



**GLOBAL
FOREST
& TRADE
NETWORK**

WWF GFTN NEWSLETTER

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The GFTN is WWF's initiative to eliminate illegal logging and transform the global marketplace into a force for saving the world's valuable and threatened forests. By facilitating trade links between companies committed to achieving and supporting responsible forestry, the GFTN creates market conditions that help conserve forests while providing economic and social benefits for the businesses and people that depend on them. The GFTN considers independent, multi-stakeholder-based forest certification a vital tool in this progression and helps infuse the principles of responsible forest management and trade practices throughout the supply chain.

MESSAGE FROM GFTN HEAD, GEORGE WHITE

Moving into a new year

The year 2011 has proven to be one of our more eventful, sparkling years with the 20th anniversary and other celebrations helping us to prepare for the next decade. The GFTN anniversary in London was a real sign of the times that brought together a wide range of perspectives from GFTN participants, thought leaders from the industry, the public and the NGO sectors.

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The panel discussion held there showed some valuable insight into how GFTN participants collaborate on the issues of responsible forest management and trade, and how much impact we are achieving as a “Network”. Speaking about collaboration, the need for a stronger partnership was a theme that came up repeatedly during the discussion. What has always been a collaboration between WWF and individual companies has taken us all far, but the urge for wider co-operative efforts to turn responsible trade into “business as usual” is apparent. It also seems to be becoming a universal theme with the same conclusions reached at the Madrid+5 seminar last November where both public and private sector involved in responsible forest management and timber trade in the Congo Basin gathered to discuss progress and challenges.

As we move into a new year, we have to draw on lessons from the past. Those companies we have worked with to date will all appreciate that it’s not an easy task to achieve our common vision. Mainstreaming our goals will certainly help them, and also WWF achieve its conservation objectives. The GFTN has had its share of scrutiny this year with questions asked about our programme and how well it delivers. To make a real difference, the GFTN has always been prepared to work with those who are willing to change and to demonstrate this change. Perhaps a risky strategy, but for WWF it is a strategy that has delivered tremendous results and has the ability to truly transform the industry in the years to come.

But, as the panelists of our anniversary event concluded, none of us can do this alone!

As we launch into the year 2012, let me invite you to share GFTN’s vision and work with like-minded organizations and companies that are willing to transform the forest industry into one that truly safeguards our natural forests resources in today’s uncertain world.

George White
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GFTN NEWS

A double celebration!

In September 2011, a group of business, government and NGO stakeholders gathered at St. James's Palace in London to celebrate both WWF's 50th anniversary and the GFTN's 20th.

To mark this special occasion, HRH The Prince of Wales made a keynote speech and announced his new role as President of WWF UK. Paying tribute to the GFTN, he declared: "It is a truly remarkable feat to have brought together companies that are responsible for nearly half of the imports of forest products, and to have gained such a high level of consensus on the way forward."

Other speakers included David Nussbaum, Chief Executive of WWF UK; Datuk Sam Mannan, Director of Sabah State Forest Department, Malaysia; George White, Head of GFTN; and Glyn Davies, Director of Programmes at WWF UK.

A special workshop session was held to take advantage of the broad group that had gathered to discuss how to mainstream responsible forest trade - with the objective of getting 75 per cent of the global trade in good shape by 2020. A lively session produced interesting and critical themes including whether legislative requirements should be used to drive sustainability and edit customer choice to drive faster change; whether education can renew people's contact with nature; the need to reach out to stakeholders with positive, clear and inspiring messaging; and whether people would pay more for sustainable goods and how to move this forward.

The conclusions of the workshop highlighted challenges for the coming year: we need to work together and take action, across many different stakeholders, and transmit the idea of mainstream responsible forest trade practices everywhere!

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*HRH The Prince of Wales,
President, WWF UK*

Markets drive conservation in Central Africa

Certification has shown that commercial forestry can go hand in hand with conservation, were the conclusions reached at the international seminar "Forest management as a tool for cooperation and rural development in Central Africa", organized in November 2011 by the GFTN and the Ministry of Environment, Rural and Marine Affairs of Spain.

Much has been achieved since the first seminar in 2006. Certification in the Congo Basin has grown from around 41,000 hectares in 2006 to almost 5.2 million hectares today. Recently, legislative processes to combat illegal trade of forest products also started to change the landscape.

"Growth in certification is the best social, economic and environmental option for the development of forestry across the region. It offers a transparent model that drives improvements in standards and addresses key issues through a multi-stakeholder process. As such, certification of forests in the Congo Basin should at least treble within the next five years to reach 15 million hectares," said George White, Head of GFTN.

Yet many challenges still remain. Felix Romero, Head of Forest Programme, WWF Spain said: “Strong market signals to increase the demand for certified timber according to the Forest Stewardship Council (FSC) standards, or at least for “legal timber”, are even more important than they were in 2006. The market remains an important driver and is a key condition for both legality and certification. But market demand within Europe generally, and in Spain specifically, needs to further increase. There is a need for more private sector involvement and more international cooperation in responsible forest management and trade.”

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Timber being transported on a truck from the forest to the paper and cellulose mill.

GFTN-UK participants promote transparency in sourcing timber products

In 2011, GFTN-UK participants agreed to make public summaries of their progress in sourcing forest products from well-managed forests, for the first time in the network’s history. The summaries cover goods purchased in 2010. As part of their GFTN commitment, they collected information on their supply chain sources and assessed them using the GFTN’s stepwise approach. This enables them to identify where any risks may lie, such as unwanted illegal sources, where high conservation value forest is being impacted, or where there is social conflict over access to land and resources. Taking these requirements a step further, the UK participants agreed to publicize their achievements beyond the usual reporting to the GFTN.

