



**GLOBAL
FOREST
& TRADE
NETWORK**

Quarterly

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Highlights



**High level talks
boost Spain-Africa
cooperation**
(page 2)



**Congo Basin
forests pledged to
certification**
(page 3)



**WWF and partners
improve forest
management in
Bolivia** (page 4)



**Indonesia FTN
welcomes new
member**
(page 4)

...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.

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Marty Sandlin of BlueLinX (center); Nurcahyo Adi, Indonesia FTN Coordinator (second from left), and Sumalindo officials tour Sumalindo's forest operations.

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North American consumers to apply the power of responsible purchasing

The newly launched North America Forest & Trade Network (NAFTN) plans to leverage its role in the world's biggest consumer market to create incentives for responsible forest management in the valuable and threatened forests of Brazil, Indonesia, Malaysia, Peru, and Russia.

Four companies are already on board: Johnson & Johnson, a large buyer of paper products; BlueLinX, the largest distributor of building products in the United States; and two wood importers, Wood Flooring International and TBM Hardwoods.

Representatives of BlueLinX and the NAFTN traveled to Indonesia in November 2005, to meet with suppliers and encourage them to work with the GFTN toward certification. The trip also helped create a connection back to the forest for the major wood buyer.

NAFTN is encouraging producers in key regions to supply the market with certified wood by demonstrating the ready market for those products in North America. Signing up more retail, manufacturing, and trading companies as NAFTN participants is the first step.

(continued next page)

“First and foremost we want to work with companies to address the potentially risky and unsustainable trade that they may unwittingly be involved in,” said Kerry Cesareo, NAFTA Regional Coordinator. “Then, we are seeking to use existing trading relationships as a tool to engage producers and move them towards credible certification.”

As NAFTA participants, companies are required to develop and implement policies to phase out illegal sources and buy increasing amounts of certified products. NAFTA will monitor the companies’ commitments to purchase responsibly.

NAFTN is an outgrowth of a previously less formal membership regime in North America, when various groups worked with companies on certification and responsible purchasing policies. Cesareo said NAFTA has come of age.

“It’s become a lot more sophisticated,” she said. “We work with companies to conduct baseline audits of where they are getting their wood and its environmental status. Based on that assessment, we come up with a plan to put controls in place, such as using a database to track suppliers.”

Through its relationships with buyers in North America, NAFTA hopes to create a ripple effect that will improve forest management in ways that benefit both forests and the forest products industry.

The supply-side focus is currently on producers in Indonesia and Latin America, which are sources of large volumes of wood products sold in the United States, and areas that are plagued by illegal and unsustainable logging. China is also a target, because Chinese manufacturers buy wood from these regions and export finished products to the U.S.

Through its relationships with buyers in North America, NAFTA hopes to create a ripple effect that will improve forest management in ways that benefit both forests and the forest products industry—from the hardwood forests of the Amazon, to the plywood producers of Sumatra and the furniture manufacturers of Guangdong.

For more information, contact Kerry Cesareo, Regional Coordinator, North America FTN, kerry.cesareo@wwfus.org.

Spain-Africa symposium makes progress for Congo Basin forests

MADRID—Ministers from Spain, Cameroon and Republic of Congo strongly supported Forest Stewardship Council certification as a tool to promote responsible forestry and economic benefits in Africa at high-level talks co-sponsored by WWF-Spain and WWF’s GFTN.

Representatives of the forest industry in Central Africa and the wood products industry in Spain joined the ministers to discuss the increasing pressures that logging activities are having on the irreplaceable forests of the Congo Basin. The 200 attendees recognized that “the problem of tropical forest destruction in Africa is largely caused by the difficult economic and social situation,” according to the concluding report.



Juan Carlos del Olma, CEO, WWF Spain (left); Cristina Narbona, Minister of Environment, Spain; and Henri Djombo, Minister of the Forest Economy and Environment, Congo address the audience at the Spain/Africa seminar.

“Sixty percent of the Congo Basin population lives in extreme poverty and is dependent on the forest to satisfy some of their needs for medicines, food and fuel,” said Henri Djombo, Congo’s Minister of the Forest Economy and Environment.

Representatives from the Forest Stewardship Council, one of the world’s main forest certification systems, said sustainable forestry can help Africa increase long-term incomes for individuals, communities, governments and industries.

