



GLOBAL  
FOREST  
& TRADE  
NETWORK

# WWF GFTN NEWSLETTER

JULY 2012

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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

## Promoting transparency in the marketplace

Transparency has become the buzz word of recent years, whether it is corporate transparency, transparency in supply chains or transparency of programmes. That, in turn, has led to increasing interest in timber tracking technologies that were once considered a distant reality. In May, the International

Tropical Timber Organization (ITTO) hosted a gathering of those involved in the latest developments of these technologies. What was most pleasing to see is how government agencies, service providers and NGOs are able to contribute to this rapidly evolving and long neglected area. For all stakeholders, the need to know what is flowing out of the forest and where it ends up is going to be a key challenge in the next decade.

GFTN participants have long been at the cutting edge of the process of peeling back the layers of the onion to establish a level of transparency that meets their requirements. While time consuming, they have found that it is rewarding for their business. As we see market-based legislation slowly catching up with this requirement, we are likely to see many other businesses begin to ask probing questions about their supply chains. Transparency looks set to be the new norm.

New legislation is one of the driving forces behind the need for greater transparency and is a welcome development. WWF provides important tools for the industry, such as GFTN and TRAFFIC's Timber Legality Framework, to understand these requirements. But legality is just one step towards responsible forest management. Every day, we continue to push companies and governments to go further. Legality does not always equate to sustainability, and as we see in this newsletter and the achievements to date, GFTN participants are pushing forward and achieving credible certification and demanding transparency in their supply chain. Certification can be challenging in places where governance is poor, but it creates a transparent and accountable system and offers hope for communities and species in the world's most threatened forests, as illustrated by stories of GFTN's work in this newsletter.

A recent evaluation of GFTN concluded that the programme is vital to the forestry sector and provides important expertise and market links to promote and expand responsible forest management. The evaluation, however, recommended several measures to strengthen the programme. GFTN has already begun to implement those and will continue to do so in the coming months and years to ensure we stay focused on delivering our goal of conserving the planet's production forests.

As WWF's Living Planet Report and the Living Forests Report show, we still have a long way to go. With 85 per cent of the world's forest area outside of protected areas, the species and people in and around the production forests are going to need every assistance if we are to continue to have living forests.

*George White*  
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# GFTN NEWS

## WWF releases GFTN evaluation, outlines next steps

GFTN's evaluation, released in May, reaffirmed that the programme is an important part of the forestry sector and has played a pivotal role in helping companies progress towards responsible forest management and ensuring their products come from legal and sustainable timber harvests.

The evaluation recommended specific measures that GFTN will use to guide its future strategy and contribute to WWF's wider goals of conservation and zero net degradation and deforestation.

"We welcome the findings of the evaluation as a source of information we can learn from and improve. We recognize there is a continuing need to keep the programme under review and we take the findings very seriously," said George White, Head of GFTN. "We have broadly accepted all of the recommendations and will implement them in the programme moving forward."

WWF commissioned the independent review, which covered fiscal years 2008-2011.

"Working with companies to promote responsible logging is one of WWF's many strategies for saving forests," Rod Taylor, Director of Forests at WWF International, wrote in a blog. "The majority of the world's forests will remain outside of protected areas, and where companies can be motivated to pursue and achieve credible forest certification, this generates tangible benefits for local communities, workers and the environment."

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## Timber tracking technologies can enable responsible purchasing

As consumer countries ramp up legal requirements for timber imports and exports, technology that can track the source of wood will play an increasingly important role in ensuring the integrity of supply chains.

Such technologies were the focal point of discussion at a workshop sponsored by the International Tropical Timber Organization (ITTO) in May, held in Kuala Lumpur, Malaysia.

Almost 100 participants from around the world, representing governments, corporations and the non-profit sector, shared their experiences on application of tracking technologies and how they can be employed to improve forest governance.

George White, Head of GFTN, spoke at the workshop about WWF's successful experience with DNA testing, isotopes, fibre identification and even sniffer dogs to determine the origin of wood.

"For 20 years, we at WWF have been saying that buyers need to know what's in their supply chain," White said. "Technology is now catching up to that idea. It gives assurance and verification to both buyers and producers about where their product comes from and where it goes to."

**"WE ARE FINALLY  
ENTERING AN  
ERA WHERE  
TRACEABILITY  
BECOMES THE  
NORM"**



*George White, GFTN head, speaks at ITTO's workshop on Tracking Technologies for Forest Governance.*

**"CREATING  
A COMMON  
FRAMEWORK IS  
AN ESSENTIAL  
STEP IN BUILDING A  
SYSTEM WHEREBY  
THE LEGALITY OF  
GLOBAL TIMBER  
TRADE CAN BE  
DEMONSTRATED"**

Some of the bigger challenges around traceability are being overcome by cutting-edge technologies like DNAs and isotopes. In some cases, different types of tags and barcodes are being used either by companies or by national tracking schemes. Increasingly, a range of technologies are likely to be applied in combination to ensure supply chain integrity, and both the public and private sectors are keen to adopt them.

"The market for these technologies is being driven by, to some extent, new legislation but to a bigger extent by buyers who have to have traceability," White said. "The increasing need for due care and due diligence from buyers in the major markets and the complexities of some supply chains, coupled with growth in applicable technology, may mean we are finally entering an era where traceability becomes the norm rather than an optional extra."

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## WWF/TRAFFIC expand timber legality framework

TRAFFIC and WWF GFTN's framework for assessing forestry and timber legality is being expanded to include an additional five countries.

The framework, comprised of nine principles and 24 criteria, is designed to assist companies understand the legal requirements of a country and the procedures, protocols and legal documents needed for the entire supply chain. This framework can also be used by auditors to verify legal compliance and by other stakeholders to understand and adhere to the more stringent legal requirements such as the Lacey Act Amendment in the US, the Voluntary Partnership Agreement and the EU Timber Regulations, Switzerland's declaration requirements for imports of timber, and Australia's pending legislation to prohibit the import of illegal timber, among others.