It remains a real challenge for companies to trace their forest goods. These goods are traded globally, and through the hands of many suppliers. At each step there is the possibility of losing evidence that the product was legally traded. A new EU Regulation to limit the trade in illegal timber, which will come into effect in March 2013, prohibits placing timber on the EU market if it was illegally harvested. This should mean that all forest-sourced goods such as furniture, fencing and plywood that can be bought in an EU member state, are at least produced legally.

WWF UK and the GFTN-UK participants hope that this increasing transparency about their sourcing ahead of the regulation will prompt other businesses to do the same. It provides real examples of where the challenges lie, and how to overcome them in partnership with other stakeholders, including government. Each summary is provided as a link or a document on the relevant individual participant’s page on the GFTN pages of the WWF UK website, and this exercise will be repeated in 2012 for goods purchased in 2011.

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GFTN ON THE GROUND

Sustainable forest management protects endangered orang-utans in Kalimantan

Orang-utans, one of humanity's closest relatives, are in danger of extinction. Borneo and the neighbouring island of Sumatra are the only places where orang-utans survive in the wild. But over the last two decades, orang-utans in Borneo have lost more than half their rainforest home. Unsympathetic logging and conversion of natural forest to agriculture and plantations have taken a heavy toll. Numbers have plummeted as Borneo's orang-utans have lost 80 per cent of their former territory.

While WWF wants to see more and better-connected protected areas for orang-utans, this is only part of the answer. The species' long-term survival will also depend on finding ways for economic activity to take place without damaging crucial habitats in production areas.

"Today, 70 per cent of the orang-utan population in Kalimantan (the Indonesian part of the island) lives outside protected areas," says Chairul Saleh, who coordinates WWF Indonesia's orang-utan programme. "Their chances of survival are much higher if they live in an area that has an orang-utan conservation plan as an integrated part of its responsible forest management plan."

Responsible forest management

One place that shows how this could be done is a forest concession of more than 170,000 hectares in West Kalimantan operated by PT Suka Jaya Makmur (SJM), a subsidiary of the Jakarta-based Alas Kusuma Group. As a GFTN participant in Indonesia, SJM achieved FSC certification in July 2011 with WWF and other NGO support. "We decided to get FSC certified to strengthen our positive image and to prove our commitment to sustainable forest management standards," says IBW Putra, SJM's operations director. "We also believe that FSC certification increases our competitiveness in international markets and adds value to our products."

As part of the certification process, SJM worked with WWF to carry out a survey of orang-utans within the concession. They found hundreds of orang-utan nests, old and new, and spotted many individuals. Estimates suggest between 619 and 672 orang-utans are living within the concession – more than 1 per cent of the island's total population. The survey also found that almost half the identified tree species (222 out of 460) are orang-utan food sources.

Protecting important areas of habitat and reducing the impact of its logging is a requirement of SJM's certification. WWF has helped to design orang-utan conservation measures, which will form an integral part of the company's management plan. These include not cutting down fruit trees that provide food for orang-utans – which staff have been trained to identify and monitor – and avoiding areas with a high orang-utan population. The company is also taking steps to prevent poaching. These measures will continue to be monitored by WWF and form a part of future certification auditing.

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Bornean Orang-utan female 'Tata' and her unnamed baby aged 2-3 months portrait (Pongo pygmaeus wurmbii). Camp Leakey, Tanjung Puting National Park, Central Kalimantan, Borneo, Indonesia. June 2010.

Integrated landscapes

Chairul believes that FSC certification can guarantee the conservation of vital orang-utan habitat.

“The integration of SJM’s orang-utan conservation management with the FSC’s sustainable forest management will effectively protect the orang-utan population in the logging concession,” he says.

WWF is now working with two other concessions in West Kalimantan belonging to the Alas Kusuma Group, PT Wanasokan and PT Sari Bumi Delang, to conserve and connect important orang-utan habitats over a large landscape. The “Alas Kusama Orang-utan Corridor” will cover an area of around 300,000 hectares. This will contribute to WWF’s long-term vision of a 22 million hectare mosaic of protected and sustainably managed areas throughout the “Heart of Borneo”, allowing the island’s inhabitants – humans, apes and countless other species – to thrive together.

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Bringing hope to people and forests

AROUND **40%**
OF THE RURAL
POPULATION IN
BOLIVIA DEPEND ON
FOREST RESOURCES

High up in the mountains of the Eastern Cordillera of the Andes, between 3,000 and 4,000 meters above sea level, live some communities that belong to the “Quechua” and “Aymara” ethnic groups. It is one of the economically most deprived regions of Cochabamba, Bolivia.

In this area, less than 20 per cent of the land can be cultivated; the rest is used for grazing of cattle or forestry operations. Approximately 20 per cent of the rural population in Cochabamba is impoverished. Their average annual income per capita is about US\$150, the illiteracy rate is close to 70 per cent, and most have only little access to basic public services. To earn a living, they spend much of the year growing potato crops and managing pine plantations that belong to community members.

Supporting community-based forest management is a cornerstone of sustainable development and fundamentally important to preserving forests and providing raw materials. With this vision in mind, WWF and The Netherlands Development Organization (SVN) have been working in the Cochabamba region for four years, helping communities to certify their forests.

