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1. introduction

Welcome to the Bulletin of Friends of the Earth International Forest Program. This first edition for the year 2006 focuses on market mechanisms. Herein we introduce the issue.

Since the mid 80’s, market mechanisms have become an important tool for some environmentalist sectors in their efforts to make a healthier world at social and environmental levels. Concepts like ‘polluters pay’, applied to a range of laws and contamination taxes, stem from such a period. Also, the first certifications of organic or ‘sustainable’ production and the first certifications of forest products, including the FSC (Forest Stewardship Council), appeared. Nowadays, however, if we review and evaluate their efficiency as an action tool for environmentalists and, in particular, within the concepts of the ecology, and social ecology, and the proposals to build an ecological economy based on sustainable communities, we face deep contradictions reflected by criticism and denounces on the procedures and the alleged authenticity of these mechanisms worldwide.

To start, and as a reflection on this issue, we need to distinguish market mechanisms by the state vs. those that are voluntary and private. There are important, practical, conceptual, and ideological differences between them. However, due to limitations of space and the need to give more clarity on the discussion, we will focus on the second group. The main difference might be that the former use the market as a regulator agency, mostly indirectly, and clearly with their objective of assuring an adequate resource management/allocation. Whereas, for the second mechanism, the market is the only motivation, wherein its main objective, as with all capitalist initiatives, is the generation of profit.

When we analyze the environmental concern integrally, we cannot turn a blind eye to the fact that it is rooted into two closely interlinked phenomena, between themselves and to the markets. One of them is the enormous inequity and injustice in the allocation of resources among societies. The other phenomenon is the excessive consumption of the majority of resources by certain societies. Concerning the forests, the latter is obvious: the over-consumption of paper, energy, wood, and food for animal feeding by a third of the people of the planet has a devastating effect on the resources and has often exerted merciless violence on the rest of mankind.

The market mechanisms present their most important contradiction there. In the short run, and assuming that the mechanisms are fair, transparent, and efficient in the verification and control of their operations, we can expect some alleviatory benefits for the local companies: the consumption of agro-toxics will be reduced, a certain balance between production and conservation of biodiversity will be created, labor conditions will be improved, and illegal

activities might be reduced. In certain cases, and if the mechanisms present equity criteria, they could generate market opportunities for production schemes, on a small-scale, that have a more solidary and cooperative character.

However, in the long run, if the issues of over-consumption and inequity in the use of the resources have not been addressed, the environmental and social conditions will continue deteriorating. Furthermore, what usually happens is that big corporations, well experienced in the management of market affairs and thirsty for opportunities to increase their capital, appropriate these tools. Examples of this are frequently present.

As ecologists, we need to be aware of these contradictions. And, if we decide to use or not to use these tools, we need to make a clear analysis of the conjuncture, character, and period of time that these mechanisms will be used. We also need to evaluate the energetic consumption that we need to invest in controlling and monitoring these mechanisms.

From the coordination of the FoEI Forest Program, we hope this bulletin will clarify the issue within our role as a federation and set some important elements forward for reflection and discussion.

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2. opinions from rainforest foundation on fsc.

In 2002, Rainforest Foundation United Kingdom and Norway published a large report containing a critical analysis of the effectiveness of the FSC (1). This report has been illustrated with case studies from South East Asia, North and South America and Europe, and addresses many failures in the granting of FSC certifications to forest management operations. They concluded that these flaws are closely linked to structural weaknesses in the system of certification, to specific political decisions and to the lack of adequate control mechanisms. We present here an extract of the main issues addressed in the study.

Inherent weaknesses exist in the operational model of the FSC, where certification bodies (which compete for clients in the market) function as intermediaries between FSC and forest managers, with whom they have direct economic relations. These situations have created a mix of interest that, along with the absence of properly functioning disciplinary and control mechanisms by the hand of FSC, have lead to some flaws in the certification system.

FSC's 'fast growth' strategy has promoted certification of non-compliant forest managers, undermined multi-stakeholder processes, and disregarded the policy context in targeted countries. FSC cannot win the 'game of quantities' against other certifications schemes because FSC aims to be a rigorous, multi-stakeholder process based on assessment of P&C, which put this scheme in a major disadvantage. Nonetheless, the pressure for certified territories has encouraged both the ranting of certificates to forest managers in countries lacking an adequate political context and civil society participation to promote compliance with the P&C.

The absence of defined 'major failings' in the P&C is seriously problematic. This allows a range of interpretations and arbitration in the compliance with the P&C. There is a shift toward the abuse of 'certification conditionalities' instead of addressing the conclusive failures to comply with FSC's P&C.

¹ Counsell S. Looras K. 2002. Trading in credibility: the myth and reality of the FSC - Rainforest Foundation (UK- NO) <http://www.rainforestfoundationuk.org/s-Trading%20in%20Credibility-%20Myth%20and%20Reality%20of%20the%20FSC>

FSC's Chain of Custody system is seriously flawed and allows for easy abuse. Specifically, the Chain Custody is incomplete, not requiring certification of wholesalers and retailers, allowing scope for entry of non-certified products into the certified trade chain. Similarly, the monitoring costs of 'non-exclusive' Chains of Custody are, in practice, very high.

The FSC functions poorly as a democratic membership-based organization. This is because some of the key stakeholders, particularly from the Social Chamber (indigenous and local communities), have serious difficulties to participate and make themselves heard.

