

CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES  
OF WILD FAUNA AND FLORA



Eighteenth meeting of the Plants Committee  
Buenos Aires (Argentina), 17-21 March 2009

Proposals for possible consideration at CoP15

Other proposals

CERTIFICATION AND LABELLING OF TIMBER

1. This document has been submitted by the Management Authority of Germany\*.
2. Resolution Conf. 11.1 (Rev. CoP14) on Establishment of committees in its Annex 2 provides that, within the policy agreed to by the Conference of the Parties, the Animals and Plants Committees "shall provide scientific advice and guidance to the Conference of the Parties, the other committees, working groups and the Secretariat, on all matters relevant to international trade in animal and plant species included in the Appendices, which may include proposals to amend the Appendices".
3. The Annex to this document presents a draft discussion document prepared by Germany which includes also three draft decisions directed to the CITES Secretariat, the Plants Committee and the CITES Standing Committee.
4. The Plants Committee is invited to review the draft discussion document and its decisions and to provide guidance and advice as appropriate.

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\* *The geographical designations employed in this document do not imply the expression of any opinion whatsoever on the part of the CITES Secretariat or the United Nations Environment Programme concerning the legal status of any country, territory, or area, or concerning the delimitation of its frontiers or boundaries. The responsibility for the contents of the document rests exclusively with its author.*

CoP15 Doc. XXX

Interpretation and implementation of the Convention

Trade control and marking issues

CERTIFICATION AND LABELLING OF TIMBER

This document has been submitted by Sweden, on behalf of the European Community Member States and acting in the interest of the European Community.

Background

1. Already in 1992 the United Nations Conference on Environment and Development (UNCED) emphasized the need for sustainable management guidelines, criteria and indicators for temperate, boreal and tropical forests alike. The UNCED finally adopted by consensus the Forest Principles which recommend to the international community that forest resources and forest lands should be maintained to meet the social, economic, ecological, cultural and spiritual needs of present and future generations.
2. At the 14th meeting of the Conference of the Parties of CITES in 2007 growing concern was expressed both by Parties representatives and many international organizations working in the field of the conservation of tropical forests in this regard, not only because forests play a significant role in the global conservation of biodiversity but also because they are a primary source for wildlife products on which many local communities depend for their livelihoods.
3. The concerns expressed led *inter alia* to the adoption of CITES Resolution Conf. 14.4 on **Cooperation between CITES and the International Tropical Timber Organization (ITTO)** regarding trade in tropical timber. This Resolution explicitly recommends that Parties support and facilitate the work of ITTO and CITES to build increased capacity and improve implementation of CITES timber listings and welcomes ITTO's promotion of transparent markets for trade in tropical timber from sustainable managed tropical forests.
4. Furthermore during the Ministerial Round Table held on 13<sup>th</sup> June during the 14<sup>th</sup> Conference of the Parties the Ministers present discussed ways in which political commitment could be strengthened to further implementation and enforcement of the Convention and also its future role regarding timber listings. It was recognized that sustainable forest management as a dynamic and evolving concept is important to maintain and enhance the economic, social and environmental values of forests for the benefit of present and future generations.
5. The Ministerial Round Table emphasized the need for more effective implementation of sustainable forest management at all levels which could be achieved through enhanced cooperation and coordination between CITES and other timber species related Conventions, organizations or processes such as the ITTO, the Convention on Biological Diversity, the United Nations Forum on Forests and the Food and Agriculture Organization of the United Nations (FAO).
6. One way for better implementation of trade in CITES listed timber species which the Ministerial Round Table discussed was the enhancement of controls of the international trade and strengthening global collaboration at all levels.
7. Whilst CITES has started to address these concerns by listing relevant timber species in Appendix II, these listings can only be effective if controls can be properly enforced. With regard to such controls, certification and marking schemes agreed by the Parties to the Convention have already proved outstandingly useful in circumstances where illegal trade and unsustainable harvesting was proliferating. Timber certification could also – in all likelihood - prove an avenue and the mean to assist to meet a similar ambitious target.

