



**GLOBAL
FOREST
& TRADE
NETWORK**

Quarterly

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...AND MORE ON GFTN'S GLOBAL PROGRESS

The Global Forest & Trade Network is the WWF's initiative to eliminate illegal logging and improve the management of 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 the world's forests while providing economic and social benefits for the businesses and people that depend on them. Visit www.panda.org/gftn.

This publication was produced for review by the United States Agency for International Development. It was prepared by Mark Hurley of WWF.



Dr. Zhu Chunquan, Conservation Director for WWF China, presents China FTN membership certificate to Peter Cox of Kingfisher Asia

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China Forest & Trade Network Welcomes First Participants

The China Forest & Trade Network (China FTN)—GFTN's affiliate in mainland China and Hong Kong—formally announced that five companies from mainland China and three from Hong Kong have qualified as its first official participants. Welcomed at a reception held during the China Wood Markets Export and Import Conference in Dongguan, these new participants are the first in China and Hong Kong to pass China FTN membership requirements and demonstrate long term commitment to responsible forest management and trade.

The participants include two of China's largest state-owned forest bureaus—Jinlin Province Baihe Forest Bureau and Heilongjiang Province Youhao Forest Bureau—which together operate 450,000 hectares (1 ha = 2.47 acres) of natural forest on the Russian border that achieved FSC certification in 2005 following extensive technical support from WWF China, as well as several subsidiaries with FSC chain of custody certification that make products ranging from ice cream sticks to doors. In addition, three major manufacturing companies based in mainland China—Yihua Timber, Shanghai Anxin Flooring Co. Ltd., and Yingbin

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(Shunde-Foshan) Timber Co. Ltd.—that make a range of hardwood and laminate flooring products, and three manufacturing and trading companies located in Hong Kong—Kingfisher Asia Ltd., 100% Concept Asia Pacific Ltd., and Auma International Ltd.—have joined the group.

The China FTN has the potential to play an important role in the global timber trade. The world's second largest importer of industrial timber, pulp, and paper, China leaves a massive ecological footprint across the forests of the globe. Faced with an increasing demand for wood and paper products along with diminishing forest resources, China imports timber from many areas including Russia, Indonesia, South America, and Central Africa. These regions have significant problems such as illegal



logging, conversion of natural forest to agriculture and silviculture, and increasingly difficult livelihoods for people and communities who depend on forests.

Against this backdrop, the markets of Europe and North America are increasingly calling for forest products that are responsibly harvested. The companies that joined the China FTN see the potential to grow their export trade with these regions by becoming more responsible in their purchasing and achieving credible certification. “Our customers in Europe demand certified and legal timber,” said Peter Cox, Quality Assurance Manager for Hong Kong-based trading company Kingfisher Asia Ltd. “WWF’s forest and trade network in China can provide the support to our Chinese manufacturers that will help us meet this demand.”

In order to qualify for the China FTN, all the new member companies have undergone baseline audits and prepared detailed action plans to improve their environmental performance. The China FTN will provide technical support and guidance to help these companies follow through on these action plans in order to achieve credible certification within a five year period.

China FTN participants acknowledge that, given the state of today’s changing global forest market, responsible forest management and trade is good business. Mr. Lu Weiguang, the Chairman of the Shanghai-based Anxin Flooring Company, put it this way: “Anxin’s goal is to become the leading flooring company in the world, and to achieve that we must take responsibility for the environment. WWF’s China Forest & Trade Network will help my company find sustainable sources of legal timber so that both my business and the forests will thrive for generations to come.”

Visit www.forestandtradeasia.org/china for more information.

GFTN Launches Vietnam Forest & Trade Network

WWF, in partnership with Vietnam’s Ministry of Agriculture and Rural Development, has launched the Vietnam Forest & Trade Network (Vietnam FTN), the first ever network to promote business links between producers of responsible forest products in Vietnam and concerned buyers around the world. The announcement was made in Ho Chi Minh City at the International Furniture and Handicraft Fair. The Vietnam FTN is an affiliate of WWF’s GFTN.

The Danish company Scancom, one of the largest suppliers of outdoor furniture in the world and an industry leader in responsible wood sourcing, committed to joining the Vietnam FTN and is urging its contract manufacturers in Vietnam to follow suit.

“ScanCom Vietnam Ltd. is very enthusiastic about participating in the Vietnam FTN,” said Chad Ovel, Managing Director of ScanCom Vietnam Ltd. “We hope that our participation in this forum will help motivate others in our industry to eliminate illegal wood from their supply chain and embrace FSC-certified wood as the raw material of choice.”



