



**GLOBAL
FOREST
& TRADE
NETWORK**

Quarterly

Issue 1, 2007

Highlights



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...AND MORE ON GFTN'S GLOBAL PROGRESS

The Global Forest & Trade Network 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 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.

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An Ashaninka boy hunts in the forest. Ucayali Province, Peru

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GFTN Launches New Branch in Peru...

In an important development for responsible management of tropical forests in Peru and Amazonia, WWF's Global Forest & Trade Network – the GFTN – has launched a branch in Peru. The twelve organizations and companies formally participating in FTN Peru at its inception include forestry companies, forest products manufacturers and exporters, and associations of indigenous communities.

At the outset, the companies working with the FTN Peru together will offer more than 6,000 m³ of forest products to global markets, marking a promising start for GFTN's efforts and responsible forest products trade in Peru. The seven forestry companies cover approximately 450,000 hectares (1 ha = 2.47 acres) committed to certification under the Forest Stewardship Council (FSC).

"With the launch of the GFTN in Peru, Peru joins the growing movement of countries that can offer products from well-managed forests to discerning global markets," said Raul Dance, WWF's manager of FTN Peru. "We are pleased to join Brazil and Bolivia in a bloc of South American countries participating in these markets."

Because the forests of Peru harbor a large variety of tree species valuable on international markets, the potential to use market forces as a driving force in responsible forest management is also high. Marketable species in Peru include high-value woods such as Mahogany, Spanish Cedar, and Tornillo; hardwoods

(continued next page)

like Cumaru, Masaranduva, Red Cabreuva, Balsamo, and Ipe; and softwood species such as Virola, Cambara, and Cachimbo. Each of these species will be placed in international markets through FTN Peru.

Much of the groundwork leading to the formation of the FTN Peru was made possible by the Certification and Forest Development Project – known as CEDEFOR – as association between WWF-Peru and U.S. Agency for International Development. CEDEFOR has provided technical assistance in forest management and forest certification to companies and organizations in Peru, and helped develop a commercial program to assist FTN Peru members to enter international markets for responsible forest products. Support for the formative stages of the FTN Peru also came from the WWF/World Bank Global Forest Alliance and the U.K. Department for International Development.

FTN Peru is made up of innovative companies and communities who are committed to responsible forest management and have obtained certification of their forests and industries, are involved in a gradual certification process, or have decided to adopt policies for the responsible purchasing of forest products. WWF's GFTN provides assistance to these companies and communities with these efforts.

For more information, contact Raul Dance,
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...And In Australia

WWF GFTN's Australia Forest & Trade Network (FTN) has welcomed its first six formal participants. These companies have joined WWF in a growing international effort to improve the management of the world's forests and end illegal logging.

The six companies represent different steps along the forest products supply chain: forest products companies ITC Limited and Timbercorp; timber importer and wholesaler Simmonds-Lumber; print management business Complete Print Solutions; commercial printer Complete Colour Printing; and integrated communications consultancy UP&UP Creative.

"Our six participants join a network of over 300 companies in 30 countries that are part of WWF's Global Forest and Trade Network" said Jana Blair, WWF's coordinator for the Australia FTN.

"As an importer of tropical timber we recognize that our trading position gives us the opportunity to take a proactive lead in reducing the trade in illegal timber. Participation in the Australia FTN will demonstrate our commitment to encouraging responsible forestry to our customers and suppliers," said Paul Elsmore, CEO of Simmonds Lumber.

GFTN works with its participants to encourage their trading partners to join the GFTN so that more and more trade can

be conducted on the basis of responsible practices in forestry, industry, and trade. Read the next story to learn how Simmonds Lumber encouraged a supplier in Indonesia to join the GFTN and supply increasingly responsible forest products to Simmonds.

Participation in the Australia FTN is open to all Australian businesses that supply or use timber and paper and are seeking to support responsible forest management.

For more information, contact Jana Blair, jblair@wwf.org.au.