## Brief overview of introduction of specific certification/labelling schemes under CITES

8. Under the provisions of Article VI paragraph 7 of the Convention has a long history of establishing and using certification, labelling or marking systems in order to contribute to a better enforcement of the provisions of the Convention. The objectives of establishing labelling or marking requirements under CITES were manifold. Certification, marking or labelling was introduced either:
  - to distinguish legal from illegal specimens (e. g. caviar, crocodilian skins or ivory);
  - to facilitate the identification of species or specimens that have been derived from specific production systems; or
  - for general management reasons (e. g. captive breeding, artificial propagation, hunting trophies, ranched specimens, annual export quotas or identification of specific local populations).

Marking requirements were discussed for the first time at the 3rd Conference of the Parties during which Resolution Conf. 3.15 on Ranching was adopted.
9. Over the years labelling or marking systems have proven to be highly effective as implementation and enforcement tools. This is especially the case when such systems have been further developed, adjusted and revised together with all stakeholders - including the private sector - by taking into account the specific technical and logistical needs of all parties involved in harvesting, processing and trading the respective specimens. Successful certification, labelling and marking systems have been put into place under the Convention for hunting trophies, ivory, caviar, crocodilian skins, wool from vicunas, live animals in pet trade and hybrids of orchids.
10. A universal certification and labelling system for tropical timber species listed in the Appendices of the Convention under criteria yet to be defined could therefore assist in addressing current widespread illegal logging, unsustainable extraction and trade in such timber.

## How timber certification should be defined or viewed at in the context of CITES

11. Timber certification - in the context of this discussion document – is intended to mean a process resulting in a written statement (a certificate) which attests the legal and sustainable origin of raw timber - often associated with a validation process by an independent third party. Certification aims at allowing participants to measure their forest management practices against a set of standards and to demonstrate – according to agreed criteria - Parties' compliance with such standards. Such criteria should be objective, quantitative in nature, reliable and independent.
12. Typically timber certification includes two main components: certification of sustainability of forest management and product certification.
13. Certification of forest management covers forest inventory, management planning, silviculture, harvesting, reduced impact logging like road construction and other related activities, as well as the environmental, economic and social impacts of forest activities. Product certification allows the tracing of logs or processed timber products throughout the successive phases of the chain of custody. Certification of forest management thus takes place in the country of origin whereas product certification covers the supply chain both of domestic and export markets.
14. Therefore the main objective of certification is to link the consumer - who wishes to favour legally, environmentally and/or socially responsible products - with the producer of these products and the raw materials from which they are made. In order to achieve this objective, an assessment of the authenticity of the product's origin is crucial. This can involve - but is not limited to - the identification and monitoring of its chain of custody, including log transport, processing and shipping. Labels fixed upon the products, whether raw or manufactured which specifically refer through a code or number to the respective certificate, can provide for the linkage and verification between the certificate and the respective product.

