

FOREST CERTIFICATION AND MUTUAL
RECOGNITION:
WHAT IS INVOLVED AND WHAT DOES IT IMPLY?

MATTHEW WENBAN-SMITH

DR. JIM BOWYER
DR. JEFF HOWE
KATHRYN FERNHOLZ

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DOVETAIL PARTNERS, INC.



Forest certification and mutual recognition

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Introduction

Recent years have seen many calls for 'mutual recognition' between the Forest Stewardship Council¹ (FSC) and programs endorsed by the Programme for the Endorsement of Forest Certification² (PEFC), or other forest certification programs.

Dr. Lim of the Malaysian Timber Certification (MTC) scheme has *"urged all relevant parties to collaborate and work towards establishing mutual recognition among credible certification schemes."* Similarly, the U.S.-based Sustainable Forestry Initiative (SFI)^{Error! Bookmark not defined.} proposes that: *"[The] SFI program, CSA and PEFC support [mutual recognition], as do forestry interests from countries in South America, Oceania and Asia with developing certification programs."*

In support of its mutual recognition stance, SFI³ argues that:

"The combination of [these] interests under a mutual recognition framework would present a formidable network of credible programs. It would bring a substantial percentage of the world's forest products to market with the assurance they contribute to sustainable forest management. Efforts that discourage exclusivity, and encourage a diversity of mutually recognized certification programs, would:

- Enhance sustainable forest management worldwide;*
- Increase the supply of certified products, meeting customer demand;*
- Increase pressure against illegal logging and non-sustainable practices;*
- Make wood more competitive with non-renewable alternatives;*
- Avoid restraints on trade."*

However, in a thinly veiled reference to the FSC program, SFI notes that: *"Other certification programs have so far declined invitations to participate in the effort."*

The Food and Agricultural Organization of the United Nations (FAO) recently addressed mutual recognition issues, reporting that:

"Some rivalry between certification systems means that the two major systems (FSC and PEFC) do not envisage mutual recognition despite the preference for this option from the wood industry and mid-chain wholesalers and retailers. As a result, some public and private forests are being certified by multiple systems." (FAO, 2006⁴).

¹ For more information, see Dovetail Report, "Beginner's Guide to Third-Party Forest Certification: Shining a Light on the Forest Stewardship Council (FSC)", Sept 2004. Available at: <http://www.dovetailinc.org/DovetailFSCReport.html>

² For more information, see Dovetail Report, "Beginner's Guide to Third-Party Forest Certification: Shining a Light on the Programme for the Endorsement of Forest Certification schemes (PEFC)", Nov 2004. Available at: <http://www.dovetailinc.org/DovetailPEFCReport.html>

³ http://www.afandpa.org/Content/NavigationMenu/Environment_and_Recycling/SFI/Mutual_Recognition/Mutual_Recognition.htm (Accessed February 2, 2007)

⁴ <http://www.unece.org/trade/timber/docs/fpama/2006/fpamr2006.pdf>

From these statements, it appears that only FSC is the dog-in-the-manger, creating unnecessary burdens for the industry and obstructing international efforts to achieve more sustainable forest management.

But what *is* 'mutual recognition'? Would it deliver the benefits its proponents suppose? And does FSC, in fact, object to the concept?

What is 'Mutual Recognition'?

Before getting into a discussion of 'mutual recognition' it is useful to agree on what the expression means. ISO guidance is by no means definitive, but it provides a useful starting point.

ISO/IEC Guide 17000: Conformity assessment - Vocabulary and general principles defines 'recognition' (of conformity assessment results) as meaning "acknowledgment of the validity of a conformity assessment result provided by another person or body". Such recognition may be unilateral (where one party recognises the conformity assessment results of another party), bilateral (where two parties recognize each other's results), or multilateral (involving many parties).