Paul Elsmore (CEO—Simmonds Lumber Group)
at Indonesia FTN signing ceremony

© WWF-Indonesia

New Members for Indonesia FTN

In September WWF-Indonesia and GFTN announced two new members of the Indonesia FTN. PT. Inatai GFI (Inatai) is a garden furniture manufacturer using mixed hardwood and teakwood in its products. PT. Seng Fong Moulding Perkasa (SFMP) is a manufacturer of solid wooden flooring and housing components and has one of the largest such factories in East Java.

Inatai imports FSC certified wood from various countries in Latin America and other areas. Inatai's FSC chain of custody certificate includes the purchase of certified logs and sawn timber, sawmilling, manufacturing, and sales of 100% FSC certified sawn timber, mouldings and furniture products.

The mixed hardwoods and teak used in SFMP's production are procured from local suppliers in Sumatra, Java, Kalimantan, Sulawesi, and Papua islands. The entire production of this company is designated for export purposes. SFMP exports to 24 countries around the world including Australia, France, Malaysia, Hong Kong, Germany and Japan.

SFMP is a major supplier to Australia FTN participant Simmonds Lumber (see preceding story).

In 2005 Simmonds Lumber appointed CertiSource to provide independent verification of source and legality for timber exports out of Indonesia. As part of this process Simmonds recognized the value of becoming a member of the Australia FTN and now Simmonds and CertiSource actively

promote membership in WWF's GFTN to their suppliers. In an example of GFTN promoting "market links" between its members, Simmond's efforts resulted in SFMP joining the GFTN in Indonesia with other Simmonds suppliers expected to join soon.

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A Milestone for Responsible Management of Congo Basin Forests

In September the Danzer Group—a leading global producer of hardwood veneer and lumber—and WWF's GFTN launched a broad cooperation aimed at promoting sustainable forest management in Africa. As part of this cooperation, Danzer subsidiaries, IFO in the Republic of Congo Brazzaville, and SIFORCO in the Democratic Republic of Congo—managing a combined total forest area of 3.2 million hectares—are scheduled to receive independent certification of responsible forest management from 2008 onwards. This is the largest concession area in Africa currently being prepared for certification.

Danzer Group's progress will be carried out in cooperation with WWF's GFTN. Danzer is working closely with the conservation organization to draw up a detailed timetable for implementation, including detailed measures for its own managed forest concessions, procurement from third-party suppliers, and all sales of African timber. Danzer Group, with its portfolio of subsidiary companies that produce and trade products made from African wood, would become the largest GFTN participant company of its kind and will join the GFTN in both Central Africa and Germany. Globally, Danzer Group has production facilities and trading companies in Europe, North and South America, Africa, and Asia.

The IFO concession, comprising a total of 1.3 million hectares, is scheduled to achieve certification during 2008. Gradual certification of the five SIFORCO concessions totaling nearly 1.9 million hectares is set to begin in 2010.

"We look forward to working together within the framework of our membership in WWF's Global Forest & Trade Network to effectively promote prudent and responsible forestry in Central African rainforests," said Hans-Joachim Danzer, CEO of Danzer Group. "Illegal logging is a threat to serious producer companies and fair competition on world markets, and must be stopped."

Danzer Group and the GFTN have been in discussions about working together for some time now. It is known that populations of significant species—including endangered and threatened species—live in Danzer's concessions. These include bonobo, gorillas, chimpanzees, hippos, forest buffalos, elephants, African slender-snouted crocodiles, giant pangolins, red river hogs, golden cats, and many plant species such as wild ginger.

"We believe that the co-operation between WWF and Danzer represents an important shift towards responsible forestry for some of the world's most threatened forests in the Congo Basin" said Duncan Pollard, head of WWF's forest network. "WWF looks forward to working with Danzer to realize their commitment."

In addition to certification measures for its own concessions, the cooperation with WWF will also cover procurement from third-party suppliers and the trade in African timber by Danzer Group.