The principles cover the entire supply chain, including forest, forestry operations, transportation, fees, processing, social, environment and conservation, import and export, and a specific principle for contracts and sub-contracts in Africa. TRAFFIC and WWF GFTN's legality framework will take on greater importance once the EU Timber Regulation takes effect in March 2013, as it gives companies relevant information to ensure their supply chain is fully legal.

"Creating a common framework is an essential step in building a system whereby the legality of the global timber trade can be demonstrated," said Chen Hin Keong, TRAFFIC's Global Forest Trade Programme Leader. "With this framework we have made real progress in the quest for ensuring demonstrably legal and sustainable timber supplies worldwide."

The framework currently includes assessments for China, Malaysia, Vietnam, Gabon, Central African Republic, Republic of Congo and Democratic Republic of Congo. It is being populated with an additional five countries – Brazil, Cameroon, Ghana, India, Russia – and the China framework is being updated to take into account revisions in legislation.

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## Something exciting “under foot”



*GFTN-North America Manager Linda Kramme talks to an attendee at the NWFA expo in Orlando, Florida.*

WWF and the National Wood Flooring Association (NWFA), an organization that provides technical support and training for wood flooring professionals, have signed a Memorandum of Understanding (MOU) to enhance the efforts of both organizations to drive responsible forestry on the ground in WWF's Priority Places.

Under the agreement, GFTN's technical experts will offer NWFA member companies valuable information on high-risk species and regions and guidance on ways to mitigate risks in their supply chains. GFTN-North America leadership recently attended the NWFA expo in Florida and briefed members on some of these tools, including GFTN's online Lacey Act training course. Based in the U.S., NWFA is comprised of 3,000 members globally, including some that source from WWF's priority regions such as the Amazon, Heart of Borneo, Congo Basin, China and the Russian Far East, as well as North American forests.

“Flooring is one of the most important products sourced from these forest regions so this partnership can play a big role in helping NWFA members reduce the negative impact on biodiversity, wildlife and communities,” said Linda Kramme, Manager, GFTN-North America. “This is an exciting opportunity because it allows GFTN to leverage its efforts beyond just one-on-one engagements with participating companies and allows NWFA to advance its mission of bringing valuable resources and information to its members.”

*Linda Kramme, GFTN-North America Manager, Darrel Pendris, FSC-US Southeast Regional Manager and Raul Dance, Markets Specialist for GFTN-Latin America and the Caribbean, at the annual NWFA expo.*



The partnership also aims to highlight the business value of responsible sourcing, encourage market links between companies committed to responsible forestry and raise awareness of WWF's Priority Places among US flooring companies.

Some NWFA members are already implementing responsible sourcing policies via the organization's Responsible Procurement Programme (RPP), which was launched in 2009 and is patterned after GFTN's stepwise approach. RPP's goal is to harness the power of the U.S. wood flooring industry to promote environmentally and socially responsible forest management and highlights Forest Stewardship Council (FSC) certification as the lead standard for the industry.

“We're looking forward to this collaboration, as it provides a concrete way for our members to reduce their risk in areas that historically have had problems with deforestation,” says NWFA President & CEO, Michael Martin. “With the breadth of knowledge and experience WWF brings to the subject, our members can trust they are getting robust information to make sourcing decisions that can protect forests for generations to come.”

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# Living Planet Report 2012: Protecting or neglecting our forests?

WWF's Living Planet Report 2012 highlights the cumulative pressure humanity's ever-growing demand for resources is putting on the planet, and the consequent decline in the health of forests, rivers and oceans that make our lives possible.

In the last 20 years alone, global forest cover has decreased by three million square kilometers, an area the size of India, despite concerted efforts by some individual countries to protect the world's forests. Globally, around 13 million hectares of forest were lost each year between 2000 and 2010. The good news is that trends in the last decade have shown that deforestation rates may be slowing.

Several countries have started growing their forests, including the US, parts of Europe, Costa Rica, China and India. After a decade of heavy losses, rates of deforestation in the Brazilian Amazon have fallen by 70 percent since 2004. Efforts to stem forest loss through certification of sustainable management systems now cover about 10 percent of forests, but few productive tropical rainforests are yet to be adequately covered by these schemes. The United Nations Environment Programme (UNEP) data shows that about a third of the natural forest lost in the past two decades has been replaced by forest plantations, which have grown by 54 per cent.

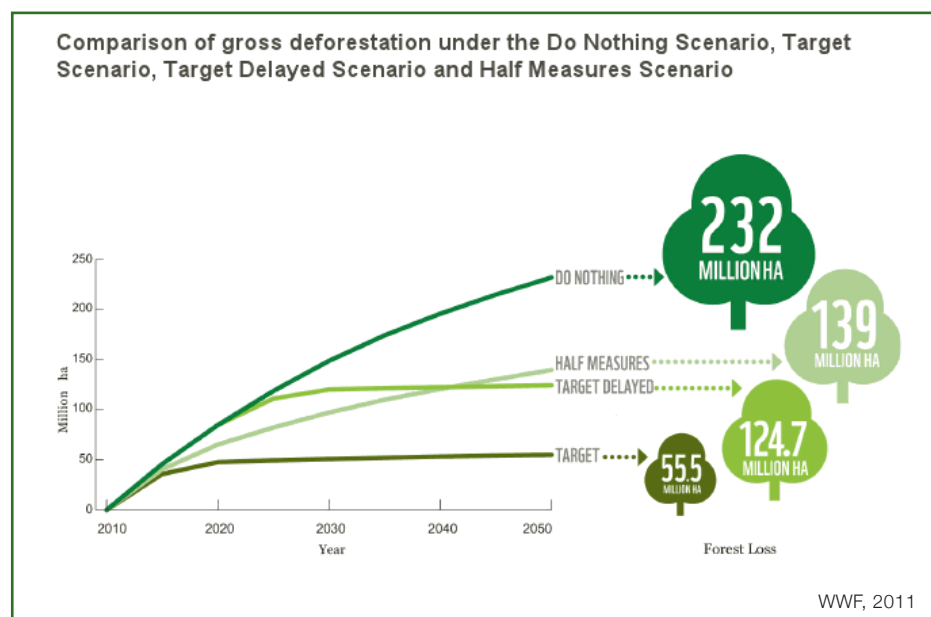
Meanwhile, a global deal on forests could finally emerge from the current round of climate negotiations. Deforestation is a major source of carbon dioxide emissions, so the idea to compensate countries and communities for protecting their forests under the system known as REDD+ (Reducing Emissions from Deforestation and Forest Degradation) could provide a clear stream of finance that could make a major contribution to cutting global emissions and also protecting the world's forests.