3. tree plantations: part of the solution, or part of the problem?²

A recent paper commissioned by SSNC, Fern WWF and GP provides very useful insights and information about tree plantations, the FSC and their role in environmental and social aspects. While the document is still in its 3er drafted version, it described why tree plantations are neither ecologically, nor socially sustainable. It points out that the 'extensive expansion of tree plantations is a direct result of the corporate model applied to forest management. Therefore, the author takes the position that tree plantations are not certifiable if improving ecosystem protection and community well-being are important goals of certification.' The document also brings up some suggestion for the FSC to approach the plantation certification problematic. Here is a summary of their recommendations:

Tree Plantations are Restoration Forests

If tree plantations exist within the landscapes of a forest management enterprise seeking certification, these areas would be classified as **restoration forests** in an audit by a certifying body. Identification of tree plantations as restoration forest would require, as a **precondition to certification**, that an active program of ecological restoration be planned and implemented.

Small-Scale, Community-based Tree Plantations may be Certifiable

Small-scale tree plantations may be certifiable provided that they are established as part of a diverse community-based economy and that they meet the criteria outlined in Section 7: What is a Sustainable Plantation/A Certifiable Plantation?

The goals of community tree plantations are usually dramatically different from those of corporate-based tree plantations. Community tree plantations may be established to meet local building and fuel wood needs, thereby reducing stress on natural forests in the landscapes around the community. Community tree plantations may be designed as part of diverse use of forests to improve the employment of local people. Community tree plantations are usually about sustaining local people and cultures, while not significantly altering natural biological diversity.

Adopt the Fair Trade Approach & Standards.

The fair trade approach emphasizes paying the full price necessary to support local people, local economies and, therefore, develops and strengthens regional economies. A fair trade price ensures that not only workers are fairly paid and working conditions are healthy but also it promotes ecologically and culturally appropriate land use.

Adoption of the fair trade approach is a way for the FSC to de-emphasize the narrow social and economic corporate model and achieve a premium in the market for wood that is produced in a socially and ecologically sustainable manner.

² Herb Hammond, 2006. *Tree Plantations: part of the solution, or part of the problem?* Silva Ecosystem Consultants Ltd., F. Working Draft #3.

Membership

Membership in the FSC by certifying bodies and economic interests that produce wood (i.e. timber and wood fibre) creates an inherent conflict of interest and decreases the credibility of FSC certifications. Therefore, certifying bodies and economic interests that produce wood should not hold membership in the FSC. From time-to-time, the FSC could consult these organizations in an advisory capacity. But, neither group should hold membership in the FSC because their goals are primarily focused on financial gains from cutting timber and/or organizational growth—not on the broader social and ecological goals of the FSC.

Selection and Payment of the Certifying Body

Under current FSC procedures, a forest management enterprise seeking certification selects, negotiates with, and pays the certifying body that performs the audit of the forest management enterprise. This situation creates a conflict of interest in which the enterprise may select a certifying body that they view as sympathetic to their situation, or that they may influence, during the course of and following the audit. On the other hand, because the enterprise is paying the certifying body for their audit, the certifying body is more likely to benefit the enterprise

Two Certification Labels are a Short-term Solution

This document has provided extensive explanation of the differences between tree plantations and natural forests. Hence, while the more substantive debates are occurring about whether or not to certify tree plantations and the need to address associated structural and procedural issues in the FSC, two labels could be established that clearly distinguish wood coming from natural forests from that of tree plantations. This may simply be the addition of two words to the FSC logo on certified wood products: **tree plantation** or **natural forests**.

4. fsc's certification of uncertifiable plantations

*By: Ricardo Carrere
World Rainforest Movement*

People affected by large scale monoculture tree plantations have defined them as 'dead forests', 'green deserts', 'planted soldiers', 'green cancer' and 'plastic forests', while the most symbolic plantation tree (eucalyptus) is described in Thailand as the 'selfish tree'. They are all, of course, right.

However, many allegedly expert bodies –such as the FAO- as well as most foresters, define those same monocultures as 'planted forests' or as 'forest plantations though they have nothing in common with forests.

Sadly, the Forest Stewardship Council (FSC) seems to disagree with local people and support the 'experts' in considering that plantations are forests. Although FSC's Principle 10 describes them as plantations, they are included in the 'FSC certified forests' list in the FSC web page and are defined as such in most reports from the certification bodies accredited by FSC. Additionally, the sole fact that the FOREST Stewardship Council includes plantations as part of its mandate for the sound management 'of the world's forests' also implies that plantations are synonymous with forests.

Most of these certified plantations are having huge social and environmental impacts, thus implying the non compliance with the FSC mandate which clearly states that it 'shall promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests'.

From an environmental perspective, most of these certified plantations are depleting water resources, destroying local habitats, disrupting ecosystem functioning, hosting and

increasing pest populations that affect other rural productive activities and impacting on soils and soil biodiversity. Among the many differences between plantations and forests, one is that the latter don't require the use of agrochemicals. Plantations do –precisely because they are industrial monocultures- and use large amounts of insecticides, herbicides and fertilizers which result in the pollution of water resources and in additional impacts on local flora and fauna.

From a social perspective, they result in much larger land holdings in corporate and foreign hands (in areas where access to land is denied to local populations), depopulation of rural areas, disappearance of other productive activities, impacts on other agricultural outputs, scant employment (less than any other rural productive activity), bad working conditions under outsourcing systems, while very little is contributed as benefits to the local communities.

The overwhelming evidence proves that large-scale tree monocultures are simply uncertifiable and that the FSC should desist from their certification.

Moreover, most of these plantations are aimed at feeding polluting pulp mills which feed unsustainable consumption of paper and cardboard in the North. The certification of these plantations thereby allow destructive corporations to present themselves as socially and environmentally responsible before an uninformed public, that is, made to believe that its consumption is equally responsible.

That both certified and uncertified plantations have similar impacts and FSC certification is, in fact, providing credibility and strengthening a development paradigm that has already proved to be socially and environmentally disastrous. Land appropriation by large corporations cannot be supported. Use of large expanses of land for Northern paper overconsumption in a hungry world should be considered a crime. Taking away resources from local communities should be banned. Depletion and pollution of water resources in an increasingly thirsty world should be prohibited. Destruction of biodiversity should be made illegal. All this and much more is happening in large-scale tree plantations, including those certified by the FSC. When will FSC members decide that these have to stop?

