



**GLOBAL  
FOREST  
& TRADE  
NETWORK**

# In Brief

## January 2007

## A Russian Revolution in Sustainable Forestry

Stimulated in part by WWF's Global Forest & Trade Network, demand for responsibly-produced forest products is causing a breakthrough for sustainable forestry in Russia's vast forests, helping preserve tiger and leopard habitat and making Russia a key player in global markets.

By Julia Cass

Despite logging dating back to the days of Peter the Great, Russia contains the world's largest remaining areas of old growth boreal forests. Untouched tracts of these marshy coniferous forests support a diversity of plant, bird, and animal life—such as wolverines, lynx, flying squirrels, capercaillies (a large wood grouse)—that no longer exists or is very hard to find in Europe. These vast forests also absorb large amounts of carbon dioxide, a greenhouse gas, helping regulate the global climate.

**“Russia's newly private timber companies began hearing from their customers ‘We want FSC.’”**



© WWF-Canon / Hartmut JUNGUS

Temperate broadleaf forest in the Sikhote Alin Mountains provides habitat for the Amur tiger. Amur region, Russian Federation.

Still, clear cutting, illegal logging, and selective harvesting of the more commercial species have gradually reduced the extent and ecological significance of these forests. When the post-Soviet Russian government began to privatize the timber industry in the early 1990s, WWF saw an opportunity to shape the emerging free market Russian forestry into a more environmentally responsible model.

Guided by its philosophy of using market mechanics to drive improvements in forestry, WWF's Global Forest & Trade Network (GFTN) helped develop the growing demand in Europe for “green” wood by establishing groups of buyers that pledged to purchase lumber from forest companies employing legal and sustainable forestry practices that protect important environmental, social, and economic values. These companies began telling their suppliers to seek certification from the Forest Stewardship Council (FSC), an independent group that sets standards for sustainable forestry (see sidebar).

Many of their suppliers were Russian. “Northwest Russia is the softwood basket of Europe, and they have had long term trading relationships,” said Duncan Pollard, director of WWF's forest conservation network. “Russia's newly private timber companies began hearing from their customers ‘We want FSC,’” Pollard said.

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](http://www.panda.org/gftn).

This publication is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of WWF and do not necessarily reflect the views of USAID or the United States Government.



Responsible production capacity, though, was not sufficient to keep up with the pace of growth in responsible forestry envisioned by WWF. In 2000, when the GFTN formed a group of Russian timber companies interested in obtaining or retaining their European customers, Russian forestry practices were antiquated and no one knew what FSC certification was or how to obtain it. The GFTN and WWF Russia sought to change this situation by conducting workshops and training sessions, establishing certification centers, creating a model forest, and providing technical assistance to companies in its responsible producers' group.

The results are impressive. FSC certification developed at a modest rate from 2000 to 2003, when the certified area totaled about 350,000 hectares (1 ha = 2.47 acres). The pace began to pick up exponentially in 2003, with the total of FSC certified area reaching 7.36 million hectares by the end of 2005, including 1.6 million in Siberia. As of November 2006, the certified area had grown to 12.8 million hectares. Audits expected to be completed by the end of the year will bring the total close to 15 million, with another 10 million hectares expected to be added by the end of 2007, bringing the total to 25 million hectares certified to FSC standards in Russia.

This explosive growth means that Russia will soon surpass Sweden in area of responsibly managed forest hectares—and put it second in the world behind Canada. Membership in the Russian branch of the GFTN initiated in 2000 has grown from three to 25, including some of the largest timber companies in the country. Together, members of the WWF group are stewards of 64 percent of Russia's certified area, and are responsible for 54 percent of Russia's pulp and paper exports; 21 percent of exported fiberboard; 12 percent of exported plywood; and 15 percent of its exported laminated wood, moldings and other forms of shaped wood.



© WWF-Canon / Hartmut JUNGJUS

Amur tiger at rest. Amur region, Russian Federation.



© WWF-Canon / Vladimir FILONOV

Legal, well-managed forestry operations like this one are on the rise in Russia's Far East. Primorsky region, Russian Federation.

Now, the GFTN is focusing attention on the Russian Far East. The mixed coniferous-deciduous forests of the Amur-Heilong river basin bordering China, identified by WWF as one of the world's most biologically important and diverse forests, are the heartland of the endangered Amur (Siberian) tiger and Amur leopard. These cats face serious threats from illegal and unsustainable logging, the unwanted side effects of opening up the forest with new roads, and China's huge and growing demand for lumber regardless of the kind of forestry that produces it. One company, which has a large logging concession in a virgin forest with 380 year old cedar trees, giant blue subtropical butterflies and Amur tigers, recently became FSC certified with the help of WWF. In April 2006, the responsible producers' group gained its first member in this important area.

