



Message from the Director

As we prepare this first Bulletin of 2005, I am optimistic about the prospects for GFTN. The GFTN is in a position to guide committed forest products companies along the path to sustainability, providing them with technical assistance to

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achieve certification, and assisting them to find like-minded companies with which to do business.

To be sure, we face significant challenges. China, the world's emerging economic giant and a voracious consumer of forest products, has an effect on the management of forests throughout Asia and the world.

In West and Central Africa, weak forest policies and enforcement encourage illegal and unsustainable forest management. In consuming regions such as North America, many key companies that buy forest products are slow to assume the responsibility of helping to improve levels of forest management worldwide.

And yet, my optimism remains. New support from various arenas including the European Commission is helping the GFTN strengthen its programs to new levels. The relatively new China and North America Forest & Trade Networks are enabling GFTN to apply resources in areas that will have beneficial effects in valuable and threatened forests around the world. The GFTN approach is integral to dialogues and policy processes underway in such places as the Congo Basin.

I'm convinced the GFTN is poised to meet the challenges ahead in innovative ways. I look forward to updating you on our progress in 2005.

— Per Rosenberg

Director, WWF Global Forest & Trade Network

GFTN and Partners Applying Crucial Support and Financing to Innovative Projects

As GFTN's efforts to support companies committed to producing and buying responsibly produced forest products have matured and gained momentum, GFTN has increasingly partnered with international development finance organizations, banks, forest companies, and other organizations to find technical support and funding for the efforts of GFTN members and participants. It is one of GFTN's core commitments to its members to create mutually beneficial partnerships between businesses, NGOs, trade regulators, funders, and others to mobilize the technical, financial, and human resources necessary to achieve transformation.

This commitment has been realized in recent months with the announcement of innovative partnerships supporting GFTN members and participants.

The International Finance Corporation's (IFC) Latin America Small and Medium Enterprise Facility (LAC SME Facility) and WWF's GFTN are teaming up to expand membership in WWF Forest & Trade Networks (FTNs) and the services offered to members in Bolivia, Honduras, Nicaragua, and Peru. In Nicaragua, the first joint project will provide technical assistance to five Jagwood+ manufacturers and forestry companies helping them to achieve certification and more effectively market their products.





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Furniture factory of Jagwood+ member La Mueblería

Steve Gretzinger, GFTN's Coordinator for Latin America, said, "The IFC's expertise in finance and business development, coupled with the GFTN's ability to assist companies throughout Latin America in producing and marketing quality products from well-managed forests for discerning domestic, regional and international markets, should prove a powerful combination for the pilot companies and those in other Latin American countries in the future."

In Indonesia, WWF is collaborating with the IFC's Pengembangan Usaha (PENSA) program. PENSA seeks to help Indonesian furniture and home accessory manufacturers develop new market opportunities. PENSA and WWF have begun work on three pilot projects — three separate supply chains of timber products — by offering technical assistance and support. The businesses are receiving assistance to improve sawmill recoveries, implement chain of custody systems, and link to producers undertaking a stepwise approach to certification.

At the launch of the Brazil Certified Amazon Forestry Producers Group, the Minister for Regional Integration announced the approval of the first credit line for a forest management project in the Amazon. The loan, granted to GFTN member Jurua by Bank of Amazonia, signifies the Bank's support for responsible forest management in the Amazon through the ProFloresta credit program.

Innovative projects like these provide conservation benefits for forests, a reduced reputational risk and more secure wood supplies for committed forest companies, and attractive investment opportunities for organizations that provide financing and support for responsible forestry.

News from the Regions

Europe

The GFTN Europe Paper Initiative has been launched to help FTN coordinators engage the paper sector on a continent-wide level, enhance the services offered to FTN members in the paper sector, and strategically identify new companies for membership. Print & Paper Europe, which has a readership of over 16,000, recently published the first article in a two-part series on the Initiative. Contact Margareta Renstrom, GFTN Europe co-ordinator, at margareta.renstrom@wwf.se.