5. fsc: responsibilities

The Forest Stewardship Council (FSC) is an international network founded in the early nineties with the purpose of helping to conserve and maintain the world's forests. In order to reach these goals, a market tool was developed to reduce the tension between the need to generate adequate financial returns (from forest resources) and the principles of (environmentally and socially) responsible forest operations.

Hence, FSC introduces itself as an organization that goes beyond the maintenance of a 'green label' or a simple market tool to improve the 'management' of forest resources. The FSC stamp aims at being a tool for the preservation of the world's forests. In fact, the statutes of the FSC clearly indicate its purposes in this sense:

- develop educational activities aimed at increasing the awareness of the importance of improving forest management;
- provide assistance and collaboration to all kinds of entities and agencies around the world, public or private, dedicated to preserve and maintain forests;
- promote the development of all kinds of activities addressed for the preservation and maintenance of forests;
- establish offices for the research, information, and analysis of forest matters;

On the other hand, the FSC certification and labelling of forest products has been growing considerably. Currently, the estimated size of FSC global market exceeds USD 5 billion. In some European countries, the market share of the FSC label is seizing and positioning itself significantly. For instance, in the Netherlands (Holland), FSC now holds approximately 12 % of the Dutch timber market. This growth is also reflected in the growth of the total certified area, which has doubled in the past two years (2003-2004).

The growing pulp for paper market is a key sector in which FSC is willing to put special effort to increase public awareness about the FSC brand. The timber production for paper and pulp is expanding rapidly in the countries of the South due to both the reduced space left in the traditional forest countries of the North and the low production costs and appropriate climate conditions for the growth of the wood of the Southern countries. In fact, in the last 10 years, the Brazilian pulp production increased about 74 %. A tendency that continues. Suzano-BahíaSul, a pioneering company in the paper production and owner of large plantations of eucalyptus, expects to increase its production by around 100% by the year 2008. Brazil, nowadays, has about 5 million hectares of monoculture tree plantations, most of which are dedicated to produce pulp for paper. FSC has certified 1.9 million hectares of that area.

In addition to the paper industry, great extensions of tree monoculture plantations are being promoted by a new additional motor: the carbon credit market. Indeed, this new market, considered by many as one of the fastest growing global markets, has put its focus and capital on the so-called carbon sink projects. The supposed carbon fixed in the tree plantations of the carbon sinks is commercialized through the special mechanisms created by the Kyoto Protocol.

The enormous size of territory used for industrial plantations of tree monocultures and their link with their quick expansion, the inherent environmental problems of monocultures, and the social conflict they generate are significantly affecting the credibility of FSC.

Brazil is probably the best example of this situation. Almost all the plantations certified by FSC, around 2 million hectares, are distributed in large projects whose extension exceeds 60,000 hectares, in average. These plantations are usually located in territories with historically social conflicts on the tenure and distribution of lands, or developing a process of agrarian reform. Said territories constitute some of the ecosystems with the largest concentration of biodiversity in the world, although regrettable with the largest degree of destruction as well, as is the case of the exuberant Atlantic Rainforest. The Landless Workers Movement (MST) has, in several occasions, gotten into a conflict with companies like Veracel, Aracruz Celulose and Suzano-BahíaSul, claiming that the large plantations of monocultures have negatively influenced the process of agrarian reform and a fair distribution of land in some states of the country. The old Quilombo communities (black communities of the Brazilian coast) are still in territorial boundary conflicts over areas occupied by plantations of monocultures, including plantations from companies like Suzano-BahíaSul, which have obtained some certifications therefore. Finally, several indigenous groups also maintain intense land conflicts in the large monoculture plantations areas. The Tupinikis-Guaranis, indigenous peoples of the south of Spirit Santo, could recover, in 2005, some of the 11,000 hectares confiscated during the last military dictatorship of Brazil, so as to plant them with eucalyptus monocultures. Similar situations are common in other countries of South America, South Africa and Southern Asia.

Paradoxically, FSC is probably the labelling and certification system with the uttermost support within the ecological and environmental organizations in the world. Currently, FSC has certified 6 million hectares of tree plantations, which comprises approximately 20% of the total plantations worldwide. Consequently, FSC bears a high level of responsibility for the possible negative impacts of plantations in the forests.

Per the aforementioned reasons, amongst others, FSC has made the responsible decision to carry out a policy evaluation process for the certification of large monoculture plantations. The Forest Program welcomes this policy revision process which is certainly greatly needed. We regard this process as an excellent opportunity to think carefully about a full range of deep structural problems of large monoculture plantations and the forest certification market mechanism. The FSC is an organization that promotes and facilitates the trade of an important volume of forest products and, therefore, bears mayor responsibility, vis-à-vis the consumers who believe in the label credibility, the backing organizations, the forests and the communities that live in the forest. From the forest Program, we have been working out a position document on the FSC certification scheme with special attention on the review process of plantation certification. This document could be reached trough the web site of Foei, www.foei.org. Commentaries on it are very much welcome.

6. alert against the green desert network reports a social and environmental disaster.

By Patricia Grinberg

Vitoria Espiritu Santo, Brasil ,June 2005. Social and environmental organizations of indigenous peoples and Quilombolas (descendants of African slaves) grouped in the Alert Against the Green Desert Network, report the terrible consequences of the expansion of monoculture of eucalyptus for the production of cellulose in Latin America, through companies like the Spanish ENCE, the Sweden-Finn Stora-Enso, the Norwegian-Brazilian Aracruz Celulose and others from Holland, Japan and the US.