VFTN booth at the International Furniture and Handicraft Fair, Ho Chi Minh City

There is great potential to build responsible forestry in Vietnam using certification as a key tool. The Vietnam FTN provides a supportive framework in which forest managers can work towards credible certification. In addition, it facilitates links with a global network of responsible buyers, helping to stimulate a vibrant Vietnamese forest industry. The services and market links provided by the Vietnam FTN will assist Vietnamese state forest enterprises to comply with Vietnamese government reforms aimed at modernizing state owned enterprises and helping bring them into the increasingly competitive global market.

Vietnamese exports of wood products have tripled since the mid-1990s, making the manufacture of wooden furniture for export one of the fastest growing industries in the country. The

more than 1,200 companies involved in timber processing require approximately two million m³ of wood per year. Increased timber imports are feeding the industry, and the resulting footprint that Vietnam leaves on the forests of other nations is significant. By helping processors to find legal and sustainable sources of wood, the Vietnam FTN will play a valuable role both in Vietnam and throughout the Asia Pacific region.

Visit www.forestandtradeasia.org/vietnam for more information.

Record Sales of FSC Products for GFTN Participants in Switzerland

A late 2005 analysis of sales data for wood products bearing the FSC label in Switzerland shows that these products are selling better all the time. Companies in the WWF Wood Group Switzerland—the Swiss affiliate of the GFTN—attained sales for FSC-certified products in 2004 of about 40 percent higher than the year before. Increases were observed particularly with garden furniture and in the “do-it-yourself” sector.

The 24 companies in the WWF Wood Group Switzerland have lived up to their commitments to the GFTN. Each company committed to support wood products bearing the FSC label and steadily increase the proportion of FSC products in their range. Their sales of FSC in 2004 reached a record high of CHF 93 million, or eight times more than in 2000. WWF Wood Group Switzerland members Migros and Moebel Pfister exclusively market wooden garden furniture bearing the FSC label.

“FSC not only helps protect the forests,” says Simone Stammach of WWF Switzerland, “it also helps companies strengthen their business model. More and more consumers are looking out for the FSC label because they don’t want to buy timber obtained by destructive logging.” A representative questionnaire carried out for WWF recently showed that every third Swiss is now familiar with the FSC label.

For further information, contact Mariann Breu, WWF Wood Group Switzerland, mariann.breu@wwf.ch.

Pace of Certification Picking Up in Russia with Critical Help from Russia FTN

Russia harbors one of the largest areas of intact boreal forest in the world, home to endangered species such as the Siberian tiger, as well as valuable and threatened forests in many other regions within its huge land mass. With market forces such as the rapidly expanding demand for wood fiber in China causing pressure on the forests of Russia, the need for responsible management of these forests grows more urgent each day.



Siberian tiger

© WWF-Canon / Vladimir FILONOV

For the Russia Forest & Trade Network (Russia FTN, known in Russia as the *Association of Environmentally Responsible Producers of Forest Products*), 2005 was a year of strong progress in terms of growing membership and increasing hectares of forest certified under the FSC. FSC certification had developed at a modest rate in Russia until 2003, when it totaled about 349,000 ha. However, the pace of newly certified hectares began to pick up exponentially in 2003, with the total of FSC certified area reaching about 7,360,000 ha by the end of 2005. Much of this growth is a direct result of efforts from the Russia FTN, which receives funding from U.S. Agency for International Development and IKEA.

Russia FTN participants account for 54% of total pulp and paper export, 29% of fiberboard export, 16% of sawnwood export, and 14% of plywood export from Russia.

Nearly half of the certified forest area in Russia is managed by Russia FTN participants and their suppliers. FSC certified forest area of Russia FTN members and their suppliers increased by more than 2.1 million ha in 2005, including more than 1.6 million ha in Siberia. Russia FTN participants receiving certification in 2005 include Ust Pokshengskiy LPH, Shalakushales, Velskoye LPP (all belong to the Titan Group), IlimSibLes Ltd. (owned by Ilim Pulp Corporation), Toymales (owned by Solombala Sawmill), and Zalazninsky Lesokombinat. The Russia FTN has participants and applicants from Northwest and Central Russia, the Caucasus, and the Ural, with increasing activity in Siberia and the Russian Far East. Russia FTN participants account for 54% of total pulp and paper export, 29% of fiberboard export, 16% of sawnwood export, and 14% of plywood export from Russia.