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GLOBALLY,  
AROUND  
**13**  
MILLION  
HECTARES  
OF FOREST WERE LOST  
EACH YEAR BETWEEN  
2000 AND 2010



# GFTN ON THE GROUND

## GFTN works with forest concessionaire to protect Borneo pygmy elephants

FROM 2005 TO 2007,  
APPROXIMATELY  
**16,000**  
PALM OIL TREES WERE  
DAMAGED BY PYGMY  
ELEPHANTS

Deep inside the Heart of Borneo, a conflict is brewing between the endangered pygmy elephants and people who live and work in the region. Forest encroachments for palm oil plantations have reduced the habitat and home range of this rare subspecies of elephants, and the trees that serve as the source of their food. With their environment rapidly changing, these gentle-natured pachyderms have resorted to damaging palm oil trees owned by communities and plantation companies.

The Borneo pygmy elephants, which differ from their counterparts in the rest of Asia, are believed to have originated from a herd of Javan elephants abandoned by the Sultan of Sulu in the 17th century. Today, their habitats are in the Malaysian state of Sabah and in northern East Kalimantan, Indonesia, along the border.

WWF's data shows that from 2005 to 2007, approximately 16,000 palm oil trees in East Kalimantan, Indonesia were damaged by Borneo pygmy elephants, and 11 villages were prone to human-elephant conflict. About 20-80 Borneo pygmy elephants are estimated to live in East Kalimantan, according to WWF's research. Some fall within concessions owned by PT. Adimitra Lestari, a GFTN applicant that harvests logs to sell to the Indonesia market.

### **Building harmony through responsible forest management**

WWF, through GFTN, is facilitating PT. Adimitra Lestari to work towards FSC certification while developing a forest management practice that integrates logging with conserving the Borneo pygmy elephants' habitat and home range.

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*A Borneo pygmy  
elephant family with  
parents and calf.*





*Participants learn how to make a carbide cannon, a non-threatening way to drive away attacking elephants.*

**ABOUT  
52,000  
HECTARES OF  
FOREST ARE SET  
TO ACHIEVE FSC  
CERTIFICATION  
BY 2014**

“The private sectors’ participation in the management of protected wildlife habitat, especially in its concession area, is the key of success for Borneo elephants’ protection,” said Anwar Purwoto, Director of Forest, Freshwater and Terrestrial Species at WWF-Indonesia. “WWF Indonesia appreciates concessionaires such as PT. Adimitra Lestari for its commitment to actively get involved in protecting endangered species in its concession, as this showcases real implementation of green economy in which businesses operate without harming endangered species population.”

WWF’s research has shown that logged forest areas can sustain Borneo pygmy elephants’ life as long as these animals are provided with sufficient space to explore and search for food. WWF’s unique approach and collaboration with the private sector is an important step towards achieving that goal and building harmony between the local communities and the genetically distinct Borneo pygmy elephants.

“We are passionate and committed to managing our natural forest concession responsibly,” said Bambang Supriyambodo, President and Director of PT. Adimitra Lestari. “The Borneo elephant has inhabited the area long time before we even started our operation there, so their existence should be respected. Therefore we have adjusted our company management policy and practice based on this condition, to preserve the population.”

In a step toward better forest management, GFTN and PT. Adimitra Lestari organized a training session on Borneo pygmy elephant conflict mitigation for the company’s field staff in April 2011. The goal of this exercise was to train the staff in integrating elephant conservation action into their practical work and teach them ways to avoid conflict with elephants, such as by making a carbide cannon, a local non-lethal method to drive away elephants.

When the training took place, members of the Indonesian army were conducting a border expedition and voluntarily participated in the training.

Through engagement with GFTN, about 52,000 hectares of forest area owned by PT. Adimitra Lestari are set to achieve FSC certification by 2014.

To further protect this rare subspecies, WWF-Indonesia, along with local forestry agencies and the government, has facilitated the establishment of an Elephant Conflict Mitigation Task Force. Members of this task force are recruited from local communities to conduct elephant conflict mitigation activities.

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## READ MORE

- **Pygmy Elephants:**

[www.worldwildlife.org/species/finder/asianelephants/borneoelephant.html](http://www.worldwildlife.org/species/finder/asianelephants/borneoelephant.html)

- **Heart of Borneo maps:**

[wwf.panda.org/what\\_we\\_do/where\\_we\\_work/borneo\\_forests/publications/borneo\\_maps/](http://wwf.panda.org/what_we_do/where_we_work/borneo_forests/publications/borneo_maps/)

- **WWF-Indonesia:**

[www.wwf.or.id/](http://www.wwf.or.id/)



*A tower block under construction in the financial centre of Shanghai, China.*

## Constructing a green future for China's real estate market

With its population and economy growing at a rapid pace, China's appetite for all products is reaching new heights, and forest products are no different. Although China is one of the world's top wood producing countries with a forest area that is the fifth largest in the world, demand far outweighs production, and timber imports have surged in recent years.

Since much of the wood is sourced from endangered forests in Russia, Malaysia and Indonesia, China's rising demand has significant implications for biodiversity and conservation. Yet there is little momentum towards responsible forestry and sustainable practices in either the private or public sectors.