Spain plays an important role in promoting responsible forestry in Central Africa, as it is the second largest European importer of timber products from the region, and the third biggest in the world. Stakeholders want Spanish buyers to demand FSC-certified wood and a transparent trading system.

The Spanish Minister of the Environment, Cristina Narbona, said she would recommend that Spain give technical and financial support to the countries in the Congo Basin for the implementation of sustainable forest management regimes. The Cameroonian Forest Minister also joined the effort by urging logging companies to seek certification.

The difference in price between FSC-certified and illegally-logged wood can reach up to 20 percent, according to the concluding report, but major buyers said this increase is not noticeable in the final certified products.

Driving responsible forest management through demand for responsibly produced forest products is a major theme of the GFTN's efforts to conserve threatened areas. The approach was applauded by participants at the seminar.

For more information, contact Margareta Renstrom, European Coordinator, WWF Global Forest & Trade Network, margareta.renstrom@wwf.se.

Large tracts of Congo Basin rainforest pledged to responsible management

Threatened tropical forests in the Congo Basin took a step toward sustainability with the membership of three major logging companies in the Central Africa Forest & Trade Network (CAFTN). Up to 700,000 hectares (1.7 million acres) of natural forest have been placed under a sustainable management regime.

By joining CAFTN, Group Decolvenaere (GDC), Pallisco and Transformation Reef Cameroun (TRC) each have adopted action plans to achieve FSC certification within two to three years.

"The international timber market is increasingly asking for certified wood, and we are lucky to be able to work with WWF in the framework of CAFTN," said Guy Decolvenaere, GDC managing director.

GDC's participation in CAFTN comes after years of working toward improved forestry practices. The Belgian wood company operates sawmills and logging concessions in the Congo Basin and exports timber to Belgium and the Netherlands. GDC trades with Veteka, a participant in the Netherlands FTN that was influential in getting GDC to join GFTN. The French company Pallisco exports timber to Spain, France, and GFTN members in the UK. The Dutch company TRC also manages large logging concessions and has market links to GFTN members in the Netherlands.

The combined assets of the three companies will contribute to the social and economic development of Cameroon, as well as contribute to the conservation of Congo Basin forests, the world's second largest tract of rainforest.

"WWF is convinced that the adoption of sustainable forest management schemes will contribute greatly to the conservation of the Congo Basin forests for the benefit of the people and also the wildlife," said Laurent Magloire Some, WWF Central Africa regional representative.



Guy Decolvenaere (left) and Laurent Somé are happy for the agreement.

"WWF is convinced that the adoption of sustainable forest management schemes will contribute greatly to the conservation of the Congo Basin forests for the benefit of the people and also the wildlife..."

Congo Basin forests contain more than half of Africa's animal species, including most of the forest elephants left in the continent and the entire world population of lowland gorilla. They also provide food, materials, and shelter to some 20 million people. Estimates indicate that the region loses 1.5 million hectares of forests—about half the size of Belgium—each year due mainly to illegal and destructive logging. Other threats include poaching and smuggling of bushmeat and wildlife. If present trends continue, two-thirds of the Congo Basin forests could be lost within fifty years.

"The development of markets for credibly certified tropical wood will contribute to improving the national economy and also the livelihoods of local communities," said Elie Hakizumwami, WWF CAFTN coordinator.

In addition to these new participants, three other logging companies managing a total of nearly 600,000 hectares are at various stages of applying to join the CAFTN and are currently receiving technical assistance from CAFTN staff.

For more information, contact Elie Hakizumwami, Coordinator, Central Africa FTN, ehakizumwami@wwfcarpo.org.

Improved forest management to counteract illegal logging in Bolivia

Much of Bolivia's forests are managed by indigenous and mestizo communities, who have traditional use rights. However, forest markets and traditional management regimes in Bolivia are complicated by a significant level of illegal harvesting and trade. The Bolivia Forest & Trade Network (Bolivia FTN) is aiming to build trade in responsibly produced wood products that can stimulate new markets. Through increased market demand and profits, tangible benefits will flow to the local communities with new jobs and increased tax revenues.

The program is centered on establishing alliances between companies and communities as a means of generating a preferential demand for, and awareness of, legal wood products such as those from certified and legally-managed forests.