The expulsion of indigenous and Quilombolas communities from their ancestral territories, the impoverished grouping ('favelización') of small farmers expelled to the cities, the appropriation of vast agricultural areas and the extinction of basins of potable water are some of the effects derived from these companies while FSC certified products reach the consumers in the north with the seal 'economically viable, environmentally healthy and socially fair.'

However, because of the reports of South Africa, Thailand, Indonesia and Brazil, the FSC, from its main office en Germany, is calling a meeting to review the process of certification, according to the announcement in the meeting by the environmentalist Javier Baltodano (COECOceiba/Friends of the Earth-Costa Rica).

The edition of 'Mercado de Carbono: pivatização do ar' investigation, with notes by Winfred Overbeek was also presented, which emphasises 'the Clean Mechanism by the Kyoto Protocol)o Mecanismo de Desenvolvimento Limpo (MDL) do Protocolo de Kyoto, bem como muitos esquemas comerciais do setor privado, incentivam os países industrializados e suas corporações para financiar ou criar sumidouros de carbono baratos, como plantações de arvores em grande escala nos países do Sul, como uma alternativa lucrativa para reduzir as emissões nos países do Norte'.

In this sense, Ivone Ramos (Ecological Action - Ecuador) reported that through MDL, plantations were made 'to capture gases'... at 2600 meters of height in the ecosystem called 'Moor', which is immensely rich in water resources and considered sacred by the natives.

About 50 organizations from Brazil, the MST among them, and others from Uruguay, Costa Rica and Ecuador participated in the IV Meeting of the Alert Against the Green Desert Network, which took place at the beginning of this month in Vitória, capital of the state of Espírito Santo, in the northeast of Brazil.



Manifestations against green deserts in Brazil

The World Rainforest Movement (WRM) reported about the multitudinous manifestation carried out on the International Bridge named 'Fray Bentos' that links Uruguay and Argentina against the undertaking of the Spanish ENCE. Teresa Perez, from Uruguay, underlined that the bordering areas with Argentina 'are the richest lands in Uruguay' and, due to the impact of the plantations, 'the National Water Company has to provide water to the country so as to preserve agricultural production'.

Marcelo Calasanz (Federação de Orgaos para Assistencia Social e Educacional-FASE) reported that, like with the previous administration, Luiz Ignacio Da Silva, Lula applied more resources to financing the industry of cellulose than the Agricultural Reform.

Tupinikim, Guarani and Quilombolas communities and the MST already repossessed areas cultivated with eucalyptus. Moreover, together with agronomy technicians, Forest Engineering students and others, they are searching for ways to reconvert those lands into Mata Atlantica (native tropical grove) and for family agriculture, inspired with the slogan 'eucalyptus is not for eating' and 'if the fields are not sown the cities don't eat' ('se o campo nao planta,a cidade nao chanta').

During the meeting, the participants collected food and plants and brought them -in caravans- to the village 'Olho de Agua', regained by the Tupinikim and Guarani communities. Their lands, which years before were taken by the Aracruz Celulose, are now demarcated as an indigenous peoples territory by the federal government. The natives opened a glade in the middle of the eucalyptus and are recreating their old village.

By next September, the inauguration of one of the main pulp mill plants in the world is anticipated: Veracel Celulose (Aracruz-Stora Enso) in Eunápolis, southern part of the state of Bahia, where, last January, President Lula personally blessed the industrial facility with the phrase 'a project that inserts Brazil on a scale of international competitiveness in the production of cellulose and one that has the most advanced technology in the world.'

What can the Northern consumer do before this reality?. This was another of the topics discussed: exerting pressure on the PSC so that it implements true processes of certifications, boycotts the products of companies that devastate nature, indigenous peoples, blacks and peasants, communities and their livelihoods and unmasks the amiable faces, such as that of queen Silvia of Sweden (last year she travelled to Brazil as ambassador of the Veracel project)and the Norwegian crown, a partner of Aracruz through the Lorentzen family.

Sensationalistic? No: real. The tissue paper that we use to clean our noses is white, very white. However, it gets dirty because of the destroyed forests, the urbanization and forced impoverished grouping in villages of peasants and the resources of water that are being used up.

7. land conflicts and large scale tree plantations in brazil

On March 8, coinciding with International Woman Day, a tree nursery of Aracruz Celulose with more than 1 million eucalyptus seedlings in Barra de Ribeiro, located in the most southern Brazilian state of Rio Grande do Sul, was destroyed by 2,000 women, members of the 'Via Campesina', composed of mainly the Small Peasants Movement (MPA) and the Landless Rural Workers Movement (MST).

One of the national coordinators of the MST, Cristiane Gomes, affirmed that this protest is against the use of lands for eucalyptus plantations, lands that according to the Via Campesina, should be used for the needed land reform and the production of food.

According to Christiane, Aracruz is planting about 50 new hectares each day in Rio Grande do Sul, and creates only 1 job in 185 hectares. Considering both Votorantim and the Swedish-Finnish multinational Stora-Enso, already 250,000 hectares in Rio Grande do Sul are occupied with tree plantations.

It is important to mention that Aracruz Celulose occupies 375,000 hectares and is the biggest land owner in Espiritu Santo, a small Brazilian State where MST has identified around 70,000 families in need of land out of the Agrarian Reform.

It is also important to mention that Aracruz has its plantations certified by the FSC in Rio Grande do Sul. The protest makes very clear that, for these women of the Via Campesina, tree plantations in their context definitely have nothing to do with the social, environmental and economical sustainability that the FSC intends to promote with its certification scheme.

The action of the Via Campesina was also aimed at protesting against Aracruz Celulose, specifically, because of its invasion of the indigenous Tupinikim and Guarani lands, from which Indians were taken, in a violent way, from 2 recently constructed villages in January 2006 by Federal police force that was hugely supported and aided by Aracruz Celulose.