A new partnership between WWF-China and Vanke Group, China's largest real estate company, has the potential to shift that course. In March, WWF and Vanke signed a Memorandum of Understanding for the company to commit to environmental protection and sustainable development for the next five years, focusing on conservation in the Qomolangma Nature Reserve in Tibet.

GFTN specifically will assist Vanke in assessing its supply chain and improving its performance using the stepwise approach. Vanke's partnership with GFTN goes beyond simply greening the company's supply chain. It is designed to ingrain the idea of environmental and social responsibility in the company's strategic plan and value base for the long-term.

### **A green ripple effect**

Vanke has pledged to identify and end the purchase of unwanted and high risk timber species and products in its engineered flooring products supply chain. Vanke will work with its suppliers to implement responsible purchasing policies to eliminate unwanted forest products and increase the amount of credibly certified products. Among other commitments, Vanke will also dedicate resources to develop a strategy to promote FSC certification in its projects. The future scope of participation may be extended to other construction materials, such as plywood and construction timber, depending on Vanke's progress in the initial agreement.

"Vanke has taken the first step in the region and can be the driver for change, which is much needed in the Chinese market," said Jin Zhonghao, GFTN manager in China. "Change in China can have ripple effects throughout the region. If companies in China alter their practices, it will have a major influence on supplier countries like

VANKE  
PROVIDES  
HOUSING FOR  
**370,263**  
HOMEOWNERS IN  
**53**  
CHINESE CITIES

Russia, the Democratic Republic of Congo and the Amazon, all of which fall within WWF's Priority Places."

The challenges facing companies like Vanke are not trivial. On the market side, demand for FSC-certified flooring and other green timber products is low and the drive for credible certification is weak. Moreover, there is little awareness among consumers and political leaders about eco-friendly and environmentally sustainable products. But the company's desire to incorporate socially responsible practices can have far-reaching consequences.

Already, four of Vanke's suppliers have joined GFTN. The market links to Power Dekor, Scholar Home, Der, and Homenice total about US\$27.9 million annually, paving the path for environmentally and socially responsible yet affordable housing.

"Vanke is impressed by WWF's environmental goal to achieve zero net deforestation and degradation by 2020, and the vision to have 100% renewable energy supply by 2050," said Wang Shi, Chairman of Vanke Group. "I hope that through the partnership, Vanke could do our fair share to conserve the planet, through jointly defined targets on carbon reduction, eco-management and forest preservation. The international technical support of WWF will keep us on the right track to hit those targets."

Vanke provides housing for 370,263 homeowners in 53 Chinese cities, with annual sales revenue totalling approximately RMB121.54 billion (US\$19.17 billion) in 2011. Vanke has advanced energy conservation in its own business and the real estate sector by switching to prefab homes and eco-homes. It has also taken the lead in developing and applying new technologies in renewable energy, forest conservation, carbon footprint reduction and biodiversity.

GFTN's outreach in China goes beyond just engaging the corporate sector. GFTN works closely with the Chinese government to develop market conditions to encourage Chinese companies to comply with the United States' Lacey Act and the EU Timber Regulation and shorten the gap between responsible companies and those that are not. Recently, GFTN-China and FSC organized a trip with one of the principle Chinese government officials to Gabon to learn more about forest practices in that region.

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## READ MORE

- **WWF-Vanke reach agreement:**

[www.en.wwfchina.org/en/news/?4300/WWF--Vanke-reached-agreement-on-environmental-protection-and-green-sustainable-development](http://www.en.wwfchina.org/en/news/?4300/WWF--Vanke-reached-agreement-on-environmental-protection-and-green-sustainable-development)

- **WWF-China:**

[www.wwfchina.org/english/](http://www.wwfchina.org/english/)

- **GFTN-China:**

[www.en.wwfchina.org/en/what\\_we\\_do/forest/rft/](http://www.en.wwfchina.org/en/what_we_do/forest/rft/)

# CUTTING EDGE INSIGHTS

## Talking timber tracking technologies with consultant Felix Seidel

Tracking technologies are a relatively new phenomenon in the timber industry, but they are taking on greater importance amid legal scrutiny and a need to have more transparency in supply chains. Electronic tracking systems collect information on timber and related products and link that information to a batch of products or an individual item, so that from the producer to the retailer to the consumer, information about the entire supply chain is visible and known.

GFTN spoke to Felix Seidel, a consultant who has been studying these technologies and recently drafted a report, funded by the International Tropical Timber Organization (ITTO) and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), on their costs and benefits.

### ***Why are timber tracking technologies gaining increasing importance?***

**FS:** A growing share of consumers are looking not only at the quality of products they buy but would also like to know under which circumstances a good was made, where it comes from and what its impact and ecological footprint is. Retailers, on the other hand, have to meet these demands and would also like to show that they have better products than their competitors.

Tracking technologies are already being used successfully in precious stone, textile and food sectors. In the timber industry, the first solution was developed in the 1980s, in the form of a portable data logger. But companies selling timber tracking technologies remained low and were of limited size as it was a niche market. This is changing now as two new drivers have appeared: the EU Timber Regulation and Lacey Act in the US. These laws are seen by people working in the timber tracking sector as useful developments and will probably contribute to an increase in the number of retailers that implement tracking solutions. These retailers, selling to the end consumer, will probably make tracking an obligation for their suppliers so that after a transition phase, the entire supply chain can eventually be tracked.

### ***What benefits can such technologies produce for both producers and buyers?***

**FS:** For the timber producer, tight inventory control is one of the major benefits, as well as reduced losses of logs being left behind in the forest. Producers can also show with such a system that they are in line with all regulations. The benefit to the buyer is that they can sell a product that is linked with additional information, for e.g., its origin, certification status, sustainability etc., and can gain a market advantage. The consumer also profits from these systems as they can have peace of mind that their choice is either eco-friendly or sustainable or only legal. By seeing all the attributes of the product in front of them, consumers can decide what they would like to purchase.