## Stimulating European Demand...

As public awareness of rapidly disappearing habitat grew in the 1980s and 1990s, wood retailers, importers, and distributors in Europe began joining the new GFTN Forest & Trade Networks (FTNs) to protect themselves from image-damaging revelations that they were selling lumber from endangered rainforests or old growth forests. The UK FTN was established first in 1991, Belgium followed in 1993, then other European countries between 1995 and 2000. The network now extends to almost 40 countries around the world. Purchasing-oriented participants agree to analyze their sources and increase the amount of wood they buy from legal and certified suppliers, while production-oriented participants agree to manage forests and production facilities legally and eventually attain certification.

European FTN members include some very large companies with clout in the market. In Sweden, for example, the international furniture retailing giant IKEA is a member. In the UK, St. Gobain and Travis Perkins, two major suppliers to the building and construction market, are members. Membership in Germany includes major do-it-yourself chains such as Hornbach & Bahr Baumarkt.



“We’ve managed to get the important actors in the key sectors talking about FSC since the mid-1990s,” said George White, the GFTN’s coordinator of responsible purchasing. “Around the year 2000, we achieved critical mass in much of Europe, where selling FSC became the normal way to do business and not having FSC became abnormal, especially in the do-it-yourself markets and their supply chains.”

### ...and Russian Supply

By the late 1990s, European demand for certified lumber reached Russia, but most of the newly privatized companies were not yet in a position to supply it. In part, this reflected the chaos and uncertainty of the years immediately after the Russian government began leasing forests and selling state-run sawmills and pulp mills to private companies composed of former managers, local oligarchs, and others. Also, Russia had its own, long tradition of forestry practices. “No one understood what FSC was,” said Andrei Ptichnikov, the WWF coordinator of Russian forestry programs at that time.



© WWF/Kerry Cesareo

Manufacturing facility of Russia FTN member Les Export.

In 2000, Ptichnikov and GFTN leaders decided to organize the Russian FTN consisting of forestry product companies interested in associating themselves with the WWF and receiving help in pursuing certification. By 2003, members were required to begin steps toward FSC certification and to have progress appraisals made every year.

To overcome the challenge of working in a certification vacuum, WWF Russia published two books and a magazine on FSC certification, set up certification centers in seven Russian cities that provided FTN member companies with consulting services, sponsored large conferences, organized numerous workshops, and trained Russians in forest auditing.

### Certification: An Essential Tool for WWF

To navigate the complex issues surrounding forest conservation in the 21st century, WWF pursues an approach encompassing the strict protection of forests in areas like national parks; the restoration of degraded forest landscapes; and the certification of commercially harvested forests to sound environmental, social, and economic standards. With only about 12% of the world’s forests set aside in strict protected areas, the responsible management of the forests subject to commercial activity is of great concern to WWF and others with a stake in forest resources.

The primary tool advocated by WWF for achieving responsible management of forests managed for commercial purposes is forest certification. Forest certification is a system for assessing commercial forest management practices against a set of environmental, social, and economic standards. Credible certification systems also provide for the tracking and labelling of forest products from the point a tree is harvested until the chair, plywood sheet, box of copy paper, or other forest product reaches its final customer, thus offering the consumer assurance that the product originated in a well-managed forest.

While certification is widely recognized as an effective tool for achieving responsible forest management, many companies committed to responsible forest management face technical or market challenges in achieving certification. This is where WWF’s Global Forest & Trade Network comes in.

All participants in the GFTN – whether they are forestry companies, manufacturers, distributors, or retailers – agree to achieve credible certification for their forestry or other business operations, or to support responsible forest management by purchasing increasing amounts of certified forest products. The GFTN helps participants develop transparent, timebound action plans for achieving certification; provides assistance in overcoming the challenges of achieving and supporting certification; and holds participants to account for their progress.

Participants in the GFTN work to achieve forest certification and chain of custody certification under the Forest Stewardship Council, or FSC. Based on ongoing assessments of certification systems operating globally and in specific regions, WWF holds that the certification requirements and procedures of the FSC are the minimum requirement for any credible certification of forest management and chain of custody. Working both independently and with partners, WWF continuously assesses FSC and other systems to evaluate how well they fulfill WWF’s principles and criteria for credible forest certification.