It was believed that FSC certification would help preserve the forest and help future generations to have a decent living. However, experience showed that the situation in Bolivia is very difficult for communities. Whilst FSC certification delivered environmental benefits, additional tools were still needed for the communities to reach external markets and improve community livelihoods. The communities from the Cochabamba region needed further options to enable them to sell their timber successfully.

Twin concepts of FSC and Fairtrade International (FLO) certified sustainable production seemed to fit well together in a community-based forest management context, and that’s how a new, groundbreaking initiative was launched.



Production unit, GFTN participant Multiagro.

In 2008, the FSC and FLO initiated a dual certification project. This was coupled with the expertise and responsible business network built over the years by the GFTN and the community-based forest enterprise (CBFE) model established by WWF in Bolivia.

First ever!

GFTN participant Multiagro, a Bolivian FSC certified timber processing company sourcing wood from the Cochabamba regional forests was selected to take part in this pilot project and was the first to be granted legal rights to purchase, log and process the pine trees from the Cochabamba community forests.

Multiagro extracts Patula and Radiata pine species from plantations owned by a number of Quechua communities and supplies the sawn wood to several companies engaged in the manufacture of toys and furniture. An activity that generates thousands of direct as well as indirect jobs. As part of the process, Multiagro received technical assistance from the Centre for Economic and Social Development (DESEC) on supply chain control, chain of custody certification, and engagement with the communities living in the Cochabamba forests. Particular attention was paid to the stepwise approach to responsible purchasing as a practical tool for cleaning up the timber supply chain of the company, and to beginning to build market demand for dual-certified products.

Great market opportunities and a light of hope

FSC certification provides a credible link between responsible production and consumption of forest products, enabling consumers and businesses to make purchasing decisions that benefit people and the environment as well as providing ongoing business value. Fairtrade certification ensures that a fair price for the timber is paid to growers and also a Fairtrade Premium that provides greater financial stability and additional income for local communities to invest in business and development projects.

“Dual certification can bring great benefits to the communities involved in forest activities if international markets support these initiatives with the purchase of certified products”, said Juan Pablo Demeure, General Director of Multiagro.

Double certification for Multiagro has brought higher market recognition for community produced forest products and increased benefits to community smallholders. The Quechua and Aymara communities have seen their household incomes improve from this partnership through participation in the supply chain, which presents the potential to improve their living standards.

“We hope that this success story will not end here, and that many other great examples will follow,” says Maria Carmen Carreras, Coordinator of GFTN-Bolivia. “We are determined to extend dual FSC/FLO certification to larger areas and involve more communities and also companies that are trading and retailing wood products from our Bolivian forests including Ecolegno, SOEX and Dekma, as soon as enough funding becomes available. Bolivia has been progressing rapidly over the past years through the adoption of new, ground-breaking policies and a thriving export-oriented industry that is based on sustainable management of private forest concessions, representing a major opportunity both for people, business and nature.”

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Brazil nut tree, Peru

Managing forests for the future

A falling tree makes a sound like thunder.

There is an initial electric crack, followed by a rolling wave of creaks and snaps until the final boom as the trunk hits the forest floor. Unlike thunder, the sudden brightness follows the sound, as daylight floods in from the newly opened canopy.

A storm without end, the crashing of great trees to the ground can be heard hour after hour and day after day in the forests of the Peruvian Amazon. But some companies are taking measures to ensure that the forests weather the storm, and continue to provide both timber and habitat for generations to come.

GFTN participant Maderera Rio Acre S.A.C, also called the “Maderacre Group”, manages nearly 50,000 hectares of forest according to the environmental and social standards of the FSC. “Environmental sustainability was one of our objectives from the beginning,” says Nelson Kroll, forest manager for Maderacre. “But we realized as a company that we couldn’t advance alone. WWF helped us early on with our first forest management plan and assessment of biodiversity. This is part of our commitment to investing in our future.”

Peru’s Madre de Dios region, where Maderacre operates, occupies the country’s southeast corner and shares borders with Brazil and Bolivia. With roughly 100,000 people, it’s one of the least populated regions in the country and home to dynamic forest and river ecosystems. However, there is virtually no overall plan for how to use and protect the region’s valuable natural resources. The same patch of land may be designated for agriculture, forestry, mining, rubber extraction, Brazil nut harvesting or conservation, depending on which map you look at.

In the absence of clear regulations, Maderacre’s commitment to FSC standards is all the more important. There are national forestry and labour standards, but the human resources, logistical support, equipment and political will to enforce them is often lacking in this remote area. Some companies count on this absence of supervision in order to maximize short-term profit. The result is bad for forests, wildlife and people. WWF training is improving knowledge and enforcement of forestry regulations.

“We want things in the future to be as they are today,” says Percy Monteblanco Guerra, leader of a logging team at Maderacre. “We’re careful to leave the trees that produce the most seeds, only cut certain species and cut as close to the ground as possible to maximize the wood we get from each tree.”

It was not always this way. “Before certification, there was no plan. We just cut trees randomly. Now we know exactly which trees we can take,” says Monteblanco.

Though logging will always be hard, physical labor, the men of Maderacre enjoy far more comforts and benefits than workers at uncertified concessions. In addition to a living wage and regular time off, the camp where they live for six months of the year is equipped with toilets and showers, and staffed with a cook. Other camps can be little more than a tarp strung between trees.

