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TIMBER AND TIMBER MANAGEMENT

INTRODUCTION

Wood is an excellent material from functional, environmental and aesthetic points of view. It is renewable, can be re-used and re-cycled in certain applications and is biodegradable in others and it is used in different forms in the production of a wide range of products as well as being a source of energy.

Wood represents an important share of retailers' business. Wood and wood-based fibres are used in the products they sell (e.g. furniture, DIY and construction materials, stationery, books, kitchen accessories, hygienic paper - tissues, etc.), in the packaging of products (primary packaging: e.g. beverage cartons; secondary and transport packaging: e.g. paperboards), in communication materials (e.g. brochures and catalogues) and in documentation.

Despite the environmental advantages mentioned above, in order to assess whether a timber product is sustainable, it is important to consider its life cycle (sourcing - newly harvested or recycled;, processing; transport and post-consumer (re-use/recycling/waste prevention) phases. The working/useful life of a product is also important, particularly for products of long working life, such as furniture and buildings. Reduced environmental and other impacts during this phase can be incorporated into the design. However, this paper focuses only on the sourcing, processing & transport phases, since it is these phases which retailers and their suppliers can most directly influence.

Logging: the sustainability and legality challenge

Logging is the ultimate source of all timber and has potential for a big environmental footprint. Sustainable forestry (e.g. limited use of biocides, respect of biodiversity, regeneration capacity, etc.) is essential for the long-term availability and affordability of sustainable timber and timber products.

Independent certification schemes can attest to the sustainable management of forests and, when their assessment criteria include legal compliance and are traced through the supply chain, they can be used as a proxy for legality of timber products. In Europe, the two schemes most widely used (FSC[1] and PEFC[2]), include legal compliance for forestry operations as a baseline requirement.

The respect of legality, although different from sustainability, has a strong link with the impact of logging on the environment. Illegal logging is a serious offence which can result in severe environmental, social and economic consequences, threatening biodiversity, contributing to deforestation, exacerbating climate change by increasing greenhouse gas (GHG) emmissions and reducing the forests' carbon sinks, undermining the rights of forest-dependent populations, depriving governments and hence societies of revenues and creating unfair competition on global and European markets.

For some time, many retailers have followed responsible purchasing strategies to ensure the legality of the timber entering their supply chains. However, this remains a challenge for retailers.

[1] Forest Stewardship Council

[2] Programme for the Endorsement of Forest Certification

About 90% of the timber in of wood products sold on the European market is sourced from European forests. These forests are very largely sustainably managed[3] and in most areas their surface area grows[4]. Moreover, only just over 60% of the net annual increment is harvested[5].

Major problems for retailers and other operators come when the timber is sourced from regions where legislation and controls are not properly applied. In this case, it is challenging to ensure that timber is sourced legally[6].

Recycling: the sustainability vs. quality dilemma

The recycling of wood and wood fibres represents a valid supplement to logging. Increasingly, recycled materials are used for the production of both paper and wood products. The recovered wood and fibres come from construction materials, pallets, paper and board. However, in the case of paper, there are limitations to its recyclability as, at each cycle, the fibre loses some of its important characteristics[7]. Therefore, virgin fibre remains the primary raw material for timber based products. Furthermore, health and safety criteria apply for the reuse of wood and when used for food or drink packaging.

From forest to sale: production and transport

The supply chain of processed wooden goods can be complex depending on the number of steps that it includes and its geographic spread. However, the wood production and transport phases in the forest sector do not represent major peculiarities that have not already been described in the 'Optimisation of distribution systems' Retail Forum issue paper[8]. In any case, where wooden goods travel long distances before reaching retailers' premises, the negative impact on the environment may be increased. (In some case, though, this cannot be avoided, e.g. when wood species, qualities or dimensions are not available nearby). Furthermore, the complexity of the supply chain also means challenges in traceability, which can be compounded by corruption along the supply chain in those countries where controls are weak.

In addition to third-party certification, technological solutions partially help solve the traceability issue, but investments (and therefore implementation) differ according to the region and the value of timber.

THE LEGAL FRAMEWORK

Europe

The EU timber market has zero or low import tariffs, no quantitative restrictions and has no sector-specific legislation apart from phytosanitary controls.