JSC Cherepovezles — the largest timber industry company in Northwest Russia — has joined the Russia FTN. JSC Cherepovezles has logging operations in seven areas of the Vologda region totaling more than 515,000 hectares, of which roughly 500,000 hectares are now in the process of receiving certification. The wood is sold to a few of the largest companies in Finland, Norway, Sweden, and Germany. The Russia FTN now includes 12 companies. Contact Andrej Ryzhkov at aryzhkov@wwf.ru.

WWF Germany has published a report highlighting the illegal timber harvest in Northwest Russia and examining the structure of the illegal timber trade between Northwest Russia and Germany. The report finds that only a few German companies can prove where the timber they purchase originates. Find the report at http://www.wwf.de/imperia/md/content/pdf/waelder/russlands_tudiel.pdf.

The major European do-it-yourself chain Bauhaus has become a member of the WWF Wood Group in Germany. WWF welcomes the important leadership position taken by Bauhaus, which has stores in over 10 countries and sources timber from Eastern Europe. Contact Johannes Zahnen for more information at zahnen@wwf.de.

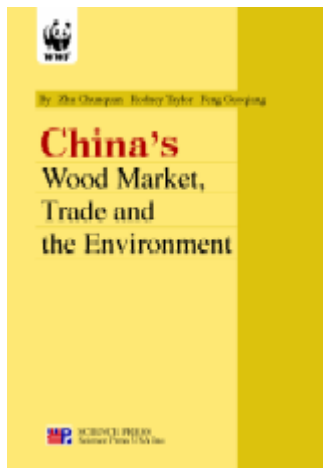
Asia

A new FTN has been formed encompassing the previously separate operations in China and Hong Kong. The new China FTN — launched March 8 at a meeting of The Forest Dialogue in Hong Kong — will target strategically chosen companies to adopt responsible purchasing policies as laid out in WWF's *Responsible Purchasing of Forest Products*. The China FTN already has six applicant companies and will include representatives of China's rapidly growing pulp and paper sector, furniture and flooring companies, the plywood sector, and internationally-recognized retailers. Contact Lily Lee at llee@wwf.org.hk or An Yan at yan@wwfchina.org.

Asia (continued)

Also launched at the Hong Kong meeting, a WWF report entitled *China's Wood Market, Trade and the Environment* warns that because of its rapidly rising demand for wood, China is set to dominate the world's wood market with potentially devastating impacts on some of the planet's outstanding forests unless major changes are made in the country's current policies.

According to the report, more than half of the timber imported by China comes from countries such as Russia, Malaysia and Indonesia, which are all struggling with problems such as over-harvesting, conversion of natural forests and illegal logging. WWF calls on governments and the private sector to take concerted measures to promote imports and



purchases of wood from well-managed forests. "China will soon be leading the global wood market, we hope that it will also lead the efforts to safeguard the world's forests," said Dr. Zhu Chunqian, Director of WWF China's Forest Programme. The full report can be found at http://panda.org/about_wwf/what_we_do/forests/publications/publication.cfm?uNewsID=18790&uLangId=1.

The GFTN welcomes Mr. Jin Zhonghao, the first Manager of the China FTN in Beijing. Mr. Jin previously worked as a senior consultant for WWF China's Forest Program. He was Director of the International Trade Department, China National Forest Products Trading Corp. from May 1997 to Feb 2005. During that time he also served for three years as Vice President of Hunchun Guolin Trading Co., Ltd., one of the joint-ventures of China National Forest Products Trading Corp. Prior to his career in business, Mr. Jin was an Associate Professor and Vice Dean at the Forestry Economics and Management Department of Beijing Forestry Managers College. Contact Jin Zhonghao at zhjjin@wwfchina.org.