After the action in the tree nursery, the women entered in the International FAO Conference about Land Reform that is currently being held in Porto Alegre. Initially, the police tried to stop them before the Conference building at a University, but afterwards, a commission of 50 women got the permission to enter and a declaration was read to the Conference audience.



Women destroying Aracruz Celulose's eucalyptus tree nursery in Brazil

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8. fsc problems in australia.

By Anthony Amis

Friends of the Earth Melbourne

FSC looks like it will collapse in Australia due to a number of key problems that may be unique to the continent.

FSC got off to a very bad start in Australia in 2002 when a stakeholder meeting was held in Canberra, sponsored by Hancock Victorian Plantations, in an attempt to get a national standard initiated. The national standard did not occur largely due to lack of consensus in the environmental chamber over the issue of certification of native forests. Some environmental groups in Australia, such as The Wilderness Society (TWS), the Australian Conservation Foundation (ACF) and the Greens (in some states), have a no native forest logging policy meaning that they will only discuss issues pertaining to the logging of plantations. These groups effectively blocked FSC occurring in native forests in Australia, leaving us with a very limited scope for developing FSC in Australia based on interim standards in plantations. This problem has been further compounded in March 2006, with the 'election' of two members of ACF and TWS to represent the environment chamber in another meeting aimed at getting a national standard in place.

Currently, 5 plantation companies operating in Australia are certified by FSC: Albany Tree Plantations (bluegum plantations - Western Australia), ITC (bluegum plantations - Western Australia and Victoria), Timbercorp (80,000 hectares - bluegum plantations in Western Australia and Victoria), Hancock Victorian Plantations (primarily radiata pine (160,000 hectares) and eucalypt reforestation (15,000 hectares) in Victoria). Moreover, 58 hectares of reforestation have also been certified by FSC in Briar Hill Tasmania. Most plantations in Australia remain uncertified by FSC, with some being certified under the weaker Australian Forestry Standard which effectively has been boycotted by all ENGOs in Australia due to its poor ecological and social criteria. Almost all of the FSC certified bluegum plantations have been established on already cleared pasture/farmland, where most of the plantations have been established since 1996.

Since 1996, Friends of the Earth Melbourne and Friends of Gippsland Bush (FoGB) have been involved in monitoring the logging activities of Hancock Victorian Plantations and its predecessors throughout Victoria. This has been a time consuming and costly exercise that required (at least) monthly visits to Hancock operations for the past decade. This work has however granted the two groups a unique perspective on the operations of this company and its subsidiaries.

Hancock controls some 250,000 hectares of land through Victoria. It is clear to us that if FSC is to work well in Victoria (or anywhere else for that matter), it requires independent 'on the ground' monitoring by ENGOs and/or local communities. If this monitoring does not occur then the system can be criticised. As FSC increases in size globally, who does the independent monitoring? Which communities have the resources and time to monitor logging operations? FSC conducts audits only on a yearly basis and the audits really place emphasis on managerial systems rather than ecological sustainability.



Cool Temperate Rainforest underthreat in Strzeleckis

Hancock gained FSC certification for their Victorian operations in February 2004. They were certified by Smartwood. The certification was somewhat controversial in that not all parties were happy to see certification of what were largely state forests up to their effective corporatisation in 1993. However, both Friends of the Earth and FoGB felt that some gains could be made through the FSC process, particularly, concerning protection of Strzelecki Cool Temperate Rainforest and the creation of a 9,000 hectare conservation reserve to protect the best attributes of the Strzelecki Ranges.

Initially, during the initial FSC scoping, things started to look better. Hancock's foresters appeared to be starting to do the right thing. ENGOs also had input into selecting experts for the scoping team. The first Smartwood audit team, in September 2002, included three foresters, an ecologist and a social scientist. Input was also provided by a soil scientist and an engineer. At this stage, things appeared to be working well. However, it has been a different story post certification with the company. This could be partly explained by the resignation of key staff. However, the main reason is the belligerent and stubborn behaviour of entrenched Hancock staff, especially, in the Strzeleckis, where the industry has a long history of breaking promises, ENGO infiltration and dirty tricks. This is due to the influence of Australia's largest pulp and paper facility at Maryvale in Gippsland who have long 'ruled the roost' in Gippsland. Hancock managed plantations in Gippsland and largely meet the requirements of the PaperlinX owned mill. FSC was seen by these players as something that could lose the mill resource and, as such, had to be defeated at any cost.

Once FSC certification occurred, it became evident that local staff had no interest in protecting rainforest and implementing a reserve system in the Strzeleckis. In fact, it appeared that key managers were attempting to undermine most initiatives relating to protection of the Strzeleckis, arguing that supply commitments under the Wood Pulp Agreement meant that, if contracts weren't met, huge fines could be placed on the company. The company was also allowed to behave unecologically due to the Victorian Code of Forest Practices, which is the legal document that forest operations must oblige by. By the time of the 2005 Audits, it became evident that Hancock was attempting to put the squeeze on Smartwood by other means.

The March 2005 audit team consisted of two foresters. Whilst not criticising the auditors for their skills and expertise, it would be fair to say that Smartwood's 2005 audit team probably lacked expertise in cool temperate rainforest and forest ecology. It is odd that an ecologist was not employed because he or she could have provided that same advice at such a crucial time in the process. It has been suggested that, because Hancock paid for the audit, Smartwood has been limited in who it could employ. It is not beyond the realm of possibility that, if a company does not agree with the comments provided by auditors, it withdraws funding for the next audit or employs different auditors.

Hancock is also being undermined from within by a core group of local staff unhappy that the company was ever certified by FSC. This can be explained by the fact that FSC was demanded by US Pension Funds who have a 60% controlling interest in Hancock Victorian Plantations. It was their influence to only invest in an FSC certified company that was the main catalyst for the company going for FSC. The Australian managers certainly did not want FSC and have reluctantly been made to adopt the process. It could be argued that key staff in Hancock is deliberately attempting to lose FSC as a means of 'getting the monkey off their back'. This staff would be more satisfied with the much weaker Australian Forestry Standard, which has been boycotted by all ENGOs for several years. (Hancock's Manager of Environmental Services is actually a director of the AFS).