### ***What kinds of timber tracking technologies are available in the marketplace currently and how does the system work?***

**FS:** Right now there are approximately 13 companies offering timber tracking systems. All systems differ in how they make timber identifiable, how they transmit the information on the data storage side and many other features. Nearly all systems



*Felix Seidel, Consultant*

use electronic databases as paper-based systems reconciliation is very difficult and time consuming. Some systems use genetic code or the isotopes of the timber itself to try to make a homogenous mass of timber identifiable. Other service providers use barcodes or RFID tags on logs to make timber distinguishable, while others try and track on a bulk basis. Often, it is a mix of different identification methods at different stages.

***What are the costs associated with these technologies and what challenge does it pose to companies?***

**FS:** The cost arises in the form of license fees for the software, hardware cost and cost for support and training. A big part of the costs happens when you are tracking timber in the forest. So if you make the forest owner pay the whole bill, they would probably not be able to track their own timber because it will be too expensive. Therefore, it is advisable to split the cost equally over the whole supply chain or try and make the end retailer contribute the most to a system. The challenge is not only the cost but also to change the thinking and to do something new that the factory owner or forest owner has not done yet and to integrate such a system into the current workflow. Another challenge is to find people who have good knowledge of both IT and the forest and timber sector and are able to implement those systems.

***How can tracking technologies be used to drive responsible forest management?***

**FS:** Timber tracking systems can only do tracking of material. The material attributes, for e.g. information about sustainability, certification and legality, do not come automatically if a timber tracking system is being used. But if you have a certification scheme, which has certified a certain forest area with a timber tracking system, you can show all along the supply chain that certified material is not mixed or coming from any other forest than the forest certified to that standard. So it is risk minimization tool and the end consumer can be sure that they are purchasing a certified item.

***In which countries are tracking technologies being applied most successfully, and what lessons can the market take from them?***

**FS:** Tracking systems being used as national systems are still in the early stage. The EU FLEGT programme is trying to push a national system in various countries. The first country to use timber tracking methods on a national level was Liberia. There, SGS and Helveta Ltd. have implemented a barcode timber tracking system. Before the system was implemented, the revenue out of the timber sector and tax revenue for the government was next to zero. But since 2010, the flow-through from the timber tracking system has resulted in revenue of \$US11 million for the government, showing that there are tangible monetary benefits to this technology.

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# GFTN & CREDIBLE CERTIFICATION

## WWF/GFTN participates in groundbreaking FSC pilot project

Human life is intrinsically dependent on ecosystem services. From producing clean water to purifying the air and sustaining biodiversity, ecosystems play a crucial role. One of the main functions of forests is sustaining ecosystem services, and as an increasing number are under threat, responsible forestry will play a key role in ecosystems' survival.

WWF-Indonesia is partaking in an innovative new project, led by the Forest Stewardship Council, to address ecosystem services. By highlighting the untapped socio-economic value of ecosystem services, the Forest Certification for Ecosystem Services (ForCES) project aims to contribute towards global efforts to preserve the world's forests and enable forest owners, managers and communities to commit to responsible forest management.

WWF-Indonesia, in conjunction with the Indonesian Ecolabelling Institute (LEI) and Ministry of Forestry, is developing a standard that would include generic indicators and verifiers for ecosystem services certification.

The project includes three pilot sites, covering an area of nearly 475,000 hectares.

In Lombok Island, WWF is already working with community forest managers to implement Payment for Environmental Services (PES) scheme in 6,000 hectares of tropical mountain forest. In May, WWF conducted socialization and awareness training on PES and FSC certification schemes for community members in Meliau village, the core of the ecotourism area within the ForCES project. WWF also began work on a documentary about existing PES projects in Lombok to showcase the successes seen thus far.



*The Pongo Pygmaeus Pygmaeus, an orangutan subspecies in West Kalimantan.*



*The Meliau village is situated in the picturesque Lombok Island.*

Additionally, WWF is working with PT Ratah Timber, a GFTN Participant in East Kalimantan, to develop standards for biodiversity and carbon for 97,690 hectares of production forest. The third pilot site is in West Kalimantan, where WWF will be working with National Parks on standards for water, biodiversity and ecotourism for 73,000 hectares of rainforest, home to orang-utans.

“The development of the PES standard and certification by FSC through the GFTN mechanism is an important attempt to mainstream payments of environmental services from the forest that, until now, were remote and isolated events around the world,” said Aditya Bayunanda, GFTN Manager at WWF-Indonesia. “We hope that linking PES to a working and operational credible certification such as FSC will accelerate the process of recognizing environmental services as a way to increase the value of the forest. This is an exciting venture because it would help curb deforestation and degradation while allowing forest managers to attain monetary incentives for protecting High Conservation Value Forests and other forest areas.”

For more information, contact:

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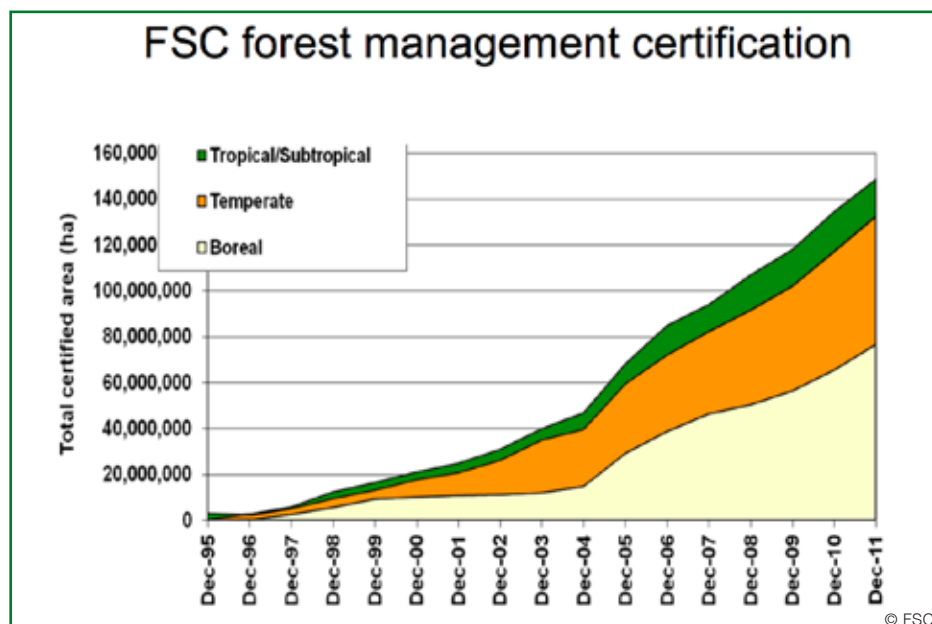
## FSC Market Survey 2011: Global awareness of FSC on the rise

