Application of Standards (TBT Annex 3), substantive provision G

PEFC claims to use the PEOLG as a reference basis. Can this reference be sufficient to satisfy TBT's requirements? PEOLG are regional in nature, as seen above and can therefore not be considered international. Furthermore, the guidelines have been developed through an inter-governmental process, which cannot be assimilated to a standardisation process, even if it were international. Critics of the process have already been mentioned in this report, particularly in term of participation. An "International standard [is a] standard that is adopted by an international standardizing/standards organization and made available to the public."¹²⁸

PEOLG cannot be considered, therefore, as international standards and neither can PEFC as complying with this specific WTO requirement. It has to be noted that this analysis of trade rules, if accepted, limits considerably the potential relevance of any set of governmental C&I for certification purposes.

4.3.5 Harmonisation of standards

No mechanism, other than the reference to PEOLG, has been found in the PEFC system that could facilitate harmonisation of standards. Even if PEOLG were to be considered as regional certification standards, which would be a rather flexible interpretation of their purpose, the lack of a hierarchical framework from PEOLG to PEFC standards makes any harmonisation at best very difficult. TBT requires national standardisation bodies to play a full part in the work of relevant international ones.¹²⁹ The only organisation that can currently be considered as an international standardisation body for forest certification is the FSC. PEFC does not take part in its work.

4.3.6 Equity of access

The equity access for all applicants, regardless of their size or location is also a matter for debate. As discussed many national schemes do not have procedures that allow individual forest owners to access individual certification.

4.3.7 Conclusion

There is a rather poor compliance of PEFC with the requirements of TBT and its Annex 3 makes it not implausible to assume that PEFC has many of the ingredients to make it a protectionist tool.

V. Considerations About Mutual Recognition

Mutual recognition between forest certification schemes/systems is a highly emotive and much debated topic. Very little is commonly agreed about it - not least as to whether it is in fact a desirable development. Nevertheless, the following basis can be outlined.

Mutual recognition entails that two or more schemes/systems consider their outputs as equivalent. In case of performance-based certification, this should be the level of performance required from certification applicants. In case of system based certification schemes/systems, that requirements on the systems of the certification applicants are similar. In both cases, equivalence should also rest on the process governing the schemes/initiatives.

Since the outputs of system and performance based certification schemes/systems are of a different nature, there seems to be a fundamental incompatibility that should prevent any MR between certification schemes/systems using solely a system approach and those using primarily a performance one.

Under the usual understanding of "forest certification" different operations are actually meant: standard setting, accreditation, certification *per se* and logo use. Any thinking about MR should start by clearly defining what level or levels are concerned. Several conclusions can be derived from the above:

- PEFC does not have a harmonisation system in place. The reference to PEOLG alone is far from offering a suitable framework to this effect. PEFC endorses both system based and performance-based schemes. PEFC seems ill suited to ensure credible MR between its endorsed schemes, unless the system part only of the endorsed scheme is to be considered. Thus, as far as PEFC is consi-

dered a MR framework at the European level, all PEFC endorsed schemes should be considered as system based.

- MR between PEFC and other schemes/systems would mean that these different schemes evaluate their outputs to be of similar quality and have similar and equivalent requirements from the certification applicants, as well as governing equivalent procedures. Thus, any certification scheme /system that enters into a MR agreement with PEFC should be deemed to have the same characteristics as PEFC.

VI. Conclusions

To assess PEFC performance as an endorsement mechanism, this study has analysed most available PEFC documents, both at the European level (PEFCC) and at the level of the more developed national schemes, including Finland, Norway, Sweden, Germany, Austria (endorsed) and France, Switzerland, Latvia and Spain (not yet endorsed). However, examples provided in the report come mainly from endorsed schemes.

Endorsement under a system that entails mutual recognition between endorsed schemes means that the lowest common denominator of these schemes may be deemed sufficiently rigorous to satisfy the whole group. In other words, each endorsed scheme - intentionally or unintentionally - recognises the weaknesses of others as sufficient to satisfy its own requirements. On this basis, this study has focused on the minimum requirements for endorsement under the PEFC system, while checking within national schemes how endorsement requirements have been translated.

This study was carried out using a framework referencing internationally accepted requirements, such as those found in the Rio Declaration, including the Forest Principles and Agenda 21, WTO requirements and ISO rules, as well as the expectation of civil society vis-à-vis ethical labelling (economically viable, environmentally appropriate and socially beneficial forest management certification can be considered as ethical labelling).

By way of conclusions, the findings of the study are used below to review how PEFC performs against its own stated objectives, which are as follows:

- PEFC is a voluntary private sector initiative based on a broad view among relevant interested parties on SFM at the national or regional level.

- It offers a Pan-European framework for the establishment of comparable national certification systems and their mutual recognition.
- It aims at strengthening and improving the positive image of forestry and wood as a renewable raw material.
- It contributes to the promotion of economically viable, environmentally appropriate and socially beneficial management of forests.
- It seeks to give assurance to customers and the general public that forests certified under the program are sustainably managed.
- It is based on independent third party audit.
- It is based on regional certification levels and is open for other options if appropriate.