So poor was Hancock's performance in 2004 that Smartwood in its initial certification made Hancock apply a large number of conditions that the company had to meet if it were to retain certification. By the 2005 audit, a number of these conditions had not been met, meaning that

Corrective Action Requests (CAR) had to be drafted, including two referring to issues of rainforest management and issues of logging near the reserve system. Since 2004, FOGB and FoE have found the company breaching the Reserve four times and have found at least 20-25 instances of the company's breaching their Rainforest Management CARs.

This has placed the certifier in a very difficult situation. Smartwood is again conducting audits in March 2006 and it is quite clear that some conditions from the 2004 Audit and CARs from the 2005 audit still haven't been met. It is unknown to us how FSC certifiers deal with consistent breaches to CARs, but as far as FoE and FoGB are concerned, it would be better for Smartwood to strip Hancock of its FSC certification. The company does not deserve the label and associated credibility.

In 2005, I wrote that the only tangible gain that ENGOs have had out of the FSC experience has been that FSC certified companies cannot use Simazine, which is a prohibited substance under FSC rules. However, it has recently come to our attention that another FSC certified company operating in Victoria, Timbercorp, has been using the substance for the past two years and will continue to use it in 2006. In late 2005, Australian and New Zealand FSC certified plantation companies met in Victoria to counter the April 2005 Pesticide Action Network's UK Review of the FSC's plantations policy. It would be fair to say that these companies have been more than horrified to learn that many of the pesticides that they currently use are now possibly going to be added to the FSC's prohibited chemicals list. Of particular concern is the possible prohibition of amitrole, alpha-cypermethrin, dicamba, haloxyfop and hexazinone. The plantation industry in Australia is now saying that, if FSC prohibits the use of these chemicals, there is no possible way that its industry would survive and that, as a 'block', 'they' will all leave FSC and work on a new certification standard based on New Zealand and Australian conditions.

In summing up, FSC has certainly not delivered any environmental improvements in plantation management in Victoria, Australia. Although it sounds very good on paper, the process can be manipulated by companies who do not necessarily share the FSC vision. FSC will work better in natural forests and the fact that many environmental groups in Australia only want FSC to occur in plantations has been a major impediment to the systems success in Australia. FSC can only work when there is mutual respect and trust among the players.

Also see:

<http://www.hancock.forests.org.au>

<http://www.australianpaper.forests.org.au>

<http://www.forest-network.org/>

9. legal forest destruction

In February 2006, Milieudefensie and 5 other Dutch NGOs released a report on legal forest destruction⁽³⁾. It covers ten cases of forest destruction and related impacts on local communities, including cases of forests that are certified by schemes for sustainable and legal forest management: AFS, PEFC, MTCC and SFI⁽⁴⁾.

The report is written to research the wide gap between legality and sustainability. In ten cases from all over the world, we show that abiding laws and regulations does not always give guarantees for sustainable forest management and social justice. For many years, NGOs rightfully put a lot of effort to tackle the criminal trade in illegal timber, but we want to

³ Milieudefensie, Greenpeace, ICCO, IUCN, NCIV, WWF (2006) Legal forest destruction, the wide gap between legality and sustainability.

⁴ AFS: Australian Forestry Standard, PEFC: Programme for the Endorsement of Forest Certification schemes, MTCC: Malaysian Timber Certification Council, SFI: Sustainable Forestry Initiative

call upon industry and governments to focus on sustainable forestry and see legality as a prerequisite only.

Four out of ten cases in the report deal with certified forests. They describe large-scale conversion of natural forests to single species tree stands under PEFC, AFS and SFI. In one case, in a MTCC concession, the legality of the logging is even questionable.

Those certification schemes are all industry or government driven. They do not have the support from NGOs and were developed without other stakeholders. Schemes for forest management are popping up everywhere and are a real threat to NGO-supported and -based schemes, like FSC. This is so because they are far worse than the high quality standards of FSC. For example, the other schemes don't take into account social issues and are, therefore, much cheaper and easier to get for companies. The chain of custody of those schemes is usually very weak and their forest management is, by no means, sustainable, as Greenpeace showed for MTCC (5) and The Wilderness Society showed for AFS (6). Those schemes are out-competing FSC due to their lower price. Their timber products are being sold in large quantities in the European market as sustainable or legal timber.

By December 2005, already 179.71 million hectares was PEFC certified. The certified area in tropical countries is growing rapidly. FSC only certifies 67.16 million hectares, while SFI and CSA certify 53.00 and 63.76 million hectares, respectively. Please note that only 10% of the total certified forest areas are found outside Europe and North America.

FERN made a very good assessment of eight different certification schemes (7) showing that none of them could reach the high standards of FSC by far. All were very much lacking in social issues and chain of custody. The criticism at FSC plantations should therefore be seen in the light of the much greater threat of incompetent schemes. These have, in no time, flooded the international timber markets and are being officially recognised by governments in their public procurement policies. FSC, however, has to deal with the problems and criticism and, therefore, the plantation review has to come up with good and satisfying results.

Four cases in our report illustrate certified, legal destructive logging.

In Finland, Metsähallitus, the government's own logging outfit, clear cuts and logs in habitats of threatened and vulnerable species, in areas of cultural value and areas those are critical for reindeer herding by Sami people. These operations are PEFC-certified. Only half of the remaining old-growth forests is protected. The other half of these last remnants of ancient boreal forests in northern Europe is likely to be logged in the coming years.