GFTN also welcomes Mr. Sanath Kumaran, WWF Malaysia's new Manager for the Forest Management Program and the Malaysia FTN. Mr. Kumaran joined WWF in 1996 as the Forest Conservation Officer in Malaysia and has since worked on many projects such as forest certification, protected area management, and wildlife assessment. Mr. Kumaran can be reached at skumaran@wwf.org.my.

Nusa Hijau, WWF's FTN in Indonesia, and WWF's Malaysia FTN have new Market Links Coordinators brought on board to assist in buyer liaison, screen applicants, and facilitate the establishment of complete supply chains. The new position for Nusa Hijau is filled by Bart van Assen (bvassen@cbn.net.id) and for the Malaysia FTN is Bill Maynard (wbmaynard@aol.com).

Borneo Tsang Furnishing Sdn Bhd (BT) and WWF-Malaysia have signed an agreement formalising BT's participation in the Malaysia FTN. BT is a manufacturer of outdoor and garden furniture and has been producing mid-range furniture for markets in Europe, USA, South Africa, and Australia. The signing of the agreement demonstrates BT's commitment to increasing their purchase of materials from forests moving toward environmentally and socially responsible standards. Contact Contact Mooi See Tor at mstor@wwf.org.my.

Nusa Hijau provided detailed technical training to 16 potential assessors on the GFTN approach and the conduct of baseline appraisals and action plans. The objective of such training is to build local assessment capacity and reduce costs associated with action plan development and progress monitoring. Nusa Hijau also published the GFTN Responsible Purchasing Guide in Bahasa Indonesia and is undergoing discussions with more than a dozen interested companies. Contact Nurcahyo Adi at nadi@wwf.or.id.

On January 24, 2005 Nusa Hijau welcomed P.T. Bangun Sarana Wreksa, a furniture factory in Malang (East-Java, Indonesia), as the first company to obtain FTN membership in the region. P.T. Bangun Sarana Wreksa is currently sourcing wood from PERHUTANI, a state-owned forestry company. PERHUTANI is currently an applicant to Nusa Hijau and once a member, will work to improve their Forest Management System to meet certification standard. Contact Nurcahyo Adi, nadi@wwf.or.id.

WWF Japan is hosting a new Responsible Purchasing Policy Officer, Mutai Hashimoto, who will help the Japan FTN, WWF Sanshokai, engage with companies to develop and implement responsible purchasing policies. The position is co-funded by The Nature Conservancy. Contact Mutai Hashimoto, hashimoto@wwf.or.jp.

A story titled "Sustainable Forest, Sustainable Future" was published in the September/October edition of FDM Asia, Asia's leading English language trade magazine for the woodworking industry with approximately 15,000 trade subscribers. Visit www.fsmasia.com to read the article, which focused on the problem of unsustainable forestry, the GFTN approach, and Malaysia FTN member Inspiration Furniture.

North America

The North America FTN collaborated with The Home Depot to urge the U.S. CITES Management Authority to support the proposal of the Indonesian Government to list ramin on CITES Appendix II. CITES is the international agreement between Governments aimed at ensuring that international trade in specimens of wild animals and plants does not threaten their survival. The proposal passed at the Conference of the Parties and will ensure that export volumes of this endangered tropical wood are maintained at levels ensuring the species' survival in the wild. Contact Jennifer Biringer at Jennifer.biringer@wwfus.org.

WWF and Metafore will soon publish a responsible purchasing guide for North America. The publication, meant to guide North American companies in the policy and practice of responsible purchasing, is expected to be complete in early 2005. Contact Jennifer Biringer at Jennifer.biringer@wwfus.org.

Through its work with Asian Pulp & Paper's buyers throughout the network, WWF has been able to bring APP back into a dialogue with WWF-Indonesia. Current negotiations involve moratoria on harvesting in high conservation value forests pending as assessment to ensure sustainable forest management. Contact Jennifer Biringer at Jennifer.biringer@wwfus.org.