Resulting from the 2003 Action Plan for Forest Law Enforcement Governance and Trade (FLEGT) is a series of voluntary partnership agreements (VPA) which the EU is negotiating with a number of timber producing and exporting countries. Once agreed, a VPA establishes that legally binding commitments and action from both parties to halt trade in illegal timber will apply. Under these VPAs,

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3 In Europe (EU-27) 42%of the total F.O.W.L. (forest and other wooded land) is FSC and/or PEFC certified; the percentage is 58 % for F.A.W.S. (forest available for wood supply). Source: FSC and PEFC web sites, April 2010.

4 the forest area in Europe continues to increase 553,000hectares per year on average. Source: Eurostat (EU-27, F.O.W.L., baseline: 2000-2005).

5 (EU felling rate (F.A.W.S.) 60.41 % in 2005. Source: Eurostat.

6 A significant proportion – around 19% – of timber imports into the EU is thought to come from illegal sources Source: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1543

7 Paper can only be recycled up to five times. Source: Friends of the Earth http://www.foe.co.uk/resource/briefings/paper_recycling.html

8 http://ec.europa.eu/environment/industry/retail/pdf/Issue%20Paper%20Optimisation%20of%20Distribution%20Systems%20w%20annex.pdf

there is a legality assurance scheme to ensure that only legally harvested timber is exported under licence to the EU from VPA countries. A regulation adopted in December 2005 controls the entry of such timber to the EU.

In October 2008, the European Commission proposed a regulation[9] with the aim of reinforcing the voluntary measures in the FLEGT Action Plan by minimising the risk of illegally harvested timber being sold in the EU. The proposal ‘Obligations of operators who place timber and timber products on the market’ asks operators to take concrete steps such as the use of due diligence systems, enabling them to be able to ascertain the legality of the products. A number of points are still open to discussion. The Regulation is expected to be formally adopted towards the end of 2010.

Concerning recycling, the EU Waste Directive lays down a five-step hierarchy of waste management options which must be applied by Member States when developing their national waste policies. Waste prevention, re-use and recycling are key steps. Although solid wood does not yet fall within the scope of the directive (whilst paper has been in for a long time), its possible inclusion is being considered. While the Directive foresees that, by 2020, Member States shall take the necessary measures to increase re-use and the recycling to a minimum of overall 50% by weight, a voluntary paper recovery scheme by industry has already far surpassed that goal.

Packaging recycling is regulated separately in the Packaging and Packaging Waste Directive, which sets out reuse, recycling and other recovery options and sets material specific recycling targets for wood at 15% and paper at 60%.

The global framework

The Bali Conference in 2007 introduced the REDD (Reducing Emissions from Deforestation and Forest Degradation) concept in the UNFCCC. It is intended to provide funding for developing countries to support national policies oriented to REDD. At the UN Conference of The Parties in Copenhagen in December 2009, the role of the REDD mechanism was recognised and its scope expanded to include sustainable forest management (REDD+).

Several programmes have been set up to fund this mechanism, including:

- the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in developing countries (UN-REDD Programme),
- the Government of Norway's International Climate and Forest Initiative
- the World Bank's Forest Carbon Partnership Facility (FCPF).

OPPORTUNITIES AND BARRIERS

Trading legally sourced timber is a challenge for retailers and other operators putting timber products on the market. Controlling the entirety of their supply chains is difficult, especially for timber coming from ‘high-risk regions’, where timber may be harvested by many small operators, and for timber transiting through one or more intermediary countries.

To minimise the risk that timber entering the EU market is illegal or not responsibly harvested is a process that takes time, effort and resources. However, the current strong engagement of retailers and the co-operation with commercial partners, certification systems and NGOs can help accelerate this process.

[9] The proposal ‘Obligations of operators who place timber and timber products on the market’ is currently being discussed in the European Parliament for second reading.

Opportunities

Embedding sustainable management for timber products means for retailers:

- To be recognised by customers as providers of sustainable products and services: customers value the engagement of companies towards sustainability, translated into increased reputation and customer loyalty.

- To raise general consumer awareness: due to the different aspects of sustainability that the timber issue involves, the existing sustainable approach in the timber supply chain can contribute to raising the awareness of consumers about sustainable consumption.

- Sustainable management of the timber supply chain offers a stimulus for companies to integrate sustainability in their broader corporate management.