In Malaysia, the local Penan people have tried to stop logging by company Samling Plywood (Baramas) in their area since the 1980's. The Penan people have suffered and are deprived of their livelihood and culture by Samling's forest destruction. Over the years, most of the Penan peoples' blockades have been terminated with force, resulting in many injured people and even deaths. A legal complaint against Samling, regarding the rights of the Sela'an Linau forest area, filed in 1998, is still pending at Miri High Court. Despite the fact that the MTCC ignored the Penan people's lawsuit, the MTCC certificate is accepted by the governments of Denmark and the United Kingdom as a guarantee for legality.

The temperate forests of the southern USA are among the most biologically rich forests in North America. These forests are under assault by companies that subscribe to the American forest and Paper association's SFI. Over the last 10 years, SFI member companies, such as International Paper, have expanded paper production in the region

⁵ Greenpeace (2005). Missing links, Why the MTCC certificate doesn't prove that MTCC timber is legal nor sustainable

⁶ Wilderness Society (2006) Certifying the incredible, the AFS barely legal and not sustainable

⁷ FERN (2004) Footprints in the forest, current practice and future challenges in forest certification.

causing an acceleration of the conversion of diverse, native forests, such as those in the Green Swamp in North Carolina, to single-species tree plantations.

In December 2004, Tasmania's biggest exporter of woodchips went to court to claim 6.3 million Australian dollars from damages by a group of twenty people and organisations who protested against forest destruction. Gunns, an AFS certified company, makes its profits primarily by logging old growth forests in Tasmania. Huge amounts of pesticides, animal poisoning, burning and clear felling are common practices.

All those cases show the wide gap between legality and sustainability. NGOs are fighting to keep the timber markets clear from forest products and from certification schemes that cause forest destruction and social inequity. Self-certification of forest industry is definitely in the way of moving onwards to more sustainable forest management. Contact Danielle van Oijen, Milieudefensie/FoE Netherlands <danielle.van.oijen@milieudefensie.nl>

10. when the expansion of monocultures creates conflicts, certification proposals appear as palliative market mechanisms as is the case with oil palm.

Oil Palm is a monoculture that is rapidly expanding. It is estimated that this crop has increased about 43% since the beginning of the 90's (8) and continues growing. The expectation is that the total planted area will double, within the next 20 years, to 4 or 5 millions of hectares (9). Depending on the development of the biomass and biofuels markets, and the emergence of markets in China, India and Brazil, the increase might be substantially larger. Parallel to these developments, ecologic and social organizations (10-11) have been reporting that oil palm plantations as a major cause of deforestation in tropical areas and a source of social conflicts, and labor injustice, and the disregard for human rights.

Facing these conflicts, in 2004, the Roundtable on Sustainable Palm Oil (RSPO) was created as a business and conservation organization initiative to offset the criticisms to the palm oil business and facilitate its expansion. The RSPO clearly point out that 'based on current trends, the oil palm industry is set to continue its growth in order to satisfy global demand' (12) and, to accomplish these goals, it is setting up a voluntary market mechanism based on the so-called Principles & Criteria for Sustainable Palm Oil Production (approved in November 2005). Nonetheless, this new market mechanism is generating new conflicts as well, as summarized in the following table (13):

Some NGO views about the RSPO

A number of NGOs have decided not to join the RSPO, being sceptical of its effectiveness and the genuineness of its commitments. Some have decided to ignore RSPO, while others are giving inputs to the process through public comments, or indirectly through the NGO's taking part of it. The views expressed include the following:

- Any scheme that includes wide-scale conversion of natural habitats into monocrops cannot, by definition, be 'sustainable.'

⁸ RSPO Fact Sheet, Revised version Nov 2004. www.sustainable-palmoil.org

⁹ Colchester M. and Lumuru R. 2005. The roundtable on Sustainable Palm Oil: analysis, prospects and progress. Briefing Paper- Forest people Program-SawiWatch

¹⁰ FoE, 2004, *Greasy Palms: Palm Oil, the Environment and Big Business*, London. E. Wakker, 2004, *Greasy Palms: the social and ecological impacts of large-scale oil palm plantation development in Southeast Asia*, FoE, London. www.foe.uk/resources/reports

¹¹ WRM, 2004, *The Bitter Fruit of Oil Palm: Dispossession and Deforestation*. Montevideo.

¹² RSPO-bis

¹³ Colchester M and Lumuru R. 2005-bis

- RSPO is designed to legitimize further expansion of oil palms
- RSPO is concerned with the sustainability of the palm oil sector, not with sustainable livelihoods or environments.
- RSPO is unduly dominated by industry.
- NGO involvement in RSPO only legitimizes an unacceptable process.
- Prior experiments with certification (e.g., timber) have led to little real change.
- The real challenge is to reduce consumption.

Other NGOs are working with the RSPO for the following reasons, inter alia:

- They believe that NGO-private sector partnerships are crucial for the reform, given the power of corporations and the lack of commitment or capacity of the governments.
- Leading industry members of the RSPO seem genuinely concerned with improving the standards.
- Getting the RSPO to agree to the need for change is already an achievement.
- Millions of people are already involved in the oil palm sector (like workers and smallholders) and measures are needed to improve their situation.
- Setting improved social and environmental standards and is, by itself, a useful way of creating political space for indigenous peoples, farmers, workers and civil society.
- The draft standard seems to include real protections for vulnerable groups and the environment.
- The process is going ahead anyway: engagement may improve the outcome.

11. managing the soy boom? a nice try or dangerous greenwashing?

In June 2004 the World Wildlife Fund (WWF) released a report about the soy production called: 'Managing the Soy Boom': Two scenarios of soy production expansion in South America. The reports' main conclusion is that the expanding soybean cultivation is threatening to destroy nearly 22 million hectares of forests and savanna in South America by 2020. The report warns that the demand for soy is expected to increase by 60% in the next 20 years, which could lead to the loss of approximately 16 million hectares of savannas and 6 million hectares of tropical forests in the region. Soy exports from South America are boosted by a high demand in the European Union and China, where the crop is mainly used to feed pigs, chickens and cattle.