For more information, contact Alexander Voropaev, Acting Coordinator, Russia FTN, avoropaev@wwf.ru.

GFTN Log Tracking System Adopted by Peruvian Government

The reduction of illegal forest harvesting through efficient and more proactive systems of supervision and control is a basic need for Peru and many other countries. There is an urgent need to develop modern tools that offer greater flexibility and efficiency for governments in the supervision and verification of appropriate implementation of forest extraction permits, as well as by the forest owners and forest industries that want to comply with the standards established for forest management and industrialization of forest products.

Chain of custody (COC), a key element of forest certification, is defined as the monitoring process of the product distribution channel from the standing tree in the natural forest or plantation to the end use of the product. COC aims to guarantee the origin of the raw material produced in the forest. One of the main difficulties of implementing COC described by institutions and projects interested in certification is the cost and the time that must be invested in its implementation and supervision.

PandaTrack is a new software application developed by the GFTN that makes developing and implementing robust COC controls simpler and more cost effective, contributing to easier and quicker achievement of certification. PandaTrack is flexible and can be used in different countries for wood coming from natural forests as well as plantations.

PandaTrack is being tested by leading companies in Nicaragua and Peru. Special attention is being paid to international standards in order to support the forestry sector in complying with independent certification conditions, and governments in complying with

CITES requirements (CITES is the international convention on trade of endangered species). The system will also help companies document information regarding extraction, processing, and exportation of timber products under legally-established standards.

“We are encouraged that the government of Peru is planning to officially adopt PandaTrack for tracking wood produced in that country,” said Steve Gretzinger, GFTN’s Latin America coordinator. “Among other benefits, this system will enable the government to illustrate how it meets its mahogany quotas by ensuring that exported wood is derived from well-managed forests.”

Visit <http://www.wwfca.org/gftnlac> for more information.

Bolivian Communities on the Road to Certification

With technical assistance and tools provided by WWF and the GFTN, Bolivian indigenous communities made significant progress toward FSC certification in late 2005. The indigenous communities of Zapocó and Bajo Paraguá have received certification support through the GFTN stepwise approach to certification, known in Bolivia as the Sistema de Aproximación Gradual al Manejo y Certificación Forestal.



WWF staff and Zapocó community representatives work on FSC assessment

WWF Bolivia, with support from the GFTN, has applied the stepwise approach as a tool for technical assistance and links to the market. Despite the fact that the process of forest management and community involvement are separate disciplines and present different challenges, the evaluations indicated the need to reinforce social aspects of the forest management plans within the communities.

The community of Bajo Paraguá is located in the southeastern region of Amazonia; the community of Zapocó is located in the Chiquitano forest.

For more information, contact Jessica Moscoso, WWF Bolivia, jmoscoso@wwfbolivia.com.

Better Business, Brighter Future for Peru's Shipibo-Konibo People

Working with WWF's GFTN, AIDER, and other organizations to achieve certification has brought clear benefits to indigenous communities in the Peruvian Amazon. **Read the complete story at** <http://www.panda.org/gftn> (click on *GFTN in Brief*).



Shipibo-Konibo people at work in the forest



photo courtesy FORM International

Abraham Baffoe of Friends of the Earth-Ghana conducts RIL workshop

Training in Reduced Impact Logging for Ghanaian Companies

Working through the GFTN with key partners like Tropical Forest Foundation, WWF seeks to accelerate responsible forest management in West and Central Africa and provide economic opportunity for GFTN participants. Reduced impact logging (RIL)—defined by the FAO as intensively planned and carefully controlled implementation of [forest] harvesting operations to minimize the impact on forest stands and soils—is a key component of GFTN participants' efforts to achieve certification. The GFTN encourages its participants and applicants to utilize RIL, provides a framework and tools for step-wise improvement in forest management, and facilitates links to responsible buyers for FTN participants practicing RIL.

As a part of this commitment to encouraging RIL, the Ghana Global Forest & Trade Network (Ghana FTN, managed by Friends of the Earth-Ghana in partnership with the GFTN) recently commissioned FORM International to conduct an assessment of one Ghana FTN participant—Samartex—and one applicant to determine what sort of RIL training in various harvesting disciplines would be needed for both companies' managers and workers. The anticipated benefits to the companies and their forests would be economic and environmental.

Experts from FORM visited the Ghanaian forest concessions operated by Ghana FTN participant Samartex and the FTN applicant company to observe operations such as mapping and planning, harvesting, safety procedures and equipment, waste disposal, record keeping, and road construction and maintenance. These observations led to a set of recommendations that both companies should implement in order to be as compliant as possible with the principles of RIL. Samartex was found to be a fairly sophisticated operation that was well-qualified to eventually achieve FSC certification under its action plan with the Ghana FTN, whereas the applicant company would need to make more progress in some areas before it would be eligible for certification.