For more information, contact Markus Radday, radday@wwf.de.

Major Retailer Joins Switzerland FTN

Coop—Switzerland's second largest retailer with diverse outlets including supermarkets and department stores—has become the latest member of the Swiss arm of the WWF's GFTN.

The retailer is working with the Switzerland FTN to increase its purchasing of FSC-certified wood and paper products, and recycled paper. Under the commitment, Coop will identify and declare the types and sources of wood it purchases in a transparent manner in order to eliminate unknown and illegal timber products.

"For us, it is a logical progression of our 30-year endeavours in the environmental protection area," said Jürg Peritz, Coop's head of buying and marketing. "We are already the most sustainable retailer in Switzerland and will do our utmost to adhere to the ambitious target agreement."

For more information, contact Simone Stambach, simone.stambach@wwf.ch.

New Leadership in Nicaragua's Miskito Communities Manage Forests for Future Generations

As occurs in other Latin American places, responsibility for forest degradation in the North Atlantic Autonomous Region of Nicaragua is shared by various parties. On one hand, some loggers enter into abusive contracts with indigenous leaders. On the other hand, some indigenous leaders take advantage of their position to achieve personal benefit instead of community welfare. A vicious cycle is formed in which the losers are the communities and the forests.

GFTN staff in Latin America recently traveled to Nicaragua to participate in a workshop and field visits focusing on indigenous communities' ability to participate in responsible forest management. As a result of these activities, six indigenous communities came together and formed a community forest

enterprise and have already begun supplying the Nicaraguan market with timber. With guidance from WWF GFTN and others, a new generation of leaders wants to harvest the forest, but they assure it will not be done as before. They believe that by organizing themselves in a cooperative enterprise (the co-op), and by applying principles of responsible forest management, they will improve their quality of life while ensuring sustainable management of the forest resource.

The communities are united by a shared vision. “When there is no organization, the forest is destroyed. That is why we want to get organized, so that we can harvest our forests,” states Paulo Ovando, a member of the administrative board of the co-op, adding, “We weren’t sure how to act as an enterprise, for example, how to sustainably manage a forest, and we needed someone to provide assistance.”

With the support of WWF, the communities were able to develop general forest management plans in a participatory manner, which governed the management of their forests. Annual operating plans were also developed to govern the volumes of wood to be harvested each year. The communities were able to learn about negotiating sale prices as well as the development of community and entrepreneurial investment plans.

Recently, 900 m³ of timber were harvested under the first annual operating plan, which has resulted in close to US\$3,450 in benefits for social programs and US\$12,000 in salaries. All six communities were able to contribute. The distribution of funds from the sale of wood is participatory and democratically approved. Income is invested in some of the communities’ basic needs: in the case of Butku, Sangni Laya, and Iltara to pay for the installation of solar panels; in Auhya Pihni to finance the church’s annual conferences; and in Auyha Tara and Panua to purchase and care for cattle.

“In order to assure the project’s sustainability, providing assistance in organization and investment of income is as important as providing technical assistance in logging activities,” states Janja Eke, coordinator of WWF’s forest program in Nicaragua.



Los Miskitos Indians carry planks of rainforest hardwood downstream.

© WWF-Canon / Nigel DICKINSON

The members of the co-op’s board understand that wealth belongs to the community and not to a few. Even so, it has been somewhat difficult for the communities to stop negotiating as individuals and adopt a cooperative approach since some continue to feel their individual interests are under threat.

“If we destroy the forests there will be no life left for us, we would not be able to hunt or fish, and that is why we need to protect them. They are for new generations to come. We don’t want to answer questions such as ‘What did our ancestors leave us?’ If the forests are destroyed it will mean that we have no love for our children, only for the money,” concludes Luis Tacio, one of the community members.