- To protect and enhance timber resources: the long-term availability of wood as a resource can be promoted by ensuring sustainable forestry and by not sourcing from sensitive or high-risk areas

- To enhance co-operation with partners: the sustainable management of forests and the legal harvesting and trade of timber are cross-sectoral initiatives that can enhance or create co-operation with NGOs, other partners (e.g. certification schemes) and other sectors (e.g. packaging and paper industries). This can bring benefits for the environment, consumers and the business itself.

Barriers

Governance and enforcement in developing countries:

- Poor governance in key producer nations, deficient enforcement of sometimes complex and/or incoherent forest legislation is a major burden to legality proofs and sustainable practices; corruption and organised crime in some regions make it very difficult to ensure 100% legality in the supply chain.

- Large retailers can act as promoters of sustainable forest management before markets and governments. However, this task is delicate in some areas where the market is not open to the positive influence of foreign companies.

Sourcing:

- While the supply of certified timber still outstrips the demand, it may not be reaching the final producer as not all entities along the supply chain have a certified chain of custody. This results in the lost of information on certified content at a certain step of the supply chain.

- . Many studies argue that timber prices are set to increase considerably due to shortage of available materials caused by a jump in demand from the world's developing nations and the demand of wood for energy (biomass).

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Supply chain:

- It can be very difficult to track the origin of timber from harvest to the assembly of a product because for some product categories (e.g. pulp, paper, fibreboards, furniture, etc.) the raw material often comes from different suppliers who use different species and sources of wood.

- Administrative burdens: language (i.e. of the chain of custody documents) and political barriers represent burdens in the management of the supply chain.

CONCLUSIONS

One of the biggest supply chain challenges facing retail is “how can retailers obtain sufficient sustainably harvested timber and wood products to satisfy customers’ needs in the coming years - and at what price?”

The answer to this question is generally one of retailer engagement and leading by example, in co-operation with decision-makers and commercial partners as well as with NGOs and civil society.

In some markets, sustainable wood products are increasingly sought by consumers, and retailers move to respond to this changing consumer demand. Certification schemes can help both producers and retailers respond to consumers’ demand, as well as the control of the environmental performance along the supply chain. However, for complex and long supply chains with many companies involved, control of each actor can be costly.

Combining responsible and effective forest management with effective legislation can ensure sustainable and durable sourcing and production of timber and timber products.

Key challenges

- Encourage correct governance in key supplier regions in order to avoid business disengagement.

- Ensure that legally sourced and sustainable timber products are available to consumers in the long term. This is the biggest challenge as it requires efforts on different fields (i.e. sourcing policy, training of buyers, relations with suppliers and controls up to the forest owners/managers).

- Sensitise consumers to the environmental, societal and long-term benefits of sustainable timber and of certification schemes (e.g. conservation of forests and, consequently, of biodiversity and local economies). An increased demand for certified timber should influence the supply and eventually compensate the current lack of certified timber.

- Help consumers to make the right choice: the consumer choice is influenced by price, design, quality and sustainability characteristics of products and often the advantages of each of these are not clear.

What can retailers do?

- Profile themselves as leaders in sustainable timber management via:

  - A clear sector position to avoid illegal logging and deforestation.

  - Participation in partnership projects oriented toward building sustainable practices at the supplier level (e.g. the Global Forest and Trade Network – GFTN; the Timber Retail Consortium, European Declaration on Paper Recycling etc).

  - Engagement with suppliers, NGOs and civil society.

  - Promotion of sustainable timber as a ‘desirable’ material in order to avoid a shift towards other less-sustainable materials.

- Build resilient supply-chain relationships: enforce and implement procurement policies to define and guide wood-sourcing decisions, define and guide end-of-life decisions.

- Support independent certification schemes as a means to ensure and communicate sustainable timber sourcing.
- Increase internal governance, auditing and due diligence.
- Use recycled and certified material for internal and external use (communication materials, stationery, pallets etc.).

What can policy-makers do?

- Help level the playing field for responsible actors in the supply chain by generating workable legislation to combat illegally logged timber.
- Focus the legislative action on issues such as illegal logging, deforestation, forest degradation and infringement of tenure rights.
- Co-operate with relevant actors to challenge the lack of certified forests in regions other than EU and North America as well as in the EU (and North America).
- Co-ordinate with local authorities in order to provide businesses with the tools to make informed choices (e.g. monitoring systems, forest database).
- Implement sustainability requirements for timber in public procurement policies.