Global awareness of the FSC label has increased in the last three years, according to FSC Business Value and Growth: Global Market Survey 2011.

Two-thirds of respondents in FSC’s survey said that awareness of FSC and responsible forestry has grown since 2009. More than half of those surveyed said they expect FSC certification will help them gain new clients in the next 12 months, and two-thirds said they plan to source more FSC material to meet growing demand.

FSC certification has progressively grown in the recent decade. Today, more than 155 million hectares of the world’s forests are FSC certified, nearly five times greater than ten years ago.

TODAY,  
MORE THAN  
**155**  
MILLION  
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## GFTN participant sells first FSC-Fairtrade dual labelled timber



*Quechua children from Totolima, Municipality of Tiquipaya, Cochabamba, Bolivia.*

The first furniture to carry the dual FSC and Fairtrade label is now being sold in Germany and Austria and includes tables, cupboards, benches and chairs.

The furniture, sold by German company Quadrato, is made of timber sourced from Multiagro in Bolivia, a GFTN participant that sources pine of patula and radiata species from plantations owned by Quechua communities in two districts of Cochabamba.

“This is a significant milestone for Multiagro and the Quechua communities in Bolivia,” said Maria del Carmen Carreras, Coordinator of GFTN-Bolivia. “GFTN has been working with Multiagro since 2006 to help the company find new markets for its products and maintain FSC certification. The dual FSC-Fairtrade labelling can provide important international market links for forest enterprises such as Multiagro, and also has the potential to significantly boost the economic well being of rural communities.”

The dual labelling pilot project between Fairtrade International Organisation (FLO) and Forest Stewardship Council (FSC) is the first of its kind in the world. The project is designed to help community-based and small-scale timber producers in the Global South get a fair price and a price premium for their products and to distinguish themselves in the marketplace.

In Bolivia, where an estimated 40 percent of the population depends to some extent on forest resources and communities are increasingly being granted more control, this project has vast potential. Within the forestry sector there are very few mechanisms that provide opportunities for communities to improve their income, and it is challenging for many to cover their costs and maintain a reasonable standard of living.

Given these obstacles, and the re-shifting of priorities by Bolivia's government, FSC certification in the country has declined in recent years. But the FSC-Fairtrade Pilot Project could turn the tide. A study by UK-based International Institute for Environment and Development (IIED) suggested that combining FSC with Fairtrade labels can help small-scale farmers and companies that source from them access new export markets.

Combining these two labels will help distinguish products from communities, and also ensure responsible forest management while providing forest companies access to markets willing to pay a fair price and an additional Fairtrade Premium.

Similar programs are being developed for producers in Chile and Honduras, where local communities will have a chance to benefit from responsible international timber trade. A Swedish multinational firm also recently launched parquet flooring made from FSC and Fairtrade certified timber from Chile.

For more information, contact:

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# GFTN MARKET LINKS

## Ghana's Ayum Forest Products achieves CoC and CW certification

Ayum Forest Products Ltd., the largest forest reserve concession holder in Ghana and a GFTN participant since 2009, has achieved FSC Chain of Custody and Controlled Wood certification for 184,690 hectares of its operations.

Ayum's forest reserves are crucial to the conservation and protection of biodiversity in the Guinean Moist Forest Ecoregion, which is considered to be the most species-rich region in West Africa. Some of Ayum's concessions are located in the Bia-Goaso-Djambarakrou conservation corridor, which comprises of a network of forests stretching across the border between southwestern Ghana and southeastern Cote d'Ivoire. These forests are home to a number of vulnerable and threatened species, like chimpanzees (*Pan troglodytes*), Diana monkey (*Cercopithecus diana*) and the bare-headed rockfowl (*Picathartes gymnocephalus*). Ayum also operates in central Ghana, which boasts a range of unique flora and fauna and African teak (*Pericopsis elata*).

Ghana has rapidly lost its forest cover due to illegal logging and some companies are now considering importing logs from Cameroon. Though Ghana is one of the largest manufacturers and exporters of wood based products in the region, credible certification enjoys little government support. These challenges make the commitment of private companies like Ayum and its participation in GFTN all the more critical.

"Ayum's recent certification is a positive step not just for Ghana, but for the entire region," said Mustapha Seidu, GFTN West Africa manager. "GFTN is confident that Ayum's dedication to responsible forest management will have a multiplier effect and motivate other companies in the region to strive for FSC certification. That, in turn, has a strong potential to slow the rate of loss of species and forest degradation and advance GFTN's goal of expanding sustainable forestry in West Africa."

Ayum, a subsidiary of the Naja David Group, joined GFTN in May 2009 as a participant on the forest side. In addition to committing their concessions to responsible forest management that is environmentally sustainable and socially acceptable, Ayum also agreed to implement responsible procurement policies for the timber entering its saw mill, veneer and ply mills.

"Ayum is not seeing Controlled Wood certification as the end to its certification process but as a stepping stone to achieving FSC forest management certification for all of its forest concession holdings," said Alfred Fosu, Certification Manager for Ayum. "The company is doing this under the WWF GFTN programme."