Using ISO's definition in the context of FSC and PEFC, mutual recognition would require only that each party recognise 'the validity' of the other party's conformity assessment results. At this basic level 'mutual recognition' between PEFC and FSC would simply mean that PEFC recognises that FSC certificates are a valid indication of compliance with FSC requirements. Equally FSC would recognize that PEFC endorsed certificates are a valid indication of compliance with PEFC requirements.

The exercise of building mutual confidence that PEFC and FSC certificates are 'valid' in this sense might be useful in its own right, but it is hard to see how such 'mutual recognition' would deliver any of the benefits suggested by SFI and others. There would still be separate FSC and PEFC certificates, based on FSC and PEFC standards. There would still be FSC and PEFC labels and logos, and companies would still need to maintain independent chains of custody.

Clearly the phrase 'mutual recognition' in the context of forest certification is intended to mean more than the minimum requirements implied by the ISO definition.

Mutual Recognition Arrangements

A step towards a more comprehensive form of 'mutual recognition' is suggested by ISO's definition of a 'mutual recognition *arrangement*' (ISO uses the term 'arrangement' in relation to the voluntary sector and reserves the term 'agreement' for legally binding agreements between governments).

According to *ISO/IEC Guide 68: Arrangements for the Recognition and Acceptance of Conformity Assessment Results*, a (mutual) recognition arrangement requires mutual acknowledgment that assessment results have been produced as the result of '*competently performed, equivalent procedures*.'

The phrase 'equivalent procedures' is significant. First, it brings in the concept of 'equivalence' - which is important to the discussion. But secondly, it is limited to the consideration of *procedures* - e.g. certification or accreditation procedures. It does not necessarily include consideration of the *standards* which a certified supplier would need to meet.

Equivalence (according to ISO/IEC Guide 17000, again) means 'sufficiency... to provide the same level of assurance of conformity with regard to the same **specified requirements** [ISO's emphasis]'. ISO defines a 'specified requirement' as being a 'need or expectation that is stated', and notes that 'specified requirements may be stated in normative documents such as regulations, standards and technical specifications'.

In short, and following ISO guidance, in order to achieve a mutual recognition arrangement, FSC and PEFC would need to evaluate each other's *procedures* to ensure that they are based on essentially the same specified requirements.

This type of evaluation might be a valuable exercise. It would require that the similarities and differences between FSC and PEFC procedures be compared systematically. The results would include identifying where one system or the other specifies additional requirements. These differences would then need to be evaluated and either harmonized or (mutually) deemed unnecessary for the achievement of the objectives of certification.

In the past there have been fierce arguments about some of the differences between FSC and PEFC requirements and their significance. But there is now a fairly broad literature available which could provide a basis for harmonization. ISO/IEC Guide 68 (section 5.3) lists what it describes as "Internationally recognized principles and requirements" that could be referred to, and the World Bank, the International Forestry Industry Roundtable (IFIR) and others have done considerable work to identify the procedural elements they consider critical in certification programs. These generally include such factors as repeatability, reliability, consistency, independence, competence and transparency.

It is important to recognize that harmonization does not automatically imply harmonizing toward the lowest common denominator - it can, and possibly should, mean harmonising upwards so that the best aspects of systems are shared. To some extent, such harmonization is already taking place due to external demands on FSC and PEFC respectively. An example would be differences in transparency of reporting (e.g. publicly available certification reports), in relation to which PEFC recently committed to making improvements. Equally, FSC had been criticised for its poor definition of training requirements for auditors, resulting in subsequently improved requirements.⁵

Assuming now, for a moment, that analysis and harmonization of procedural requirements have been completed, and that consideration has been given to whether the systems are competently implemented in the field, there would nonetheless still be

⁵ For more information, see Dovetail Report, "Forest Certification Auditor Qualifications," April 2006. Available at: <http://www.dovetailinc.org/DovetailAuditors0406.html>

separate FSC and PEFC certificates, separate FSC and PEFC chains of custody and FSC and PEFC logos. There is a simple reason for this - it is because the standards that are applied in the forest are different.

Mutual recognition of the '*validity*' of results, and mutual recognition of '*procedures*' might be helpful, but without mutual recognition of the *equivalence of standards* they do not bring the hoped for benefits.