What can others do?

- Work with retailers and policy-makers to find common grounds for co-operation.
- Support the development of improved forest monitoring and timber tracking tools, including certification schemes, with publicity and endorsement.
- Lift the obstacles to the uptake of certification especially towards smaller forest managers/owners.

TRANSFER OF GOOD PRACTICES

RETAILERS

Timber Retail Consortium

A group of four leading European retailers launched the Timber Retail Coalition (TRC) to support measures to curb illegally harvested timber. Kingfisher, Marks & Spencer, IKEA and Carrefour Group are the founding members. The TRC is committed to tackling global deforestation linked to climate change. By providing a single platform for engaging with politicians and policymakers at national and EU levels, the TRC will significantly enhance this effort.

http://www.errt.org/uploads/MediaRoom/documents/Timber%20Coalition%20launched%206%20Apr%202010.pdf

Groupo Carrefour Espana

Handbook for improving the management of used cardboard packaging in hypermarkets.

http://www.tupapelesimportante.com/popup/popupdocumento.asp?documento=250

Colruyt launches FSC certified till slips

The Belgian based Colruyt group is switching to FSC-certified paper for its till receipts for a number of its subsidiaries. In total, these utilise between 110 and 120 million till receipts in A5 format per year.

http://www.nepcon.net/2947/English/HOME/News_2009/September/Belgian_supermarket_launches_FSC_certified_till_receipts/

http://www.colruyt.be/colruyt/static/1024/assets/infocolruyt/info_Mar09_p3_f.pdf (French)

FSC certified products booming business in the Swiss retail market

Two of the leading Swiss retailers – Migros and Coop – each offer over 2.000 different FSC-labelled products to their clients, with roughly 100 million € sales value each. Communication about the FSC certified products are clearly incorporated at the company websites.

Migros (German): http://www.migros.ch/DE/Supermarkt/ENGAGEMENT/FSC/Seiten/FSC.aspx
Migros (French): http://www.migros.ch/FR/Supermarche/Engagement/FSC/Seiten/Apercu.aspx
Coop (German): http://www.coop.ch/pb/site/common/node/9805/Lde/index.html
Coop (French): http://www.coop.ch/pb/site/common/node/9805/Lfr/index.html

UK retailer Sainsburry's committed to FSC labeld products

Sainsbury's works alongside NGO partners to promote responsible forestry by introducing FSC-certified products. The number and variety of FSC-labelled products in the Sainsbury's shelves have increased enormously the last few years, now not only including timber products, but also FSC-labelled packaging and tissue products.

CR policy on timber: http://www.j-sainsbury.com/cr/index.asp?pageid=37

First FSC-labelled drinking cartons for Sainsbury's: http://www.j-sainsbury.co.uk/index.asp?PageID=322&section=news_releases&Year=2007&NewsID=995

Sainsbury's largest FSC cork user in the world: http://www.j-sainsbury.co.uk/index.asp?PageID=322&section=news_releases&Year=2010&NewsID=1218

96% of wooden products in UK Coop shelves from responsible forest management

The Co-operative Food reports that it sold 33,237m^3 of timber products in 2008 (2007: 35,260m^3).

During 2008, The Co-operative Food reported that, once again, all wood products were of known origin and that there was credible evidence of legal harvesting. Of this, 96% (2007: 67%) was supported by Forest Stewardship Council (FSC) certification (i.e. a complete chain of custody from forests that demonstrate social, economic and environmental benefits), with a further 3% sourced from recycled post-consumer waste (2007: 16%) and 1% was known, legally-sourced virgin material, such as PEFC.

http://www.co-operative.coop/corporate/Sustainability/ecological-sustainability/biodiversity/forest-stewardship/

B&Q secures biggest volume of tropical FSC-certified plywood in the world

As a UK Government Department - DEFRA - launches a consultation on licensed timber imports, B&Q has announced that it will now buy only FSC-certified tropical hardwood plywood. Certification for B&Q's entire supply of tropical plywood is a global first as historically it has been difficult to secure FSC certification for this volume.

http://www.illegal-logging.info/item_single.php?it_id=3850&it=news&printer=1

Coop Italy: Coop Italy's own brand products based on cellulose (handkerchiefs, napkins, toilet paper etc) are all FSC certified. The percentage of raw material which is FSC certified has progressively increased over the years, beginning from a 30% in 2005 and arriving to the current percentage of 50%. For the remaining part of its pulp, Coop Italy nevertheless guarantees that it is not coming from GM sources or from forests having a high conservationist value.

http://www.e-coop.it/portalWeb/guidaprodcoop.portal?_nfpb=true&_pageLabel=viewDocumentiFaro&documentoFaro=%2FCoopRepository%2FCOOP%2FCoopItalia%2Fdocumento%2Fdoc00000026531.