In the study, the author presents a 'better policies scenario' estimating that the expansion of the deforestation would be greatly reduced - to approximately 3.7 million hectares - if soy producers would begin with a better utilisation of the soil and forage resources, for example by integrating soy farming with cattle ranching. Additionally, the report also stresses that for such a scenario to happen and work, soy producers, investors, buyers, and regulators will have to support, adopt, and promote more sustainable practices, including encouraging local governments to effectively enforce environmental and land-use laws and regulations. The WWF has taken this draft scenario as the best achievable reality and is organising a 'Round Table on Sustainable Soy' (RSS) to promote the sustainable cultivation of soy. These new guidelines were discussed at an international conference held in March 2005 in Iguazu in Brazil.

Opposition amongst Grassroots and Peasant groups in Latin America

In South America the plan for the Business Round Table on Sustainable Soy (RSS) had awakened opposition and mistrust amongst farmers and grassroots groups. Their main argument is that the proposal doesn't question the current agro-industrial system that is solely focused on export production; an agriculture made for the needs of the international market, to pay the external debt. It is increasing the GDP but does not develop any sustainable improvement for the people, the opposite.

According to many peasants and environmentalist groups, the WWF and their followers, are ignoring the war that is going on in the countryside of South America because of the soy

business. Farmers and indigenous communities are suffering violence and repression because of the economical power of the soy business.

To get attention for their situation and opinion local grassroots groups and peasant movements organised a gathering parallel to the Business Roundtable of WWF in Iguazu, Brazil. [link to report]

From Sustainable to Responsible

This counter conference together with criticism from several other directions had some impact. Also some organisations participating in the RSS became more critical on the goals and process of the round table. First this resulted in a change of the name; the word 'sustainable' for the process was unacceptable. It was replaced by responsible. But there were more problems within the organising committee (OC) of the round table. Fetraf-Sul, the only organisation that was representing small farmers and did join the process, stepped out of the OC in the summer of 2005. They didn't had feeling they could influence the agenda. the International Development organisation Cordaid stayed solidair with Fetraf and left the OC as well. Although the two didn't step out of the round table, the rest of the OC is desperately looking for another organisation representing small soy farmers to join. A Continuation without any small farmers will loose any legitimation.

A dangerous greenwash project or a nice try?

The WWF proposal focuses solely on the single issue of stopping the deforestation (and 'desavannation') and preserving the biodiversity of the threatened ecosystems. By considering the proposed measures companies can call their soy 'sustainable' or 'responsible', which ignores many of the problems mentioned above. Raul Montenegro, winner of the Environmental Award Global 500 Price of the UN and head of FUNAM Argentina ('Environment Defense Foundation'), comments on this: "To make the soy sustainable in the current reality of the Third World, that is completely different than the reality of the nice conference halls in Holland, can be considered more than a utopia as a complicity". "The soy does not only destroy native habitats, it destroys the health and the indigenous territories, it kills the diversity of the agricultural productivity of a country, it causes sickness and kills the population with its intensive use of agrochemicals and puts into practice a perverse form of neocolonialism".

WWF hopes to save some forest and savanna. We would like to do this as well, but we think the WWF project does more harm than good. The WWF should take all the other factors into account and it should admit that their scenario doesn't make the growing of soy sustainable. Meanwhile it is easy for the agro-business to show their business is 'responsible' or even 'sustainable' and to greenwash their image by referring to the misleading title. In general, and apart from the title, the project legitimates the continuation and even increase of soy production. It is legitimising the way the agro-business is acting in the 'Soy-republic' of Latin America. Maybe WWF can slow down the the clearcut of some nature, but meanwhile the projects supports business and other groups pushing for more free-trade and neo-liberal politics, which will lead to more exploitation of people and nature.

Lets make clear to the WWF, the other NGOs and companies involved and the general public, that we need a real change of food production and economy to save the left-over nature in the world and to create a sustainable and social society.

In the end the WWF, peasants in Latin America and we, consumers in the west have to work together to safe the environment and to build a sustainable society without hunger and poverty.

New developments: Rabobank standards

After the meeting in Iguazu, the Round Table process is almost sleeping. Fetraf is still outside the OC and as far as we know, no other organisation representing peasants and

small farmers wanted to join the Round Table process. For this reason the legitimacy of the Round Table has become even worse.

On the other hand, some companies are starting their own project. This is the case of the Dutch bank Rabobank, one of the main investors in Dutch investors in the Brazilian soy sector in the past few years. They started a process to develop their own social and environmental criteria for soy-related investments. They consider the existing criteria which have been drafted by a large number of Brazilian social and environmental NGO's as too radical and unrealistic. Non-surprising their draft version doesn't promise much positive outcomes. The only problem Rabobank is talking about in its reports, criteria and communication with NGOs is deforestation. Other soy related problems are ignored. Rabobank only sees farmers with at least 1000 hectares as possible clients. This leaves little chance and hope for the many small family farmers. Also the meat industry that creates the demand for animal feed and the current agriculture model that is based on exports are not included at all in there analysis of the problems with deforestation and soy production. A SEED Europe (a FoEI affiliate group) and Milieudefensie/FoE Netherlands are following the Rabobank case. For more information contact Flip Vonk, ASEED Europe flip@aseed.net <<mailto:flip@aseed.net>> and Michiel van Geelen, FoE Netherlands <michiel.van.geelen@milieudefensie.nl> and for soy developments in South America Elias Diaz, Sobrevivencia/FoE Paraguay <ambiental@sobrevivencia.org.py> See also: www.grr.org.ar