Another initiative was to create a model certified forest. According to Elena Kulikova, the current coordinator of forestry programs for WWF Russia, Russian loggers traditionally clear-cut forests employing inefficient methods of harvesting and little attention to reforestation. The model forest, located south of St. Petersburg, uses Scandinavian methods that are more cost-effective and sustainable. This FSC certified forest also takes steps to conserve biodiversity, preserves standing deadwood as nests for birds, and identifies “high conservation value” areas that require special treatment.

“WWF Russia got permission from the Russian government to ignore regulations that conflicted with certification requirements for efficient, profitable, sustainable forestry and start with a blank slate,” said Darius Sarshar, GFTN’s responsible forestry coordinator. “Over the following three years, they ended up breaking almost every rule in the book and demonstrated that modern, sustainable practices work better than the traditional ones. The model forest is a fantastic showcase on how to do FSC certified forestry in Russia.”

**“FSC certification is beneficial for our business because it is recognized by our business partners”—buyers in Sweden and the Netherlands.**

The manager of Cherepovetsles, one of the largest timber companies in northwest Russia and a member of the producers’ group since 2004, visited the model forest and later certified forests in Sweden. Anastasia Djakovskaya, the company spokeswoman, said that since then the company has been actively introducing modern methods to the 580,000 hectares it manages, all of which are now FSC certified.

“Preparation for FSC is a good way to order business and management and to approach the necessary ecological, social, and economic parameters,” she said. “FSC certification is beneficial for our business because it is recognized by our business partners”—buyers in Sweden and the Netherlands. She added that the company was able to obtain certification relatively quickly because of the GFTN’s technical assistance.

## Building trade relationships

Some Russian timber companies, like Cherepovetsles, were encouraged by existing European customers to join the GFTN and seek certification. This is also the case with Russian suppliers of IKEA. Northwest Russia and Siberia are very important sources of pine and birch for the Swedish company, said Alexey Naumov, forestry manager for IKEA Trading in Russia. “In the future, we expect Russia to be number one when it comes to the amount of wood we purchase.”

Swedwood Tikhvin, an IKEA supplier with forest concessions and a furniture factory, joined the Russia FTN in 2004 and its 51,000 hectares are now certified. Three additional IKEA suppliers also are members. “Our long term goal is to source all wood from well-managed forests, and at the moment this means FSC certified,” Naumov said. “Being in the WWF group means our suppliers can get support in preparing for FSC certification.”

In other cases, the GFTN has brought together buyers who want certified wood with Russian suppliers who have or are in the process of obtaining certification. In 2004, for example, the GFTN and Greenpeace organized a conference in Arkhangelsk in northwest Russia. Johannes Zahnen, coordinator of the German WWF, brought representatives from Obi, the country’s largest do-it-yourself chain, and two similar chains. The Obi representatives were concerned about their wood sources because a Greenpeace report, covered on television, had revealed that Obi had inadvertently bought wood from the last primal forest in the Arkhangelsk region.

Alexander Voropaev—the GFTN’s coordinator of the Russia FTN—invited timber companies in the region including Solombala Sawmill, which has a 350,000 hectare forest concession, and Titan-Lesprom, with a 600,000 hectare concession, both of which had just joined the Russia FTN.

“Having three large German buyers come in certainly sent a strong message about the value of FSC and was a big push for responsible forestry in that area,” said White, who attended the meeting. Solombala and Titan-Lesprom have since become certified and now sell to one or more of the German do-it-yourself chains.

After the Arkhangelsk meeting, the director of Solombala visited the UK for a meeting with the UK FTN and its member companies. There, she made contact with St. Gobain, the wood importer. Now, Solombala is one of St. Gobain’s suppliers. “The UK FTN is always trying to facilitate contacts with suppliers in the GFTN, because without our demand they won’t produce FSC,” said Steve Millward, environmental director for St. Gobain.

## Saving tiger and leopard habitat

Perhaps no more magnificent creature walks the earth than the yellow, black, and white striped Amur tiger. The most recent census of Amur tigers and leopards estimates that less than 500 tigers and 40 leopards remain. Poaching is one reason they are endangered, as is the reduction and degradation of their habitat in the Amur region of southeast Russia by logging, road-building, and fires. The mixed coniferous and deciduous forests of this region, which contain Manchurian fur, Korean pine (cedar), Mongolian oak, maple and ash, are the most diverse temperate forests in the world. The tigers and leopard’s prey, four footed hooved mammals like sika deer and wild boar, survive on the Korean pine

nuts and the acorns of the large oaks, especially in the winter, and the population of these prey species has declined with the reduction in these forests.