OTHERS

ACE (The Alliance of Beverage Cartons and the Environment)

The beverage carton manufacturers member companies undertake by 2015 to reach 100% chain-of-custody certification of all wood fibres used in mills producing paperboard. Second they commit to secure by 2018 chain of custody certification for all their carton manufacturing plants.

http://www.ace.be/NeoDownload?docId=177703

PEFC - Public Timber Procurement in the United Kingdom

There is some indication that procurement policies lead to increased demand and awareness of certified products, as the case of the UK public timber procurement policy shows.

http://www.pefc.org/index.php/resources/case-stories/item/495-public-timber-procurement-in-the-united-kingdom

CEI-Bois (European Confederation of Woodworking Industries):

The goal of the "Wood in sustainable development" process under the umbrella of CEI-Bois is to increase knowledge and awareness among all stakeholders on the positive contribution of enhanced wood use to both sustainable development and tackling climate change. Using wood offers a simple way to reduce the CO2 emissions that are the main cause of Climate Change, through the carbon sink effect of the forests, the carbon storage effect of wood products and the substitution for carbon-intensive materials. At the same time, it puts the industry's economic contribution in context. The European timber industry recognises the importance of the sustainable 'triple bottom line' (Economy-Environment-Society), where long-term economic development must be balanced against the need to respect the environment and the interests of society as a whole.

http://www.cei-bois.org/en/roadmap-2010/wood-in-sustainable-development

CEPI – Confederation of European Paper Industries

In 2005 the European paper industry already launched their Legal Logging Code of Conduct, signed by all members. The Code of Conduct includes six principles that describe and promote legal logging for the European paper industry. The CEPI Sustainability Report gives regular updates on the uptake of legal logging principles and procurement policies in companies.

http://www.cepi.org/content/default.asp?PageID=558&DocID=33

CEPI – Confederation of European Paper Industries

In 2010, The European paper industry became a partner of the International Year of Biodiversity and published a guidebook titled "Sharing Experience – Promoting Biodiversity in the European pulp and paper industry" together with Eurosite Nature. The guidebook promotes concrete best practices to further enhance biodiversity conservation along the wood procurement chains.

http://www.cepi.org/docshare/docs/1/LGBCFBEDKGJIAIHDKAFCNMGF5LKG4NQHRT4LTAYD437E/CEPI/docs/DLS/CEPI_BioBrochure_FINAL-20091120-00014-01-E.pdf

ERPC – European Recovered Paper Council: European Declaration on Paper Recycling

European Paper Industry together with the recovered paper supply chain has set a target to reach a recycling rate of 66% by 2010 as well as qualitative targets, thereby contributing to the efficient use of the wood resource.

http://www.paperrecovery.org/files/EuroDec_06_10_2Web-115335A.pdf

FSC and PEFC label scored on 'legality' and 'sustainability' in a Belgian study

Two Belgian Universities (Ghent and Gemblouw) recently scored the FSC and PEFC label to a set of criteria to assess a score for both legality as well as sustainability. On legality the FSC label gets a score of 100% and the PEFC label 86%. Also on the sustainability criteria the FSC labels scores best with a score of 98% compared to 80% for the PEFC scheme.

Study not published yet

http://www.nepcon.net/2947/English/HOME/News_2009/September/Belgian_supermarket_launches_FSC_certified_till_receipts/

Belgian consumers can buy FSC labeled products with the 'green cheque'

Belgian consumers can buy more environmentally friendly products – such as energy saving lamps or FSC-labelled wood and paper products - with the recently introduced 'green cheques'. The 'green cheques' can be given by employers to the employees as an extra advantage on top of the salary. With this new tool the Belgian government hopes to push the further growth of the market demand for environmentally products.

http://www.fsc.be/default.aspx?ID=258&Taal=FR