“This investment in staff wellbeing makes good business sense”, says Monteblanco. “Many other companies have high turnover because the men aren’t treated well. It takes time to train a new person. We only have two new people on the team this year – most of the men have been here for years.”

For his part, Monteblanco expects to stay on at Maderacre. “I would like to be a trainer for others in the camps,” he says. “Everything we’re doing is for the next generation, so it would be great to teach the next group how to conserve the forests.”

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Field manager of chainsaw operators Percy Monteblanco Guerra poses for a photo at the FSC certified concession Maderacre in Iñapari Peru.

CUTTING EDGE INSIGHTS

Three questions to Jean-Michel Pierre, Certification Programme Manager, Social Services at OLAM International

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Jean-Michel Pierre
OLAM International

Congolaise Industrielle des Bois (CIB), a subsidiary of the Singaporean company OLAM International, is one of the largest logging companies active in the Republic of Congo with an annual production of 183.000 m³ (2010). It is also one of Central Africa's major forestry and wood processors and a pioneering FSC certified company in the Congo Basin, exporting tropical timber to Europe, Asia and North America. Today, about 1.3 million hectares of CIB's tropical forest concessions have been certified according to FSC principles, providing the global market with sustainable forest products.

GFTN asked Jean-Michel Pierre's view on the market for sustainable forest products and CIB's forest work in Central Africa.

Are the market signals for responsible forest management coming from Europe as clear and consistent as you would like?

JMP: In Europe there is a marked rise in the number of FSC Chain of Custody (CoC) certifications. This should be indicative of increasing demand for FSC certified timber. However, there is still no formal mechanism to put non-certified timber, in particular illegal timber, at a competitive disadvantage, which is causing unfair competition. Effective implementation of the EU's Forest Law Enforcement, Governance and Trade should bring about a change in this situation. Although the demand for FSC timber seems to be growing, the market today is heavily influenced by the direct effects of the economic crisis and a subsequent drop in demand from the construction sector.

Through your work, how does forest certification benefit local communities in the Congo Basin?

JMP: Through the FSC process many social measures that directly benefit local communities, including indigenous people, have been implemented. Some of these measures are established to comply with legal requirements, and they are effectively being implemented at an appropriate level, thanks to the stringent monitoring and control required annually by the FSC standards. These social measures are probably a fundamental added value provided by FSC certification, when compared to a non-certified company. But beyond merely controlling performance, the FSC is above all a commitment to progress, enabling forest managers to improve and optimize their social impact. Here are two specific examples, the Development Fund and participative mapping:

CIB has incorporated the principal of redistribution of income from logging to support local development initiatives in its forest management plans. Every year, 200 FCFA (US\$ 0.39) for every cubic metre of timber harvested is put into a specially created Development Fund. This Fund is managed by a collaborative committee made up of representatives of villagers, including indigenous peoples, local associations and NGOs, territorial authorities and the technical units of public administrations (forestry, agriculture, fisheries, farming and land-use planning and development). Since its creation in 2008, the Development Fund has already financed 32 projects

(agriculture, fisheries, farming and river transport), in more than 80 per cent of villages in CIB concessions.

Social participatory mapping, on the other hand, enables indigenous populations to effectively protect their key resources and areas of importance. The land many populations rely on for their subsistence extends well beyond village limits. For example, the semi-nomadic Baaka people rely on the forest for social, cultural as well as economic values. The strict respect of user rights of the indigenous peoples throughout the Forest Management Units (FMUs), which is a key element of Principal 3 of the FSC, is assured via a specific and innovative methodology of participatory mapping, developed from a partnership between The Forest Trust (TFT), the Forest Peoples Programme and the London School of Economics.

This approach ensures that forestry operations include safeguards to allow indigenous populations' continued access to key resources such as sacred trees for ritual, trees for medicine and food (caterpillars, fruits and nuts), and fishing or hunting areas. It also respects areas of cultural importance such as sacred places, burial sites or special trees.

What conservation measures is CIB currently undertaking in its operations in the Congo Basin?

JMP: It is a legal requirement in the Congo to manage wildlife in forest concessions. Since 1999, CIB has been collaborating with the Ministry for Sustainable Development, Forestry Development and the Environment (MDDEFE) and the conservation NGO Wildlife Conservation Society (WCS) on the "Project for Periphery Ecosystem Management in the Nouabalé-Ndoki National Park (PROGEPP)", which borders CIB's concessions. Hunting is regulated; user rights clarified and specific management rules are applied to each stakeholder group. A system of participatory hunting zone management has been set up, comprising village hunting zones, controlled hunting zones for CIB employees and zones where hunting is banned. This system protects the user rights of communities, reduces human pressure on wildlife and helps to monitor animal populations.

A Surveillance and Anti-Poaching Unit (USLAB - Unité de Surveillance et de Lutte Anti-braconnage), operating under the authority of the Ministry of Forestry Development (MEF), employs 29 "Ecoguards" recruited from local populations. The unit enforces the hunting management rules in all the concessions.

Areas that are vital for maintaining an ecological balance are protected from logging activities. These sensitive areas, highly important for conservation, are excluded when forest harvesting plans are drawn up.

Finally, to guarantee the food security of its workers, CIB is developing alternatives to subsistence and commercial hunting. It is supporting imports of frozen products and live zebu cattle and facilitating income-generating activities linked to fishing, bee-keeping and small-scale farming.

With regard to FSC requirements, this approach distinguishes itself by the highly advanced level of monitoring, an essential element for efficient and progressive management.