WWF Russia Scores Ecological Responsibility of Timber Producers

The Far East office of WWF-Russia, together with the government of Primorsky Territory and experts from Moscow State Forest University, has carried out a scoring of timber producers in the Primorsky Territory in order to guide the efforts of WWF and the GFTN in promoting sustainable forest management in the richly biodiverse Russian Far East ecoregion.

The results of the exercise were presented at the September “International Workshop on the Development of Markets for FSC-certified Wood” in Vladivostok attended by representatives of the forestry industry in Eastern Russia, government representatives, WWF staff, and representatives of WWF’s GFTN from North America, China, Japan, and Russia.

To carry out the scoring of ecological responsibility among forestry enterprises, WWF Russia and specialists from Moscow State Forest University worked up a questionnaire containing about 90 indicators combining ecological, social, and economic aspects. These indicators were developed on the basis of the principles and criteria of the FSC. Eighteen large-scale forestry enterprises in Primorsky Territory took part in the exercise and were given scores falling into the ranges high, middle, low, and insufficient.

Only one of the enterprises—JSC Terneyles—received a high score, meaning that the level of its activity conforms to international standards and is confirmed by FSC certification. Five other enterprises were rated middle, eight were rated low, and four were insufficient.

“We think the top position in the scoring of ecological responsibility among wood enterprises gives us a competitive advantage. We think it will help us to extend markets for our products and increase our production volumes accordingly,” said Vladimir Shcherbakov, executive general manager of JSC Terneyles.

WWF Russia and GFTN staff in Russia plan to carry out such scorings at least once a year, making it possible to track trends

in forest management of forestry enterprises and GFTN participants. The exercise will be extended to other areas including Khabarovsk Territory and the Amur region.

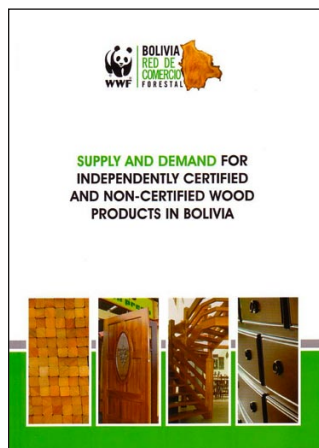
Bolivia FTN Boosts Efforts With New Market Study

In 2005, officers of GFTN's arm in Bolivia were becoming increasingly concerned that the supply of certified wood in Bolivia was not finding its way to the marketplace despite the fact that Bolivia leads the world in area of certified forest. In an effort to understand this situation, WWF commissioned a market study to compile information on supply and demand of forest products in Bolivia and to identify the principle buyers of Bolivian forest products both inside and outside the country.

Based on the resulting study carried out by HIB Latin America, WWF and the Bolivia FTN published a report—*Supply and Demand for Independently Certified and Non-Certified Wood Products in Bolivia*—which has been fundamental in helping the Bolivia FTN link Bolivian producers of certified forest products with the buyers participating in the GFTN. In addition, the information contained in the report has supported the development of a national initiative on responsible purchasing of forest products which aims to create awareness among Bolivian buyers of the advantages and availability of legal, well-managed, and certified products.

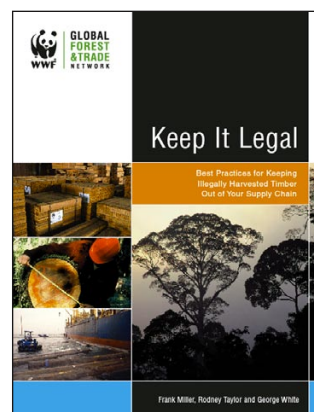
Most recently, the Bolivia FTN signed an agreement with the Municipal Government of Santa Cruz de la Sierra under which the city agreed to adopt a responsible purchasing policy for forest products. The policy is an official statement by the city agreeing to progressively increase the proportion of its forest products such as school desks and building supplies obtained from legal, well-managed, and certified sources. The agreement also includes the self-naming of Santa Cruz de la Sierra as the “World Capital of Certified Native Tropical Forests” and the designation of a public area—a part of the Canal Isuto walkway—to symbolically represent Bolivia's leadership in forest certification. In addition to the practical objective of boosting markets for forest products from well-managed Bolivian forests, the agreement between WWF and the city is meant to contribute to public perception of the value of forests.