“Illegal and unsustainable logging is a real problem, and an estimated 70 percent of the timber trade heads to neighboring China,” said Dr. Darron Collins, director of the Amur Heilong program for WWF US.

**“There is huge pressure to harvest these forests. They are next to the burgeoning area of northeast China, where the population has gone from 45 to 75 million in the past ten years.”**

“There is huge pressure to harvest these forests. They are next to the burgeoning area of northeast China, where the population has gone from 45 to 75 million in the past ten years. Several large Chinese factories that use large quantities of wood are located near the border with Russia in the Amur Heilong region.”

At present, timber companies in this region have little market incentive to harvest wood in an environmentally sensitive manner. “The Chinese are so hungry for wood they’re not asking questions,” White said. “Most of the Japanese, Korean, and Chinese companies that trade in the Russian Far East are not interested in certification. Few put any premium on it at all.”

In this new frontier, the GFTN is beginning in much the same way it did in Europe and northwest Russia ten years ago: by working to develop demand for responsibly harvested wood in Japan and China—particularly in companies that make flooring, furniture, and other wood products for export—and by working with timber companies in Russia’s Far East region to understand and work towards FSC certification.

“If you look at where the markets of Europe were in the early 1990s, it’s pretty comparable to where we are today in China and Japan: only a handful of companies involved and a low level of awareness and interest in responsible forestry,” White said. “The difference is lack of consumer concern in Asia for where wood comes from. Building demand here will rely more on government and on corporations working in the global arena.”

The GFTN recently established buyer-oriented FTNs in Japan and China, which now ask for certified wood. “Most of the Chinese members are locked into export markets in Europe and North America where there are strong signals for legal wood, at a minimum, and good demand for FSC,” White said. “The Japanese market is a consumer market in itself, and there are signs of an increase in demand for legal and certified products.”



Heavy industry along the Amur River. Heihe, China

© WWF-Canon / Hartmut JUNGIUS

In 2002 Terneyles, the leading timber exporter in the Russian Far East, came under attack by international environmental organizations for logging in a virgin forest with endangered tigers and in areas where indigenous people hunted and fished. Terneyles was particularly sensitive to these reports because its Japanese trading partner, Sumitomo, wanted wood harvested in an environmentally and socially sensitive manner.

**The GFTN recently established buyer-oriented FTNs in Japan and China, which now ask for certified wood.**

With WWF’s assistance, Terneyles began seeking FSC certification. It defined the most important areas for tiger mating and breeding and altered its logging practice to minimize impact on them, according to Ptichnikov, the former WWF forestry coordinator who now heads the recently established FSC office in Russia. It agreed to a moratorium on harvesting in areas of high conservation value, and made an agreement with the Udege people to respect their hunting and fishing areas. The company also agreed to provide support for the local school.

In June 2004, Terneyles’ concession of 1.4 million hectares in the Russian Far East became FSC certified. In June 2006, the company applied to join the Russia FTN. Terneyles now is “a leader in pushing the envelope for sustainable forestry in the region,” Collins said. “Their success is something we can use to motivate others.”



Voropaev, the GFTN coordinator in Russia, this year made the Far East a priority. In April, he sent his Siberian-based assistant on a recruiting trip to timber companies in the region. Several expressed interest in joining the Russia FTN and one, Les Export, joined in May and is undergoing a baseline audit of its operations. Les Export is a fairly new company with a forestry concession of 51,000 hectares in the Amur Heilong basin and a factory that produces flooring and other construction products for domestic and international markets. Its major international market is China, with a significant percentage of the wood going to China being processed for re-export to the United States, Japan, and South Korea.

**“With Terneyles on board and Les Export in the process of becoming certified, we’re hopefully witnessing a tipping point in responsible forestry in the Russian Far East,” said Voropaev.**



WWF GFTN's Alexander Voropaev.

“With Terneyles on board and Les Export in the process of becoming certified, we’re hopefully witnessing a tipping point in responsible forestry in the Russian Far East,” said Voropaev.

“The Russian Far East is a big challenge,” Pollard, the WWF forest conservation director, said. “But we are working there and we expect to make serious inroads in the coming years, just as we did when we began in northwest Russia a decade ago.”