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GFTN & CREDIBLE CERTIFICATION

A successful FSC General Assembly 2011

The sixth General Assembly (GA) of the FSC took place from 25 June through 1 July 2011 in Kota Kinabalu, Malaysia, to address the crucial relationship between safeguarding our worldwide forests and ensuring social and economic welfare. The GA is FSC's highest decision-making body and takes place every three years. More than 400 people from over 80 countries participating in the social, environmental and economic chambers of the

FSC came together in an event that turned out to be one of the best-attended General Assemblies in the history of the organization.

In total, 26 new motions were positively voted in plenary. Many of the motions are likely to have a significant impact on the working and integrity of the FSC system. These consist of, amongst others, the phasing out of company-developed risk assessments by 2012, further improving social aspects, offering more benefits and better access to smallholders as well as increasing the participation of indigenous people in the FSC process.

Other highlights included a workshop to discuss some critical issues in the review of the FSC Principles & Criteria and the Forest Conference.

Signifying the long history of cooperation, GFTN Head, George White and Andre de Freitas, Executive Director of FSC International, inaugurated a Garden Party to celebrate and raise a glass to GFTN's 20th anniversary and continued support for responsible forest management and trade.

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First FSC certified rattan forest in Laos

Laos is the first country in the world to have received FSC forest certification for its rattan forests. Today 1,200 hectares of forests are now managed responsibly, involving local communities and providing profits from forest to shelf. Rattan is a palm that relies on other vegetation to grow in the forest. Rattan forests provide a home for wildlife such as Asian elephants, great hornbills and white-cheeked gibbons, but overharvesting and land conversion is causing a rapid decline of natural rattan.

Together with the local population, WWF, the National Agriculture and Forestry Research Institute (NAFRI), the Department of Forestry and the Lao National Chamber of Commerce and Industry (LNCCI) have been piloting FSC certification for rattan forests in four villages in the Bolikhamxay province in central Laos. The EU co-funded project is benefitting stakeholders along the rattan supply chain including communities who gain an extra 30 per cent of income.

WWF and the local authorities are planning to expand certification of rattan forests to another eight villages of the Bolikhamxay Province by 2014, which would cover a total of 20,000 hectares. It is estimated that 430 tons of certified rattan will be harvested in 2012, another 1,162 tons in 2013 and 2,000 tons in 2014.

"We see the importance and benefits of certified resources," said Mr. Khamphay

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FSC General Assembly 2011

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First FSC certified rattan forest in Laos

Manivong, Deputy Director of Department of Forestry. “Therefore we strongly support and guide the communities to obtain FSC certification. This forest is a model for how other non-timber forest products can become certified. Many rural communities rely to a large extent on these products.”

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Kimberly-Clark adopts FSC for its North American tissue brands

In October 2011, Kimberly-Clark Corporation, one of the biggest American-based paper products companies, became the first U.S. tissue maker to offer labeled consumer tissue products meeting FSC standards.

The company’s brands – “Kleenex” facial tissue and “Scott Naturals” – products sold in North America now include fibre sourced from suppliers who have been independently certified to FSC standards. North American consumers will now be able to identify FSC certified Kleenex and Scott brand products through the label on the package. By mid-2012, the remaining Scott brand products will also be transitioning to FSC. This includes Scott 1000 count bath, Scott extra soft bath, and Scott towels.

Kimberly-Clark (K-C) has been moving towards more responsibly sourced fibre for several years. In 2003, the company became the first tissue company in the United States to ask its suppliers about the origin of their products and to pressure them to become certified. Six years later, 98 per cent of wood fibre in K-C products came from certified sources.

“This action is a major milestone in K-C’s sustainability journey and a significant step forward in the consumer adoption of FSC certified fibre for bathroom tissue, facial tissue and paper towels,” said Suhas Apte, vice president, global sustainability. “K-C’s commitment to FSC certification for its Kleenex and Scott Naturals brands will grow the demand for sustainably sourced fibre and will encourage more suppliers to practice responsible forest management.”

Kimberly-Clark is a GFTN participant. In June 2011, K-C’s participation was expanded to include its worldwide operations, building on its existing GFTN participation in select countries. The scope now includes all wood fibre sourced for all of its products sold globally in the Personal Care, Consumer Tissue and Kimberly-Clark Professional businesses.

WWF will collaborate with the company to help achieve K-C’s commitment to source 100 per cent virgin wood fibre from certified suppliers by 2015. This commitment includes a preference for FSC certification, which best meets WWF’s requirements for protecting environmental, social and economic values. By the end of 2011, Kimberly-Clark commits to achieving a combined FSC and/or recycled content target of 50 per cent for all its products. Results will be published in the company’s 2011 sustainability report that will be published in May of this year.

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© KIMBERLY-CLARK

With Kleenex and Scott Naturals tissue products now bearing the FSC label, Kimberly-Clark’s customers can rest assured that the paper used comes from responsibly managed forests and other verifiable sources that meet specific environmental, social and economic standards.



Elephants in the Malua River

Orang-utans and Pygmy elephants in Borneo receive major conservation boost

Nearly 300,000 hectares of habitat in the forest reserves of Ulu Segama-Malua and Tangkulap-Pinangah, within the Malaysian state of Sabah, Borneo, have been FSC certified. The area is considered to have one of the highest densities in the world of the Orang-utan sub-species, *Pongo pygmaeus morio*, and Borneo Pygmy elephants, *Elephas maximus borneensis*. It also includes 34,000 hectares of the Malua Biobank, an innovative public-private financial partnership pioneered by the Sabah Forest Department (SFD) and private partner New Forests that seeks to rehabilitate critical habitat for orang-utans and other wildlife through business investments.