Small producers and indigenous peoples own or have rights to 8.71 million hectares (21.5 million acres) of tropical forest in Bolivia. These groups experience limited access to the market and unfair competition due to illegal logging. On the basis of 2002 local market price projections by the Amazonian Center for Sustainable Forest Enterprise (CADEFOR), it is estimated that close to half the wood that was marketed nationally in that year came from illegal sources.

Within this tropical Andean country, legitimate internal markets have offered little competition to illegal logging, despite the fact that Bolivia produces a sizeable volume of certified wood. WWF Bolivia's Responsible Forest Management and Trade Program is taking action against illegal logging by promoting certified suppliers or those in the certification process. They are also helping buyers understand that purchasing certified wood can contribute to conserving forests without additional costs. The Bolivia FTN is facilitating linkages between legally-operated and credibly-certified suppliers and discerning buyers.

Major producer joins Indonesia FTN

Buying products from the beleaguered forests of Indonesia just got a bit safer. The forest company Sumalindo Lestari Jaya II (SLJ II) joined the Indonesia Forest & Trade Network (IFTN) as its largest producer member.

The company achieved a milestone when its concession of nearly 270,000 hectares gained Forest Stewardship Council certification after a five-year process of improving the forest's management in accordance with strict environmental and socio-economic standards. It is Indonesia's largest certified forest.

"This process is about securing our forestry business for the long term," said Amir Sunarko, President of the Sumalindo Group.

While one part of the Sumalindo Group has achieved certification, the whole group is preparing to join. Various forests and mills seeking responsible sources are in various stages of the step-wise process to certification through the IFTN.



PT Sumalindo Director Lee Yuen Chak (left) is presented with a certificate for responsible forestry initiatives by Marie Pangestu, Indonesia's Minister of Trade (middle) and Arief T. Surowidjojo, WWF Indonesia Board Chairman (right).

Achieving certification and joining the IFTN have opened up promising possibilities for SLJ II. NAFTN member Blue Linx has inquired about purchasing responsibly produced plywood from SLJ II, a trading partnership facilitated by GFTN managers in Indonesia and North America.

For more information, contact Nurcahyo Adi, Coordinator, Indonesia FTN, nadi@wwf.or.id

First participants join GFTN in Vietnam

Vietnam Forest and Trade Network (VFTN) secured its first four participants and demonstrated the power of the market to get major producers on board to achieve responsible forestry.

As a growing importer of industrial timber, pulp, and paper, Vietnam leaves a significant ecological footprint across the forests of the globe.

"The Global Forest and Trade Network market mechanism has proven to be a perfect fit for successful Vietnamese furniture manufacturers that are now trying to maintain access to large international retailers," said Sander van den Ende, coordinator of the VFTN.

Two Vietnamese wood processing and manufacturing companies, Truong Thanh Furniture and Dai Thanh, joined VFTN, following the lead of ScanCom, the Danish company that supplies much of the world's outdoor furniture. Thanh Hoa, a timber trading company, also made a commitment to responsible forest management and processing by joining the Vietnam branch of WWF's Global Forest & Trade Network.

These companies agree to implement plans to purchase wood products only from legal sources and eventually from certified forests. Together, the four companies currently consume about 800,000 m3 round wood equivalent per year and trade around US \$200 million per year in forest products. As VFTN participants, the companies agree to undergo periodic, independent, third-party audits that prove their compliance with action plans which phase out unwanted sources of timber and increase verifiably legal and sustainable sources.



© WWF / Vietnam FTN

The first four members of the Vietnam Forest & Trade Network at the signing ceremony.

“We look forward to using the forum to share our environmental success story with others in the industry and thus motivate wider commitment to the standards we have embraced,” said Chad Ovel, managing director of ScanCom.

As a growing importer of industrial timber, pulp, and paper, Vietnam leaves a significant ecological footprint across the forests of the globe. To play a responsible role in global forest use trends, Vietnam’s National Forest Strategy places emphasis on scaling up local production through plantation establishment within Vietnam. The recent FSC certification of a plantation operated by Quy Nhon Forest Products Limited (QFPL) reforestation company shows that this result can be achieved through responsible forestry and investment. The QFPL certification was a direct result of the responsible purchasing policy of one of its main shareholders.