Africa

WWF and the intergovernmental Africa Timber Organization (ATO) signed a Memorandum of Understanding in which ATO commits to support the Central Africa FTN. This agreement and the participation of the ATO Secretary General constitute important political backing for the FTN. The Central Africa FTN has also developed minimum membership requirements, a membership application form, and a communication protocol for candidate members. Contact Elie Hakizumwami at EHAKIZUMWAMI@wwfcarpo.org.



Ghana FTN Coordinator Abraham Baffoe of Friends of the Earth appraises the forestry operations of an applicant company.

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The Central Africa FTN (CAFTN) welcomed the timber companies Pallisco, Decolvenaere and Transformation Reef Cameroon as the first three applicants from Cameroon for membership in the CAFTN region. The change will see economic benefits for both the country and local communities, while helping to conserve the Congo Basin forests, the world's second largest tract of rainforests after the Amazon. The three companies together manage over half a million hectares of forest concessions, including forests with high conservation value. They export 120,000 cubic meters of sawn timber to European markets, mainly to France, Spain, the Netherlands and the UK, which represents 20% of annual EU imports of sawn timber from Cameroon. Contact Elie Hakizumwami at EHAKIZUMWAMI@wwfcarpo.org.

The Ghana FTN announced Samartex Timber and Plywood Co. Ltd. as its first member. Samartex has annual sales of over 17 million Euro and concession areas of over 159,000 hectares in the western region of Ghana. The company manages areas of primary and intact forest providing habitat to chimpanzees, forest elephants, red colobus monkeys, bongos, and globally significant floristic biodiversity. Samartex will implement a moratorium on logging in primary forests; develop plans for providing benefits to the communities that own Samartex-managed concessions; and plans to achieve FSC certification in 2007. Samartex has established trading links with members of the WWF-UK FTN, and has received additional market inquiries from European GFTN members. Contact Abraham Baffoe at Akbaffoe67@yahoo.com.

Latin America & Caribbean

Membership of the Brazil FTN known as Certified Amazon Forestry Producers Group has reached 12 organizations that together manage FSC-certified forest area of over 1.1 million hectares. This FTN, one of three in Brazil, is coordinated by the NGO Imazon and funded by the UK Department for International Development. Membership includes nine private companies and three community forestry operations located in the Brazilian Amazon. The newly-elected Executive Secretary of this group is Marco Lentini at lentini@imazon.org.br.

Latin America & Caribbean (continued)

Jagwood+ has been officially constituted with a Board of Directors, comprised of representatives from Costa Rica, Honduras, Nicaragua, and Panama. The President of Jagwood+, Danilo Cedeño, said that “WWF is making an effort to establish relationships between communities, producers and direct consumers. One of these efforts is the creation of Jagwood+ in Nicaragua, which contributes to the supply of certified products in the area.” Jagwood+ members range from indigenous communities, furniture-makers, and forestry industries, to lumber trading companies certified by the Forest Stewardship Council (FSC). Contact Noemí Perez at noemi@wwfca.org for information on Jagwood+ stories.

Jagwood+ received important start-up funding from USDA Forest Service International Programs, and receives ongoing support for its initiatives from US Agency for International Development.

Jagwood+ has established cooperative partnerships with organizations in several countries to strengthen local capacity. These partnerships include: the Costa Rican Forestry Chamber, which hosts Jagwood+ and provides the Director with office space and administrative support; Foundation for Investment & Export Development, which oversees the Honduras Competitiveness Program in support of industries including the forest sector; AGEXPRONT, Guatemala’s non-traditional products export association; and Nicaragua’s Presidential Committee for Competitiveness, which includes institutions related to furniture and other wood products.

www.jagwood.org is the new website of Jagwood+. Visit this Spanish-language site to learn about the GFTN, Jagwood+, and certification; to search a database of products; and to learn about member companies.