The certification process was facilitated by SFD through participation in GFTN-Malaysia with support from the United States Agency for International Development (USAID) funded Responsible Asia Forest and Trade (RAFT) programme.

All state forestry concessions to be certified by 2014

The SFD also imposed the year 2014 as a deadline to certify all its forestry concessions in the state. SFD director, Datuk Sam Mannan, said the announcement will quadruple the area of land under FSC certification in Sabah and hoped it would encourage other concession holders to pursue certification based on an internationally recognized standard such as the FSC, before its 2014 deadline.

“This is a living example of how government, business and WWF can work together,” said WWF’s Heart of Borneo Leader, Adam Tomasek. “It is also one of the key foundations in the development of a Green Economy for the Heart of Borneo – a concept that is gaining increasing relevance and support internationally.”

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Another 250,000 hectares FSC certified in the Amazon

In 2011, five GFTN-Peru participants achieved FSC certification for their forest concessions covering 245,750 hectares in the Amazonian rainforest regions of Madre de Dios and Iquitos, the largest lowland eco-region of Peru standing between 80 and 1000 meters above sea level. The Peruvian Amazon jungle is one of the most biologically diverse areas on Earth. Per hectare, it has the largest number of bird species in the world and the third largest number of mammals.

As a result of GFTN’s technical assistance that included a number of training sessions on Reduced Impact Logging, High Conservation Value Forest (HCVF) assessment and management as well as community engagement, the following participants received FSC Forest Management Certification: Green Gold Forestry, managing 112,925 hectares in the Loreto region; CCNN Belgica, managing 53,394 hectares; Maderera Canales Tahuamanu, managing 52,869 hectares; Maderera Tawari, managing 21,792 hectares; and finally, Empresa Forestal Pumaquiro, managing 4,770 hectares, all in the Madre Dios region.

In addition, GFTN-Peru participant AIDER, an NGO made up of the Shipibo indigenous communities, increased the certified areas under its management to a total of 38,000 hectares. AIDER has been one of the first organizations and indigenous groups in Peru to receive forest management certification. Their ability to maintain and increase their certified areas is an important successful example that demonstrates the viability of FSC certification for other indigenous communities.

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TOGETHER, GFTN-
PERU PARTICIPANTS
NOW MANAGE
644,282
HECTARES THAT
REPRESENT OVER
80%
OF ALL CERTIFIED
FORESTS IN PERU.

GFTN MARKET LINKS

Supporting communities in the Panama-Darién forest

The future of the world's threatened rain forests is determined by the wellbeing of people. More than 60 million indigenous people live in or near forests. They are dependent on forests for their basic income. Many of these communities are impoverished, their timber is

often stolen or they receive little payment for their labour.

For a long time, this was also happening to the Emberá-Wounaan indigenous people who are peacefully living in the Darién, Panama's largest, tropical rain forest separating Panama's Darién Province in Central America from Colombia in South America. The Emberá-Wounaan people were often cheated of the true value of their timber. Whilst profits of timber companies operating in the region continued to grow, the communities became poorer and poorer.

"On track to change"

In 2004, the GFTN started up an extensive training course with some Emberá-Wounaan communities in the Darién on responsible forest management, improved business practices and how to ultimately secure a sustainable income. Through funding support from the European Commission, USAID, Fundación Natura, Citigroup and Caterpillar, amongst others, more than 400 families joined small, local community-based forest enterprises (CBFE) to manage their own forest resources. They achieved a ten-year trading contract with Green Life Group, a Franco-Panamanian company and GFTN applicant that supplies the global market with wood from their forests - 45,000 hectares of natural forests which are currently progressing towards FSC certification.

Encouraged by an additional US\$157,000 grant from the Caterpillar Foundation, the GFTN continued the work in 2011. The current project "On Track to Change" provides support to ten Emberá-Wounaan communities in two key areas: technical assistance and planning in forest management, and, business advice. Trading the soon-to-be certified wood of their forests enables them to meet the requirements of their customers who sell certified wood on the international market.

WWF Panama has further committed to provide technical support and advice in the years to come. Additional funding is on its way from the Inter-American Development Bank (Banco Interamericano de Desarrollo) for forest machinery and other equipment, capacity building and training.

"This clearly shows that markets for certified, well-managed forests can play a powerful role in helping local, indigenous communities to sustain themselves economically and, at the same time, maintain healthy, prosperous forests," said Raúl Dancé, GFTN Markets Specialist.

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GFTN staff with local community fellows in the Darién forest.

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Mainstream markets for sustainable forest finance

“CERTIFICATION COSTS SHOULD BE SEEN AS AN INVESTMENT, JUST LIKE YOU INVEST IN NEW MACHINERY.”

How can sustainable forest lending policies become standardized across financial institutions such as the Equator Principles for project finance? What are the opportunities for banks to integrate sustainable forestry in their product portfolio? These were some of the challenging questions raised at a panel discussion in which George White, GFTN Head, took part last November 2011 during the Global Business of Biodiversity Symposium in London.

Seeing the trees, not the wood

Over the past decade, some banks have put in place lending policies that include sustainability risk standards and safeguards – a very welcome development, said George White. But despite this, responsible investment is still far from becoming today's market norm.

