



# Understanding forest certification

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Forest certification is a system for identifying forestland that is well managed with a goal toward sustainability. In this context, sustainability includes ecological, economic, and social components. Products from certified forestland are identified by a special label.

Forest certification was conceived of as a way to promote sustainable forest production. It allows landowners to let customers know how they manage their forest. It also may function as a market-based mechanism to reward superior forest management.

Although there are other types of forest certification, this publication deals only with third-party certification. Third-party certification is an on-the-ground evaluation of forest management conducted by an accredited certifying organization and based on accepted standards. It is similar to a financial audit of a corporation.

Forest certification is a growing trend. Environmental organizations and a few companies have driven the movement toward certification. Recently, companies from all over the world, including Oregon, have become involved. Currently, approximately 5,000 acres of forestland are certified in Oregon, and certification is pending for about 47,000 acres.

## Who oversees the certification process?

The Forest Stewardship Council (FSC) is a nongovernmental, international organization that accredits third-party certifiers and facilitates development of forest management standards. It was founded in 1993 "to promote environmentally responsible, socially beneficial, and economically viable management of the world's forests." The FSC currently runs the only internationally active third-party certification system.

## How are forest management standards developed?

The FSC created a set of 10 principles and criteria covering topics such as management planning, plantation management, and environmental impact. FSC-designated agencies organize stakeholder groups to create regional standards following these principles and criteria. It is up to the FSC to assure consistency among standards and to approve standards.

In our region, the Pacific Forest Trust in California coordinates standard development. As of December 1997, a second draft of the standard was under review. The Oregon Department of Forestry is actively involved in reviewing the standard.

## Who are the certifiers?

In the United States, there are two FSC-accredited certifiers. Scientific Certification Systems is located in Oakland, California and has a background in environmental certification. SmartWood, the world's first forest certifier, is headquartered in New York, but has regional affiliates that perform certifications. The Rogue Institute for Ecology and Economy in Ashland is SmartWood's affiliate in Oregon.

## What happens in a certification?

In a forest certification, an interdisciplinary team of experts conducts an on-the-ground evaluation of the forest, assesses the management plan, and interviews people familiar with the operation. The assessment looks at ecological, economic, and social aspects of the operation.

Practices such as clearcutting and herbicide application may be allowed when justified by site conditions and the management plan. Retention of snags and down woody debris are examples of activities that are encouraged.

Certified operations are audited each year to maintain their certification.

## What is an ecolabel?

An ecolabel is an on-product label that indicates the product comes from a certified forest. The FSC encourages extensive use of its label to present a consistent message to consumers.

## What is chain-of-custody?

To carry an ecolabel, a product must have documentation proving it comes from a certified forest. This paper trail is called the chain-of-custody. Chain-of-custody certification involves evaluating the raw material transformation process to ensure that certified materials are properly tracked and kept separate from non-certified materials.

## What are percentage-based claims?

A percentage-based claim allows a product to carry the FSC ecolabel even if it is not made totally from certified fiber. Current rules allow a product with 70 percent certified and 30 percent noncertified fiber to be labeled. A variety of combinations with recycled fiber also are allowed.

## Is there demand for certified products?

Currently, there is not much demand from final consumers. Most demand is from industrial and retail companies.

In Europe, companies are joining groups committed to buying only certified forest products. The most developed of these groups operates in the United Kingdom. It consists of about 80 companies and represents nearly a quarter of the country's wood products demand.

In the United States, members of the recently formed Certified Forest Products Council are committed to buying certified products. This group is headquartered in Beaverton, Oregon.

## Why should I care?

Whether you are a landowner or a manufacturer, forest certification eventually may affect you. An increasing number of landowners and manufacturers are looking at certification as a potential competitive advantage.

### Advantages of certification

Because certification is so new, information concerning its benefits is limited. The following summarizes what currently is known.

**Image:** For some companies, such as Collins Pine of Portland, certification has had a positive effect on company image. As one of the first United States companies to certify its forestland, it received national media attention and received a Presidential Award for Sustainability.

**Credibility:** Certification can improve credibility. Certified landowners are seen as partners by environmental groups rather than as adversaries. In fact, many landowners have embraced certification as a way to reduce the controversy surrounding forest management. Certification validates forest stewardship and is used to defend management practices and assure continued management options.

**Premiums:** Initially, supporters of certification claimed consumers would pay more for "environmentally preferable" products. A number of studies have concluded that a segment of the population will pay more for certified forest products, but, so far, companies have had little success in targeting this elusive consumer segment. There are examples of premiums being paid in company-to-company or landowner-to-company transactions, but they are not the norm.

**Market access:** This area may be certification's greatest potential benefit. Certified landowners and manufacturers often find themselves selling to totally new markets. One Midwestern company filled a small order of certified product to a new customer several years ago and now is its sole supplier. Although most of the new volume is not certified,

the total account is worth more than \$7 million.

Certification may improve market access for small woodland owners in the future, although opportunities will vary regionally. Only a few Oregon manufacturers are producing certified products. As this number increases, so will opportunities for small woodland owners.

### Disadvantages of certification

Certification has some potential negatives as well.

**Cost:** First, there is the direct cost of certification. This cost ranges from less than 50¢ per acre to several dollars per acre depending on factors such as size and location of the property. Annual audits cost from less than 5¢ to more than 20¢ per acre.

One way certifiers try to make certification feasible for small woodland owners is by certifying a forestry consultant or land manager. All lands managed by that individual then are considered certified. In this case, there is no direct cost to the landowner unless the certified manager passes on the cost of certification.

The second cost of certification is the indirect cost of changing management practices, if necessary, to become certified. Most currently certified landowners were required to make few major changes in their management practices to become certified. Consequently, little information exists regarding these costs.

**Limited demand:** There is some demand for certified products in the United States, but it isn't a large part of the market. Since most demand doesn't come from final consumers, it is difficult to predict how this market will develop. If consumers begin to recognize and prefer certified products, demand will grow quickly.

**Chain-of-custody:** Chain-of-custody often is seen as a significant challenge and cost, especially by operations such as paper mills that have hundreds of suppliers and use continuous processing, which makes it difficult to keep certified fiber separate from noncertified fiber.

However, for many operations, the challenges may be surmountable. Chain-of-custody certification primarily uses existing inventory control systems to assure segregation of certified and noncertified material. The direct cost of certification typically is less than \$3,000. Again, little is known about the indirect costs of potential changes in production practices.

**Evolving system:** The FSC is young and developing. Consequently, there are many uncertainties and unresolved issues. This uncertainty discourages many companies and landowners from becoming involved. More conservative operators are waiting to see how certification develops before deciding how to react.

Possibly the most important outstanding issue is development of regional standards. Until standards are finalized and approved by the FSC, uncertainty will remain.

### Summary

It still is unclear how certification will develop or the impact it may have on markets. To date, its impact has been modest. However, it is developing quickly in Oregon and the rest of the world. Those already certified have benefited, but the potential payoff for small woodland owners is less clear. Regardless of your opinion of certification, it is important to follow its development.

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