Based on findings from the FORM assessments, Friends of the Earth—in its capacity as manager of the Ghana FTN—organized a training workshop in Takoradi, Ghana for both companies as well as the managers of a half dozen other Ghanaian timber companies and processors. Presentations were made on the GFTN, requirements and benefits for forest participants, and RIL techniques. The discussion among the workshop presenters and the guests was quite animated, and it is hoped that through workshops like these more Ghanaian companies will realize the benefits of practicing RIL and seeking certification through membership in the Ghana FTN.

For more information, contact Abraham Baffoe, Coordinator, Ghana FTN, abraham@foeghana.org.

Costa Rica Lottery Promotes Responsible Forest Management

The Social Protection Board of San José, which is in charge of Costa Rica's lotteries, printed lottery tickets that promote responsibly managed forests for a drawing in late 2005. Costa Ricans who bought the tickets were exposed to WWF's message on responsible forest management and trade: *Conserving the forest means cutting trees responsibly*. WWF's globally recognized panda logo was featured on the face of the ticket and a photo of a chainsaw being used to cut down a tree using proper techniques was used to illustrate the slogan. The reverse side bore the phrase *WWF promotes trade in certified wood from responsibly managed forests*.



"Forest harvesting is a necessary step for providing economic resources to communities. But what should be clearly understood is that a forest must be managed responsibly and this is what we are trying to communicate on the lottery ticket," said Steve Gretzinger, Latin America coordinator of the GFTN.

The prize for this drawing reached 50 million colones, a little more than \$100,000.

For more information, contact Sergio Pacheco, Communications Assistant, WWF Central America, spacheco@wwfca.org.

Private Sector and Government Partners Affirm Support for GFTN

WWF has received funding from the U.S. Agency for International Development (USAID) in support of the Sustainable Forest Products Global Alliance (Global Alliance) for the fourth year in a row. Global Alliance partners—including WWF, Metafore, USAID, and private sector participants like The Home Depot—work together to advance a new model for forest conservation and community development in USAID-client countries in which responsible forest management is rewarded in the global marketplace. The USAID grant of \$1,195,000 is helping WWF to fund the GFTN. In addition to USAID's investment of \$9.6 million to date for the Global Alliance, WWF and Metafore have leveraged direct and indirect contributions of \$28 million from a variety of partners, representing almost a 3:1 leverage ratio.

In another recent development, WWF and Tetra Pak signed a three-year agreement under which the organizations will cooperate to improve management of the world's forests and to reduce industrial emissions contributing to climate change. Under the agreement, Tetra Pak will take steps to strengthen its purchasing of forest-based products from well-managed forests and to reduce its CO₂ emissions over the next five years by 10%. In addition to joining WWF's Climate Savers initiative, Tetra Pak will fund the GFTN at a level of 100,000 Euro (about \$118,000) per year for the next three years. Tetra Pak is the global leader in sales of paperboard aseptic packaging material for a wide range of food products including dairy products, juices, and soups.



“WWF is at the forefront of creative efforts to address environmental threats such as deforestation and climate change,” said Claes Du Rietz, Vice President of Tetra Pak's Global Environment Department. “We have seen that Tetra Pak's goals, and WWF's, are converging. We want to leverage this convergence to ensure that Tetra Pak is a leader in bringing about a world based on the responsible use of renewable resources.”

And WWF recently learned that the board of the Citigroup Foundation has approved an award of \$150,000 to the GFTN. The grant will assist the GFTN to reshape key markets and build responsible forestry sectors in priority countries including China, Indonesia, Malaysia, Vietnam, Brazil, Peru, Guatemala, Honduras, and Costa Rica by building sustainable forest product supply chains. In 2004, the Citigroup Foundation made 1,254 grants to support organizations that help build and strengthen communities around the world with international (non-U.S.) grant making reaching \$21.6 million.

GFTN at a Glance

GFTN participants...



manage over 14 million ha of forests committed to certification



have annual forest products sales exceeding \$18.1 billion per year



buy or sell in excess of 62.7 million cubic meters of forest products per year



are engaged in 80 trading deals with other GFTN participants



employ over 1 million people globally

figures current as of January, 2006

COMING UP IN THE SPRING ISSUE

USAID Boosts GFTN Efforts in Romania!



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