PEFC is governed by European forest producers' associations, in pro-rata of their annual cuttings. Participation of civil society is limited to consultations, without the possibility of participating in decision-making. Many, particularly ENGOs, have expressed their concern about the approach PEFC is taking. It is widely accepted that NGOs are a relevant interested party for environmental issues, particularly forests. Thus, it can be argued that PEFC is not based on a broad enough perspective among all relevant interested parties.

Whilst PEFC governance casts doubts on the independence of the whole system, the use of independent certification bodies is supposed to alleviate this problem. Any rigorously accredited certification body is bound by the rules of the system under which it operates, including the requirements set out in the standard used for certification. PEFC currently leaves the door open to non-accredited CB. It is not clear how independence of the third party audit is ensured in this latter case.

In some national schemes, the applicants for certification, frequently State

entities, as in Germany, have an important role to play in the establishment of the certification process including defining the size and location of samples controlled by the auditors, or by writing the certification report themselves. The maintenance of the certificate to ensure that corrective actions are implemented also falls within the responsibilities of the certification applicant. Certification bodies do not control the use of the certificate. This is done by PEFC. Although PEFC is based on independent third party audit, the independence of the whole system and of the certificates issued under this system needs to be carefully evaluated and may be open to question.

PEFCC procedures governing the endorsement of national schemes lack clarity on the demands placed on those schemes to access endorsement. This results in a variety of approaches. Most national schemes are system based, i.e. no threshold is built into the system, and verification will be that some mechanisms exist, not the results of these mechanisms. Within a system approach, if thresholds are set, this is done by the applicant itself. Some schemes (e.g. Austria) have different sets of documents, some with clear thresholds, others without (criteria and indicators). The certification process utilises the document without performance requirement, the others being used merely as guidelines. It is thus sometimes difficult to identify if a scheme is performance or system based. Other schemes are performance based, i.e. performance requirements exist within the standard, in addition to system requirements. This is the case for Sweden, for example.

This diversity of approaches within PEFC endorsed schemes demonstrates the great flexibility of the endorsement mechanism. While flexibility is not negative as such, an excess of it may become detrimental to the efficiency of a mechanism to endorse and harmoni-

se individual schemes to allow their mutual recognition.

Gaps are identifiable in the endorsement mechanisms on issues such as high conservation value forests, GMOs or chemicals. There is no requirement that these issues should be addressed in national schemes, even less any indications of minimum thresholds on these topics. This allows for the possibility of endorsement of very weak schemes. There is no clear requirement that applicants to certification must comply with all relevant national (e.g. health and safety) and international legislation (e.g. Convention on Biological Diversity). Indigenous people's rights appear nowhere in PEFCC documents. Consequently, doubts can be raised on the capacity of PEFC to contribute to the promotion of economically viable, environmentally appropriate and socially beneficial management of forests.

While a purely system-based approach is not negative *per se*, it does have implications for any claims that can be made. Claims that a level of performance has been achieved should not be made using a system-based certification. PEFC declarations that forests certified under its system are sustainably managed are clearly claims that a certain level of performance has been attained.

Procedures governing the certification of the chain of custody (CoC) lack clarity and seem to offer the possibility to put a PEFC logo on products not coming from a certified forest (in/out option linked with the possibility to have a regional CoC certificate). No provision has been found either in the endorsement procedures or in those governing operating national schemes to avoid timber coming from non-certified forests entering the chain at the level of the forest producer and being considered as coming from certified forests further down the chain. As a consequence, the

risk exists that PEFC claims are seriously misleading. Thus, assurance given to customers and the general public that forests certified under the program are sustainably managed lacks credibility.

At present PEFC is largely based on regional or group certification. The option frequently chosen is to certify forest holdings at the level of the local association or the regional administrative unit. Forest owners who do not wish to fulfil the requirements of the certification have to declare it. If they do not actively declare against then they are considered part of the group/regional certificate. In some cases this would imply for those forest owners who do not want to be part of the group that they need to find new channels for selling their timber, the local forest owner association being the traditional way by which they trade their products. This approach may seriously limit the voluntary nature of the scheme.

The sheer number of potential shortcomings of the PEFC system, compared both with internationally agreed institutional requirements or its own stated objectives raises many questions. Although some of its supporters have expressed basic rejection of sharing power with all stakeholders, it is unthinkable that all the energy and expertise that has led to the development of the system has been driven only by antagonism to ENGOs. Nor is it credible that the political support PEFC has been able to gain throughout Europe and outside Europe can solely be the result of the desire to justify "business as usual".

The Rio declaration, including the forest principles and Agenda 21, WTO requirements and ISO rules, as well as the expectation of civil society vis-à-vis ethical labelling were all known before PEFC was established and it is surprising that these have not been better integrated in the system. This has, however, created a situation where supporters of

different systems have spent, and are still spending, many resources to defend their view. These resources could have been better spent on concrete actions for improving forest management, including in developing nations.

Many of the problems identified in this report are potentially easy to solve, if such was the will of PEFC. For example, the introduction of a clause in the endorsement procedure requiring legal compliance from the certified operations ought not be too complicated. However, some issues are more fundamental and are inscribed within the PEFC identity. The governance system, the use of a system-only approach to certification and endorsement and the regional scope of PEFC (which may raise problems in term of trade neutrality) are three such fundamental issues. These will make it difficult for PEFC to become a credible forest certification system, thus impeding its capacity to improve the positive image of forestry and wood as a renewable raw material in the public perception.

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