The majority of tropical timber is extracted from the world's biologically most interesting natural forests. In many cases these forests are managed by companies that are small in size (SME's), locally owned and financed. This makes it difficult for them to access finance that rewards environmental efforts. Often, they also suffer from business deficiencies and lack attractive collateral, thus falling outside the appetite of many responsible investors. But these companies forge important links between retail markets and the forests, incurring costs to meet best practices such as forest certification, hence the challenge is to find ways to finance these types of operations so that they can first obtain and then keep FSC certification.

“One way for banks to overcome these barriers could be to reduce transaction costs and to find suitable ways to safeguard themselves from risk,” said George White. “New value streams (such as forest carbon) or financing a sustainable supply chain, are feasible solutions. Finding cost effective ways to consider smaller investments or for domestic banks to adopt the more progressive policies of larger international institutions should also be considered.”

Certified forests will become an increasingly valuable asset as demand for wood and fiber grows whilst many buyers find themselves more and more supply constrained. Also, the ecosystem services they provide, and in particular their contribution to mitigating climate change, makes them more valuable than ever. The potential to combine this added value with new revenue streams along with forest certification should make this attractive to investors. Certification costs should be seen as an investment, just like you invest in new machinery.

As George White concluded: “forests that have no perceived value face an uncertain future. Ensuring they have a value that appeals to traditional and emerging markets is a challenge for all of us.”

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GFTN NOTES FROM THE FIELD

The Chinese market: a threat or opportunity for our forests?

In September 2011, I had the opportunity to visit Chinese companies participating in the GFTN that use the market as a positive force to drive responsible forestry and trade.

Since 2005, the GFTN has been engaging with the corporate sector to address China's substantial ecological footprint across the world's forests. China has become

the world's second largest importer of forest products over the last decade, outranked only by the U.S. Today, GFTN-China provides technical support and guidance to 35 wood manufacturing companies and retailers that together trade some US\$1,5 billion of forest goods, advising them how to satisfy the demands of wood supply in a sustainable way. Most of these companies export to Europe and the U.S. as a result of the increasing demand for products sourced from well-managed forests. However, China's largest market is the domestic market where currently, there is still very little demand for responsible forestry products.

Eager to find out more, I travelled to Shanghai and also to the northeast province of Heilongjiang to meet with flooring manufactures and get a better grip on their sourcing practices. This region is the main entry point into China for wood coming from the Russian Far East, an illegal logging hotspot. The manufacturing sector has now shifted to some extent from export activities to the domestic market because of the economic downturn that is still affecting western economies. On the other hand, there also continues to be Chinese economic domestic growth.

Supporting Chinese companies at home and abroad

Back in Beijing, my colleagues confirmed that the increasing weight of the Chinese domestic market on global forest trade is spurring the need to mainstream responsible forestry and sourcing practices in China. Faced with an increasing demand for wood and paper products and limited forest resources in the country, China imports timber from many countries including Russia, Indonesia, South America and Central Africa where illegal logging practices, forest crimes and loss of natural forests due to land conversion are often rampant.

"The concept of responsible forest management and trade has gained worldwide significance and Chinese companies should take a leading role both globally and domestically," said Zhonghao Jin, GFTN-China Manager. "We are now intensifying our work with Chinese manufacturers and hope that in the near future, more large Chinese companies from the construction and retailing sector that work primarily on the domestic market will join us".

GFTN-China also promotes sustainable forest management and trade in countries supplying wood to China. During a trip recently organized by WWF China and GFTN-Peru for Chinese wood-manufacturers, Peruvian forest companies and Chinese manufacturers agreed to only source from well-managed Peruvian forests, invest in responsible forest management and in adjacent wood processing and trade facilities. As a result of this, Zhonghao Jin told me enthusiastically, there are now future plans to organize similar visits to Central Africa and South East Asia.



*Train station of
Mudanjiang, China, main
entry point for wood from
the Russian Far East*

© ZHONGHAO JIN, WWF CHINA..

A threat or opportunity?

As I was heading off to the airport to fly back to Spain, I reflected about my impressions of the Chinese market, the continuous threat our natural forests are faced with but also about the great opportunities that responsible business models can offer. At the end of the day, sustainable markets depend on the choices we make: as a company, as a political leader or as a consumer. The future remains uncertain, but we are here to engage forward-thinking corporate leaders and public stakeholders in China to work together and ensure a sustainable future for business and nature.

China can become a threat if this massive growing market does not begin to adapt to the norms of responsible purchasing. But it can also offer an opportunity as an emerging market giant that can close the door on the least scrupulous producers. Either way, it is a place where the GFTN will continue its activities.

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NEW GFTN PARTICIPANTS

GFTN-Peru welcomed five new participants. These are Maderera Tawari SRL, Maderera Canales Tahuamanu SAC (Catahua), CCNN BELGICA, Empresa Forestal Pumaquiro SA and Green Gold Forestry Peru SA.

GFTN-China welcomed eleven new participants including Hunchun Forest Bureau, Songjianghe Forest Bureau, Lushuihe Forest Bureau and Chai He Forest Bureau. Together they manage over 900,000 FSC certified hectares. The new trade participants include China Vanke Company, Zhejiang Shiyu Timber Company, Zhongshan Susfor Oasis Wood Company, B&Q (China) Investment Company, Der International Home Furnishing Company, Nanjing Homenice Wood Company, and Scholar Home (Shanghai) New Material Technology Company.