WWF Central America and Jagwood+ have published *Guía Para La Compra de Productos Maderables Certificados* (Guide for Purchasing Certified Products). The Guide, which includes information about forest conservation, benefits of using certified wood, the applications of wood in construction, and how to buy FSC-certified wood, is an excellent tool for furniture manufacturers, construction companies, engineers, and architects. The Guide so far has played a role in the signing of 28 responsible purchasing policies by companies in Central America.

During the VII Central American Architecture Contest in Costa Rica, award-winning architect Jaime Rouillón signed a responsible purchasing policy and helped give recognition to architects who have already signed similar policies. Jagwood+ was presented with a letter of support from the Architects Association promoting the use of certified wood.



Jagwood+ Coordinator Noemí Perez with prominent architect Jaime Rouillón.

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A team of WWF and SmartWood professionals from Costa Rica, Guatemala, Bolivia, and Peru field-tested the “stepwise approach” to forest certification in a 27,000 hectare forest concession in the Department of San Martín, Peru. The Peruvian version of the stepwise approach was developed over the course of 2004 based on extensive consultation with the GFTN, International Tropical Timber Organization, Forest Stewardship Council, independent certifiers, government officials, and members of the private sector. The stepwise approach is designed to facilitate the gradual transition to responsible forest management and ultimately independent certification in an efficient and cost-effective manner. Non-certified companies who commit to this approach can become members of WWF FTNs established to increase the supply of responsibly produced wood products. This application represents the first time that the stepwise approach has been applied in South America and is a major step in bringing independent forest certification to over 40 million hectares of productive tropical forest in Peru that currently do not include any certified operations. This initiative is a crucial element of the USAID-funded CEDEFOR project being implemented by WWF Peru. For more information: jessica@wwfperu.org.pe.

With technical support from WWF Peru, Peruvian plywood company Triplay Amazonico SAC has successfully obtained chain-of-custody certification under Forest Stewardship Council standards. Furthermore, with market linkages facilitated by the GFTN, Triplay is importing certified veneer from Brazilian company and GFTN member, CIKEL. This successful regional trading relationship illustrates the importance of buyer demand for certified products, strong technical support to assist suppliers in achieving certification, timely linking of supply and demand, and the facilitative role in each of these steps that can be effectively employed by WWF GFTN and its partners. Contact Steve Gretzinger at sgretzin@wwfca.org

GFTN Notes

The total number of participants in GFTN Forest & Trade Networks around the world has reached 389. These participants include 23 producers and 366 buyers. The 23 producers have committed over 12.9 million hectares of forest toward credible certification and are located in Brazil, Malaysia, and Russia, with applications pending in Ghana, Cameroon, Indonesia, and Bulgaria. The buyers represent sectors of the forest products industry including timber and panel importers, manufacturers, paper and related trades, trading and wholesale, retailers, construction companies, and even banks collectively trading about 15 million m3 of wood per year. Contact Darius Sarshar at dsarshar@yahoo.com for supplier information and George White at georgewhite@blueyonder.co.uk for buyer information.

GFTN also tracks the number of enquiries for products from producer members generated by buyer members. GFTN is generated over 130 enquiries in 2004, ranging from small requests for 50 m3 of sawn tropical hardwoods to substantial requests for 40,000 m3 of tropical plywood. To date, approximately 25% of these enquiries have matured into successful trade relationships worth an estimated \$7 million. Contact George White.

Global Alliance Update

Much of the funding for WWF's GFTN is generated by seeding funding from USAID under the Sustainable Forest Products Global Alliance (Global Alliance). A public-private partnership among USAID, Metafore, and WWF, with additional support from a range of corporate, government, and private organizations, including The Home Depot and USDA Forest Service International Programs, the Global Alliance has leveraged USAID's seed funding of approximately USD 4.4 million by securing over USD 9 million of additional cash and in-kind support. The Global Alliance is entering its third year. See

http://www.usaid.gov/our_work/environment/forestry/forest_initiatives.html for more information.

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The GFTN welcomes your responses to information published in the Bulletin, write to gftn@wwfus.org.

The GFTN is 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