Bolivia FTN participants manage a combined total of 90,000 forest hectares committed to certification and together trade 23,000 cubic meters round wood equivalent per year.



GFTN Guides the Way to Responsible Purchasing

WWF's GFTN has produced two companion publications that will assist companies to implement responsible purchasing policies: *Keep It Legal* and the revised *Responsible Purchasing of Forest Products*.



Keep It Legal aims to help buyers of forest products avoid purchasing products made from illegally logged timber. The manual can be used by any organization that purchases forest products including processors, importers, manufacturers, wholesalers, and retailers. It offers a systematic approach to identify and eliminate the risk of illegally logged wood entering the supply chain.

Individual companies can adopt a range of practical tools to demonstrate compliance with best practices in keeping their supply chains clear of unwanted wood.

“Whether they know it or not, many companies use wood stolen from the forests of poor countries,” said Rod Taylor, head of sustainable markets for WWF's forest network. “WWF is calling on all those working in the forest industry and those who trade forest products to embrace responsible timber purchasing, to take action, and to keep it legal.”

The newly updated *Responsible Purchasing of Forest Products* is designed to work in conjunction with *Keep It Legal* for companies wanting to track and identify their wood sources. Changes in this new edition include a clarification of the steps used in GFTN's trademark “stepwise” approach, further guidance on where a given product line fits within the steps, and changes to the section on legality. Currently in print in seven languages, *Responsible Purchasing* offers a step by step approach for organizations to define and implement a responsible purchasing system, including supply chain review, senior management support and policy development.

Both are available at www.panda.org/gftn.

Check out the new Web site for GFTN activities in the Asia Pacific, Australia, China, Indonesia, Japan, Malaysia, Papua New Guinea and Vietnam at www.forestandtradeasia.org

Additions to GFTN's Global Toolkit

- A BBC World TV program called "Timber Futures" looking at emerging markets for responsible forest products. Produced with assistance from GFTN, and featuring companies from the Indonesia and UK FTNs. Earth Report is broadcast on BBC World at the following days/times (all GMT): Saturdays 21.30; Sundays 11.30; Mondays 02.30 (Not Asia Pacific or South Asia. To find out when Earth Report airs in your country, visit www.bbc-world.com and click on the TV Listings tab.
- Forest Certification Assessment Guide, a resource for assessing certification systems and schemes, from the WWF/World Bank Global Forest Alliance. www.forest-alliance.org
- A 7-minute video from the Malaysia FTN providing the Malaysian timber industry a clear understanding of the steps to credible forest certification and responsible forest management. Contact mflee@wwf.org.my to request a copy.
- An informative DVD meant for potential GFTN participants addressing such topics as responsible purchasing, responsible forest management, certification, illegal logging, and how the GFTN can work with you. Due out in early 2007. Contact csvingen@wallacea.wwf.or.id.org to request a copy.

GFTN at a Glance

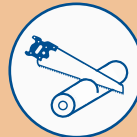
GFTN participants...



...have annual forest products sales exceeding \$46.6 billion per year



...are engaged in 125 trading deals with other GFTN participants



...manage over 21.2 million ha. of forests in progress to certification



...buy or sell in excess of 198 million cubic meters of forest products per year



...employ over 1.6 million people globally

figures current as of January 2007

WWF's Global Forest & Trade Network welcomes your comments. Contact us at gftn@wwfus.org.



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A MANAGEMENT NOTE FROM GFTN

Per Rosenberg has left his post as global director of WWF's GFTN to assume a new role as a senior advisor for WWF's forest network. Until a new director is appointed, Duncan Pollard – the head of WWF's forest network–will act as GFTN director.