GFTN-Vietnam welcomed six new participants including Au Co Rattan Bamboo Export Enterprise, Vinh Long Joint Stock Company, Happy Furniture Company Limited, Quoc Thang Company, Quang Ninh Forest Processing Joint Stock Company and Nam Dinh Forest Products Joint Stock Company.

GFTN-Bolivia welcomed Empresa Forestal SLV Bolivia.

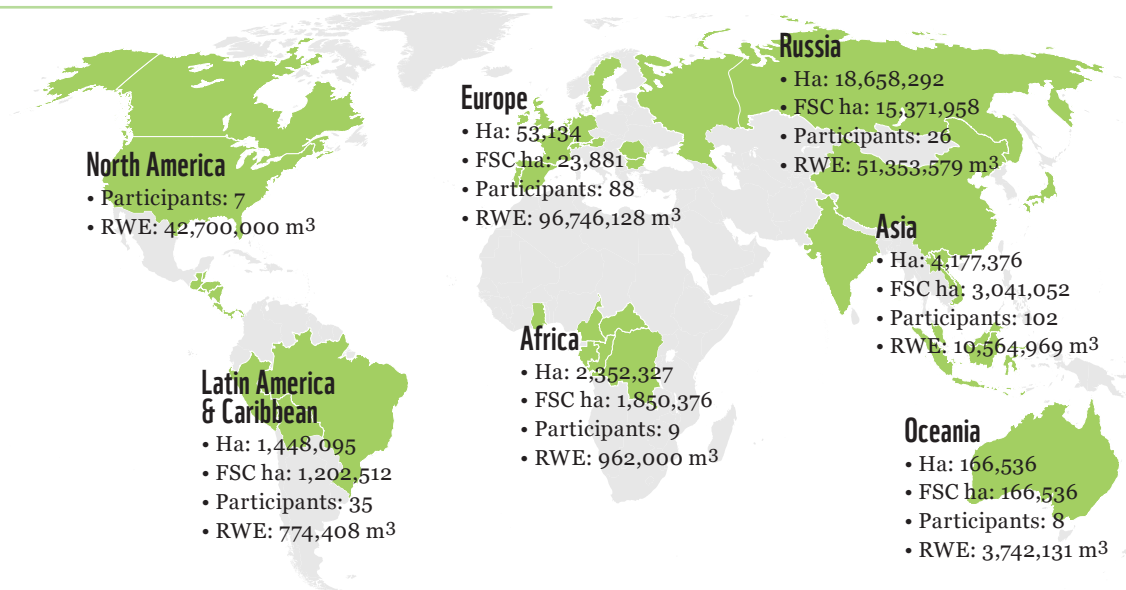
GFTN-Germany welcomed the large retail company Tchibo GmbH.

GFTN-India welcomed ten new small and medium-sized participants that source locally and supply wood and handicraft products to the global market: Atheena Exports, Attic Products, Basant Exports, Heritage, Manglam Arts, Pink City Enterprises, Royal Wood Handicrafts, Star Handicrafts, Teddy Exports and Turakhia Overseas.

GFTN-Indonesia welcomed timber company PT Essam Timber.

GFTN-Iberia welcomed five new participants. These are, in Spain, cork processor Trefinos, Ferroviaria Agroman, a multinational company active in the construction, service and infrastructure sector, and SCA, a global hygiene and paper company. In Portugal, Piedade Investimentos SGPS, SA, also a cork company, and Certisado - Grupo de Certificação da Ansub, a cork forest certification group, also joined.

GFTN AT A GLANCE



GFTN TOOLBOX

GFTN's 20th anniversary report

WWF, September 2011

An overview of 20 years advancing conservation through responsible forestry and trade.

Indispensable to read: http://gftn.panda.org/20_years/?202007/GFTN-20th-Anniversary-Report

Exporting in a Shifting Legal Landscape

WWF and TRAFFIC International, November 2011

A new multi-language online training module in four different languages (English, Mandarin, Indonesian and Vietnamese) to increase awareness about the amended U.S. Lacey Act and help ensure its compliance amongst exporting companies to the U.S.

Companies can sign up here: http://www.gftn.panda.org/resources/gftn_online_courses/

New online guidance for responsible paper buyers

WWF, January 2011

The web site "Check your paper - buying tips" has been developed for purchasers of paper who want to get an overview of what they can do to help protect forest biodiversity, the natural environment and human rights. <http://checkyourpaper.panda.org/paperbuyingtips/>

New videos and photos available:

GFTN's 20th anniversary video: <http://www.youtube.com/watch?v=jVTywG3yw4s>

Sustainable Forest Management in the Panama-Darién Tropical Rainforest: <http://www.youtube.com/watch?v=kUDoS4EroL8>

FSC General Assembly 2011 photo collection and video clips: <http://www.flickr.com/photos/fscinternationalcenter/collections/72157627066568898/>

GFTN GLOBAL STATS

18%

Trading by GFTN participants represents 18 per cent of every forest product bought or sold internationally every year, with combined annual sales of US\$70 billion

21.6 MILLION

The amount of FSC certified hectares of forest managed by GFTN participants, with 5.2 million hectares in progress towards credible certification

200 M³

The volume of timber and fibre traded by GFTN participants, totalling 13% of global timber trade

278+

GFTN encompasses more than 278 participating companies, employing 1.5 million people worldwide

\$111 MILLION

The estimated value of the 231 trading deals between GFTN participants



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Why we are here

To stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.

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