Ayum is the fourth GFTN participant in the country to achieve FSC's Chain of Custody and Controlled Wood certificates, and brings to total 380,000 hectares that has achieved FSC certification in Ghana.

For more information, contact:

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*A "track skidder" at work in the forest in Western Ghana. The skidder pulls the tree from the production site to the road where it will be loaded onto trucks.*



## GFTN participant uses 100% FSC certified timber in Olympic village

GFTN participant Lend Lease's 2012 Athletes' Village has become the first large-scale project ever in the UK to win a prestigious international award for sustainably sourcing all of its timber.

The development has achieved Full FSC Project Certification, which means that 100 per cent of timber at the Village has officially been responsibly sourced, according to FSC. This has enabled Lend Lease to meet a key part of the Olympic Delivery Authority's sustainable timber objectives. It is also the first time that a project of this scale and complexity has ever won the coveted certification.

"Timber should have a low environmental impact and can be highly sustainable – but it has to be responsibly sourced," said Pascal Mittermaier, Head of Sustainability at Lend Lease. "The FSC monitors every stick of wood right the way through the supply chain. They can say with certainty that the people who cut down the trees are being employed responsibly, that the land they were grown on was properly managed and the trees used were replanted."

For more information, contact:

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*Visitors review areas on the site map providing a timeline of events at the 2012 Olympic construction site.*

## NEW GFTN PARTICIPANTS

**GFTN-Peru** welcomed two new participants. These are Wood Tropical Forest S.A. and Von Humboldt Forest S.A.C.

**GFTN-North America** welcomed Capital One Financial Corporation.



# GFTN NOTES FROM THE FIELD

## GFTN buyers' mission 2012: Connecting companies

The Amazon is home to more than 10 per cent of the planet's known biodiversity, but the forest cover that harbors it is quickly disappearing. Responsible forest management and credible certification, which can increase the forest's value and prevent rapid forest loss, can be a challenging task. Many small-to-medium size

enterprises in the region lack adequate business acumen or technical skills, which limits their efficiency and capacity to engage in the global marketplace and find a market for certified products.

In June, GFTN organized the third annual buyers' mission to Peru and Bolivia with the goal of helping local forest operators overcome this challenge and connect with international buyers who are committed to credible certification.

Six people representing five different companies from Spain, Germany and US participated in an 11-day trip to Peru and Bolivia to meet with GFTN participants and see their operations firsthand. In addition to meeting with local companies located in WWF's Priority Places, the attendees visited more than 14 factories and FSC-certified forest operations of GFTN participants in both countries.

Two business roundtables were held in Peru, including one with ADEX, Peru's exporters' association, to encourage market links and promote responsible forest management and trade. GFTN also organized a roundtable for responsible wood products in La Paz, Bolivia, with CAMEX, the exporters' association of La Paz.

Overall, the buyers' mission is expected to result in purchases of US\$3 million, some of which have already been realized.

GFTN's past buyers' missions have played an important role in establishing key market links, an important step to promoting responsible forest management and trade worldwide. At least two North American suppliers who participated in previous GFTN buyer's missions are now doing business worth US\$450,000 with four GFTN-Peru participants as a result of their participation.

GFTN works with forest managers, indigenous communities, and forest product manufacturers throughout Peru and Bolivia to help them improve their forest management practices and achieve FSC certification, which ensures forest health in the long-term and increases the economic benefit provided by the forest to improve livelihoods.

Under the new forest law in Bolivia, forest concessions are not being issued to private firms and many that were previously granted to companies have been reverted to community territories, often making it challenging to work together. GFTN is working extensively with local communities to help them achieve FSC certification, build ties with companies, and find innovative ways to attain international buyers, such as through dual certification.

For more information, contact:

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*GFTN's Angel Llavero Cruz, Raul Dance, Amy Smith and Alfredo Rodriguez at Von Humboldt's FSC-certified concession in Peru.*

# FACES OF GFTN

## **Daniel Arancibia**

*GFTN Regional Coordinator for Latin America and the Caribbean (GFTN LAC)*

Daniel comes back to GFTN with over 14 years of experience in supporting forest management and certification initiatives. Daniel worked with WWF-Peru as Interim Country Director from October 2010 to June 2011 and later as Deputy Director in charge of major initiatives development and ensuring effectiveness

in project management. From 2007 to 2010, Daniel led efforts in the LAC forest programme based in Washington D.C., developing the first GFTN-LAC strategic plan, supporting the outreach to new countries and participant companies, and serving as member of the GFTN Shareholders Core Group and the WWF Certification Advisory Group. Prior to that, Daniel worked for the Forest Stewardship Council (FSC) from 2001 to 2007, based in Mexico, Germany and Panama (as FSC LAC Regional Representative).



*Daniel Arancibia*

## **Lisa Dietz**

*Fundraising Specialist, GFTN Support Unit*

Lisa has been with WWF-US for 2.5 years and previously held the position of Program Officer within Strategic Agreement Services' technical advisory team, where she identified new U.S. government funding opportunities, supported proposal development and advised staff on engagement with USAID. Lisa led the start up and management of the Eunice Kennedy Shriver (EKS) Fellowship Program for Special Olympics International and also gained experience conducting strategic planning and organizational development trainings throughout Central, Southern and Eastern Africa. Lisa holds a Bachelor's degree in Hispanic Studies from Brown University and anticipates completing her Master's degree in Public Administration and International Development at George Washington University at the end of this year.



*Lisa Dietz*

## **Huma Khan**

*Communications Manager, GFTN Support Unit*

Prior to joining WWF, Huma was a Digital Reporter at ABC News in Washington, D.C., where she reported on domestic and international news events. Huma covered a number of groundbreaking stories for ABCNews.com, including the 2008 and 2012 U.S. presidential elections and the unrest in the Middle East. Huma also produced for the network's various broadcast news programmes. Before ABC News, Huma reported on and wrote about the U.S. and Latin America energy markets for Argus Media, a trade publication. Huma received a Masters in Global & International Studies with honors from the University of Kansas, with a focus on economic development and conflict resolution. She holds a Bachelor of Arts degree in journalism from the University of Houston.