Equivalent Standards

'Equivalence' can be a difficult concept to pin down. In international trade 'equivalence' operates at the level of objectives⁶. Thus, so long as certification schemes share a common goal, mutual recognition could take place without requiring that standards are necessarily the same - the test would be whether a given standard and the associated verification process do, in fact, deliver on the specified objectives.

At the level of overall objectives there is a high level of apparent convergence between forest certification schemes. All schemes claim in effect to promote sustainable forest management.

The problem, of course, is in the development of operational standards to implement or evaluate achievement of this objective.

Although it is generally agreed that more 'sustainable forest management' would be a good thing, and there is widespread (though not universal) agreement about its principles, there is still serious debate about its operational definition - including societal issues such as tenure and use rights, but also in relation to the relative weight that should be attached to social, environmental and financial considerations. Resolving such differences is difficult, which is a major reason why standard setting for forest certification is controversial at international and national levels. A mutual recognition approach which simply ignores such differences would likely increase confusion and create renewed controversy. To achieve success the differences must be acknowledged, reviewed and resolved.

A Basis for Mutual Recognition

In fact there is surprisingly little disagreement between proponents of the PEFC system and proponents of the FSC system in relation to the *principle* of mutual recognition. Indeed, FSC as well as PEFC has itself claimed to operate a mutual recognition system already.

The PEFC system offers a mechanism for endorsing independently developed programs that currently operate at regional or national scales and make use of the PEFC endorsement to gain a more internationally recognized status. In the PEFC approach, endorsement and 'mutual recognition' is partially based on each program utilizing international agreements as the basis for their standards, in accordance with

⁶ See *Equivalence and Mutual Recognition: Relevance for the WTO and the Codex Alimentarius Commission* by Veggeland and Elvestad, Norwegian Agricultural Economics Research Institute, 2004 for a discussion.

the *Pan European Operational Guidelines*⁷ (PEOG). PEFC describes the PEOG as a '*common framework of recommendations for reference at the field level that can be used on a voluntary basis*' to translate international commitments down to the level of forest management planning and practices.

Somewhat similarly, the FSC program has a system of 'national initiatives' that specify how FSC's international Principles and Criteria should be interpreted at the national level. In the FSC approach, the basis for 'mutually recognizing' standards developed at the national level is common use of the *FSC Principles and Criteria* as the basic framework.

Given this common acceptance of the principle of mutual recognition, what remains at issue is the possible basis for mutual recognition between FSC and PEFC - and in the end this comes down to standards and their interpretation.

The bottom line for FSC is that its recognition of any other program depends on the equivalence of national interpretations of the *FSC Principles and Criteria* as the *international standard* for responsible forest management.

The bottom line for PEFC is that its recognition of differently structured national standards depends on its national member bodies finding the standards to be in line with *international or regional agreements*.

FSC and PEFC requirements are not mutually exclusive. There is nothing to stop FSC from recognizing PEFC national standards where these implement the *FSC Principles and Criteria* and have been developed with the full involvement and support of national stakeholders. Nor is there anything to prevent PEFC from endorsing standards which also meet FSC's international requirements. In the UK the same standard has been endorsed by both PEFC and FSC⁸. If such *dual recognition* is possible, so, potentially, is mutual recognition. Conversely where dual recognition is impossible, then it is hard to see how mutual recognition could be achieved.

In the UK dual recognition came about because stakeholders at the national level concluded that it was in their mutual interest to develop a standard which all could support. In effect, all stakeholders at the national level agreed they could develop a standard which would meet *both* FSC and PEFC requirements.

The basis for mutual recognition between FSC and PEFC at the *international* level could be a similar agreement. If FSC and PEFC were to agree that all national standards processes should meet the requirements of *both* programs, then dual recognition would become the norm rather than the exception, and international mutual recognition would be a genuine possibility.