For a country that both produces and consumes large amounts of wood, the practice and support of responsible forest management and trade—as demonstrated by the first VFTN members and other developments in Vietnam—will have far-reaching benefits.

For more information, contact Sander van den Ende, Coordinator, Vietnam FTN,
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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

GFTN benefiting from partnerships with development agencies

Collaborations with influential multilateral and national development organizations have provided important training and finance opportunities to GFTN participant companies in the countries where GFTN operates.

In Indonesia, the International Finance Corporation’s (IFC) Eastern Indonesia Program (PENSA) facilitated the membership of state-owned Inhutani II in the Indonesian branch of the GFTN by providing technical assistance and advice during the two-year process of preparing for membership. Inhutani II’s 50,000 hectare concession is Indonesia’s first acacia plantation to join the GFTN. Acacia is a priority, because it is a viable alternative to teak and its use could reduce natural forest harvesting of teak.



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An acacia tree plantation in Sumatra, Indonesia

“We acknowledge IFC-PENSA in its determination to make this membership happen,” said Mubariq Ahmad, Executive Director for WWF Indonesia. “It is time for all stakeholders to come together to support the positive efforts of companies having a strong commitment to manage their forest in a responsible way.”

In addition to important support from the IFC, GFTN benefits from European Commission (EC) funding in Africa and Asia, where GFTN finished out the first year of an EC grant with significant accomplishments. EC funding facilitated the progress in Africa and Asia cited in this issue of GFTN Quarterly. The funding supported a tour led by WWF China and WWF Indonesia for a delegation from one of China’s largest flooring companies, Guangdong Shunde Yingbin Company. Company

representatives met with their suppliers in Indonesia to encourage them to work with GFTN to pursue certification. EC funding also facilitated numerous training workshops with applicant companies in each region where GFTN works. In Ghana, forest managers attended a training hosted by the Ghana FTN on developing action plans to achieve certification.

GFTN participation grew from 5 to 32 companies over the past year in the EC-supported countries of China, Malaysia, Vietnam, Indonesia, Gabon, Cameroon, Central African Republic, Republic of Congo, Democratic Republic of Congo, and Ghana. An additional 56 applicants are currently in various stages of the application process.

Through the Global Development Alliance (GDA) mechanism of US Agency for International Development (USAID), WWF's GFTN is working with The Nature Conservancy and lead project donor USAID. The alliance is focused on Indonesia, where the partners are combating illegal logging and creating market linkages that promote the trade of certified products. The demand is strong for sustainably produced products from Indonesia, but the supply is limited. To overcome this barrier, the alliance is providing technical assistance to forestry firms and the government and working with local people who depend upon forests to protect and sustain their livelihoods.

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USAID funding and technical support have also equipped the GFTN with resources to expand responsible forestry and trade relationships in Latin America. Among the many examples of activities in this region, the Costa Rican city of Sarapiquí became the first municipal government in Central America to make a formalized commitment to sustainable economic development by signing an agreement with GFTN to implement a responsible purchasing policy. In Panama, technical assistance from the GFTN made possible by USAID allowed the National Association of Reforestation to pursue group certification for its 40 members this year.

In addition to supporting GFTN projects in the developing world, USAID grants—through the Sustainable Forest Products Global Alliance (SFPGA) consisting of USAID, WWF, and Metafore—have enabled the SFPGA partners to leverage funding and reciprocal activity for the GFTN exceeding US \$30 million over four years. The SFPGA enters its fifth year in October, 2006.

As a final example of development organizations providing essential support, the GFTN receives assistance for its work in Indonesia from the Forest Partnership Program (FPP), an initiative of the Netherlands Directorate-General for International Cooperation (DGIS). The FPP promotes sustainable forestry by addressing urgent issues such as governance, control of illegal logging, and restoration of degraded lands. The FPP is helping GFTN trade participants in Europe, North America, and Japan to strengthen market linkages between Malaysian, Vietnamese, and Chinese manufacturers and suppliers of wood in Indonesia and Malaysia. In Indonesia, GFTN has created 46 enquiries which have resulted in 17 market links (value US \$8.2 million). In Malaysia, the GFTN has created 35 enquiries which have resulted in 13 market links (value US \$4.9 million).