*Huma Khan*

## **Daniel Tiveau**

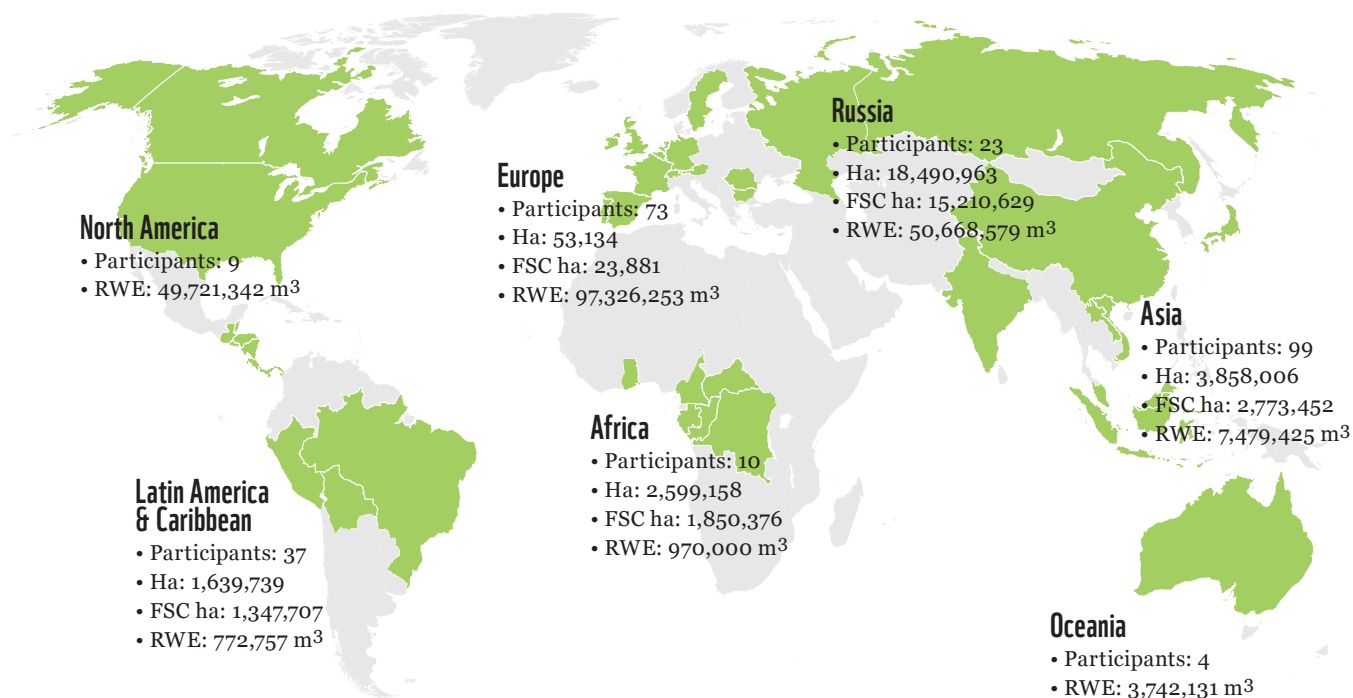
*WWF Regional Forest Programme Coordinator/Regional GFTN manager for Central Africa*

Daniel is a Swedish forester with over 12 years of experience working in Africa with sustainable use of natural resources, climate change and economic alternatives for the poor. He has worked with development and research on a range of issues, from hands-on work with villagers to national and regional policy dialogue in several African countries. Daniel has worked with a range of entities, including the Center for International Forestry Research (CIFOR). Most recently, Daniel served as the First Secretary at the Swedish Embassy in Kinshasa, Democratic Republic of Congo, as Programme Officer responsible for a development programme on pro-poor economic growth, with a focus on agriculture and forestry.



*Daniel Tiveau*

# GFTN AT A GLANCE



# GFTN TOOLBOX

## Framework for Assessing Legality of Forestry Operations, Timber Processing and Trade

WWF GFTN/TRAFFIC

The framework is aimed to support countries in their efforts to improve governance of their forest resources and prevent illegal logging and timber trade through encouraging compliance with laws related to the forest sector at both national and international levels.

<http://gftn.panda.org/?202483/Framework-for-Assessing-Legality-of-Forestry-Operations-Timber-Processing-and-Trade>

## WWF Living Forests Report Chapter 2: Forests and energy

The second chapter in the report explores and explains the subject of sustainable bioenergy from forests.

[http://www.wwf.org.uk/what\\_we\\_do/safeguarding\\_the\\_natural\\_world/forests/responsible\\_forestry\\_and\\_trade/forest\\_trade\\_network/ftn\\_links.cfm?5292/WWF-Living-Forests-report-Chapter-2-Forests-and-energy](http://www.wwf.org.uk/what_we_do/safeguarding_the_natural_world/forests/responsible_forestry_and_trade/forest_trade_network/ftn_links.cfm?5292/WWF-Living-Forests-report-Chapter-2-Forests-and-energy)

# GFTN GLOBAL STATS

## 17%

Trading by GFTN participants represents 17% of every forest product brought or sold internationally every year, with combined annual sales of US\$64 billion

## 255

GFTN encompasses 255 global companies, employing more than 1.5 million people worldwide

## 21.2 MILLION

GFTN participants manage more than 21 million hectares of FSC certified forests, with more than 5.4 million hectares in progress towards credible certification

## 211 M<sup>3</sup>

GFTN participants trade nearly 211 m<sup>3</sup> of timber and fibre, totalling 14% of global timber trade

## 14%

GFTN participants are responsible for about 14% of the global total of FSC certified forest area



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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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