For FSC, the starting point for such a discussion would be the *FSC Principles and Criteria* - not because its requirements are better or worse than international

⁷ Resolution L2 including the Pan-European Operational Level Guidelines (PEOLG) for Sustainable Forest Management (SFM) was adopted at the Third Ministerial Conference on the Protection of Forests in Europe in 1998.

⁸ For more information about the UK Woodland Assurance Standard, please visit:
<http://www.ukwas.org.uk>

agreements - but simply because this is the international standard on which all FSC certification is based, and which FSC considers as a framework to implement relevant international agreements.

For PEFC, the starting point would be the UNCED Forest Principles and various regional intergovernmental agreements to which PEFC refers (See box).

Box 1. PEFC Reference Documents

The main intergovernmental agreements referred to by PEFC⁹ are:

- the UNCED Forest Principles;
- the Pan European Criteria and Indicators (PEC&I) (Helsinki Process)
- the ATO/ITTO principles, criteria and indicators for the sustainable forest management of African tropical forests (ATO/ITTO PCI);

In addition, standards for forest management of natural tropical forests shall be 'compatible with':

- ITTO guidelines on the sustainable management of natural tropical forests (1992), and,
- ITTO guidelines on the conservation of biological diversity in tropical production forests (1993)

PEFC also references a number of other regional agreements which have developed criteria and indicators, but notes that these have not yet produced operational level guidelines:

- Montreal Process (Criteria and Indicators for the Conservation and Sustainable Management of Temperate and Boreal Forests),
- Near East Process, Lepaterique Process,
- Regional Initiative of Dry Forests in Asia,
- Criteria and Indicators for Sustainable Management in Dry- zone Africa,
- Tarapoto Proposal: Criteria and Indicators for the Sustainable Management of Amazonian Forests.

If PEFC has substantive concerns regarding the manner in which the *FSC Principles and Criteria* implements international agreements, then these would need to be identified and improvements would have to be suggested. As for all international standards, there are established procedures by which the *FSC Principles and Criteria* could be modified. A solution, which could be acceptable to all parties, may or may not be reached, but at least the process would make clear where the differences are, and why they are considered significant.

The eventual end point of discussion could be an international standard that meets all the requirements of both schemes. In terms of international trade, it is widely accepted that international standards provide an efficient basis for harmonization. Indeed, the use of international standards is given explicit weight in the WTO agreement on Technical Barriers to Trade (TBT).¹⁰

⁹ For more information about PEFC reference documents, please visit:
http://www.pefc.org/internet/html/documentation/4_1311_401.htm

¹⁰ For more information, see Dovetail Report, "International Standards and Trade Barriers," June 2006. Available at: <http://www.dovetailinc.org/DovetailTradeStandards0606.html>

The Bottom Line

It is not clear at present whether proponents of mutual recognition consider that this implies harmonization of standards in the forest, though without such harmonization it is hard to see how the suggested benefits would be achieved.

If it is clarified that mutual recognition between FSC and PEFC would imply harmonization of requirements for forest management standards at the international level, then the arguments being made in its favor would be more convincing. It would also be possible to identify actions that could be taken to achieve this objective.

If agreement on international standards cannot be reached, then at least it will be clear *why* mutual recognition between FSC and PEFC is problematic. All stakeholders could then judge whether they consider these reasons appropriate or not and could act accordingly.

In the meantime, calling for '*mutual recognition*' without clarifying the implications is empty rhetoric.

This report was prepared by
DOVETAIL PARTNERS, INC.

Dovetail Partners is a 501(c)(3) nonprofit corporation that collaborates to develop unique concepts, systems, programs, and models to foster sustainable forestry and catalyze responsible trade and consumption.

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ADDITIONAL COPIES OF THIS REPORT,

CONTACT US AT:

INFO@DOVETAILINC.ORG

WWW.DOVETAILINC.ORG

612-333-0430

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DOVETAIL PARTNERS, INC.

528 Hennepin Ave, Suite 202

Minneapolis, MN 55403

Phone: 612-333-0430

Fax: 612-339-0432

www.dovetailinc.org