For more information, contact Hisayo Fujikawa, GFTN Operations Manager, hisayo.fujikawa@wwfus.org.

Support from Blue Moon Fund boosts GFTN

The ongoing support of the Blue Moon Fund is expanding the GFTN's ability to bring supply and demand chains together to achieve sustainable forestry.

A renewed grant from Blue Moon Fund for the coming two years will support North America Forest & Trade Network (NAFTN) activities with U.S. buyers of wood that source from Indonesia, Malaysia, China, Russia, and the Amazon region. A significant portion of the grant will go to the China Forest & Trade Network to expand its membership base of traders and manufacturers, improve its capacity to provide company assessments, and facilitate market links with responsible producers.

These goals follow a successful year of Blue Moon-funded activity that saw the launch of the North America and China Forest & Trade Networks, creation of trade links based on responsible forestry in Brazil, and outreach to over thirty companies operating in these areas.

For more information, contact Kerry Cesareo, Regional Coordinator, North America FTN, kerry.cesareo@wwfus.org.

Making Markets Work for Forests and People in Ghana

With help from WWF's GFTN, companies in Europe and Africa are profitably transforming the way they do business together. **Read the complete story at** <http://www.panda.org/gftn>.



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Ghana FTN director Abraham Baffoe surveys a member's forest operations.

Update on WWF and IKEA partnership

One of WWF's key partners in reducing illegal and unsustainable logging is IKEA, the global furniture retailer. Since 2002, WWF and IKEA have implemented projects in countries like China, Russia, Bulgaria, Romania, Latvia, and Lithuania. The projects have made many dramatic achievements.

Hundreds of forest officers and scientists have been trained in responsible forestry and certification. Dozens of new participant companies have joined the GFTN. Thousands of hectares of forest have achieved certification. Global toolkits have been produced to identify and manage High Conservation Value Forests through a standardized, global methodology.

Read more on WWF and IKEA's joint achievements on: http://www.panda.org/about_wwf/what_we_do/forests/index.cfm?uNewsID=57940.

Greater alignment between WWF/World Bank Alliance and GFTN

WWF and the World Bank have renewed a partnership to establish new forest protected areas such as national parks, establish effective management for existing forest protected areas, and improve management of forests outside of protected areas. Announced during the fifth meeting of the United Nations Forum on Forests in May, 2005, the partnership—known as the WWF/World Bank Global Forest Alliance (Alliance)—is meant as a means of focusing progress and leveraging contributions from the international community concerned with forest conservation and sustainable use. The overarching goal of the Alliance is to achieve at least a 10% reduction in the global rate of natural forest loss by 2010 and a level of zero net annual deforestation by 2020.



The Alliance's target on responsible forest management is aimed at bringing 300 million hectares of forest outside of strict protected areas into frameworks for increasingly responsible management through a combination of independent forest certification, stepwise approaches to improved forest governance and management, community based forest management, and restoration of degraded forest lands.

To contribute to this target, WWF and the World Bank will work with diverse stakeholders to ensure that 100 million hectares of forest are progressing towards independent certification by 2010 in a stepwise process with defined time-bound action plans.

"Helping companies make transparent, time bound progress toward certification is the Global Forest & Trade Network's stock in trade," said Bruce Cabarle, WWF's co-chair of the Alliance. "It is our intention that the Alliance serve as a vehicle to leverage partnerships, develop tools, and provide funding to help the GFTN foster global markets for responsibly-produced forest products."

It is anticipated that the strengthened alignment between the Alliance's vision and the GFTN's stepwise approach to certification will result in greater levels of technical assistance and support to the business community concerned with improving forest management practices and strengthening the forest-based resources on which businesses and communities depend.

For more information, visit www.forest-alliance.org.

GFTN at a Glance

GFTN participants...



manage over 15.9 million ha of forests committed to certification



have annual forest products sales exceeding \$33 billion per year



buy or sell in excess of 179 million cubic meters of forest products per year



are engaged in 109 trading deals with other GFTN participants



employ over 1.3 million people globally

figures current as of July 2006

COMING UP IN ISSUE 3

GFTN publishes *Keep It Legal* manual and *Guide to Responsible Purchasing of Forest Products*, THE tools for companies committed to improving their purchasing practices.



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