### Some critical considerations on limitations and constraints of timber certification and labelling

15. The introduction of properly enforced trade measures to improve forest management can be complicated by many factors. In the past few years, timber certification has been increasingly discussed in many fora, including the European Community, the African, Caribbean and Pacific States (ACP), FAO, ITTO and the Commission on Sustainable Development (CSD). However at 9<sup>th</sup> Conference of the Parties of the CBD, parties to this convention were urged to take effective legislative and non-legislative measures to prevent harvesting of forest products and resources in violation of national legislation and furthermore the potential role of consistent and appropriate voluntary market certification systems was recognized. In fact, the international community may be now on the brink of acknowledging the importance of timber certification as a means of promoting the sustainable management of all types of forests.
16. While timber certification seems currently to be viewed as a ready tailored solution to improve overall implementation of CITES timber listings, little attention has been paid yet to the question as to whether or not timber certification can actually provide the desired incentives for improved forest management.
17. Current supply and demand patterns indicate that trade in certified timber would likely play only a marginal role in world timber trade. On the demand side, for the time being still only selected market segments in a few countries (for example in the European Union, Germany, the Netherlands and the United Kingdom) seem to be highly receptive to certified timber. On a global level the demand for certified timber seems to be still limited but steadily only growing.
18. However on the supply side progress is most apparent in many countries of the Northern hemisphere. In tropical countries or other countries in the Southern hemisphere progress is much slower, although schemes are being studied or already in place in countries such as Ivory Coast, Chile, Indonesia, Malaysia, Cameroon, Guatemala and Brazil in order to name exemplary only a few across the continents.
19. The actual impact of timber certification and labelling on overall forest management remains difficult to assess. However there is a growing number of countries where self-introduced timber certification and labelling already have some kind of tradition and where only some forest concessions would generally be sufficient to supply the market segments demanding certified and labelled timber.
20. The problems and constraints related to timber certification lie mainly in:
  - the lack of generally accepted international principles and criteria to assess forest management sustainability;
  - the lack of a widely accepted accreditation process for certifiers; and
  - the ongoing emergence of many parallel systems.

### Benefits of timber certification and labelling

21. Timber certification creates market as well as non-market benefits.
22. Market benefits of certification may include:
  - certain market shares,
  - a "green" price premium,
  - the stabilization of forest economies associated with increased security in the chain of custody,
  - facilitation in CITES permit processing.
23. Non-market benefits include
  - regulation of climate, genetic balance, soil, water,
  - biodiversity,
  - landscape values; they are well documented in the literature.
24. For consumers, environmental labelling or certification systems would help them to identify and purchase wood products from sustainable managed forests. The overarching aim is to use market-based incentives and voluntary compliance to achieve sustainable and legal management in forestry, thus replacing tropical timber from illegal and non-sustainable harvested sources in the medium to long term.
25. Other important (microeconomic) benefits are

- increased stability of contracts in the highly competitive and globalizing forest products industry, which enables companies to engage in forward planning and investment, leading to future increases in production and efficiency;
  - improved efficiency at the level of the firm as a consequence of the need to engage in more planning, inventorying and managing of the forest operation (noted in several studies of Bolivia, Guatemala, and Mexico);
  - better access to credit markets as a consequence of obtaining certification (B. Cahore et al.(Ed.),Environment (2006), Volume 48, Number 9, pages 6-25).
26. As with other species-specific certification schemes which the Parties to the Convention have agreed upon it is submitted that timber certification can
- improve enforcement and compliance of CITES timber species listings both on the national and international level.
27. Benefits can also accrue from the adoption of uniform certification standards in the CITES context if the system - as with other similar provisions - is brought together with the CITES provisions on permits and certificates. The benefits could include *inter alia*.
- the facilitation of findings required under the provisions of Article IV. 2 a) and b) of the Convention (i.e. non-detrimental effect and legality of origin) before an export permit is issued without jeopardizing any CITES Scientific Authority's independent obligation to make a non-detriment-finding. This should also be aligned with the successful outcomes of the process agreed at the 14th meeting of the Conference of the Parties of CITES in The Hague through the adoption of Decisions 14.49-14.51 as well as 14.135 and 14.136.
28. The inclusion of a certificate number on a CITES export permit issued for shipments of timber species listed in Appendix II of the Convention could
- facilitate clearance of shipments in importing countries both at the customs and CITES Management Authority level.

Finally, the integration of CITES permit approval into existing and future national and international certification standards on the exporting party level side might

- enhance interest of all stakeholders in the certified timber/lumber/wood user group in CITES matters in general.

This could at least bring the industry to accept CITES as a positive tool which, through the industry and the private sector, could further be conveyed to all consumers of timber and products manufactured thereof.

Current and future role of some selected International & National Organisations or Conventions or Non Governmental Organisations (NGO's) in timber certification and labelling

29. Many international or national operating organisations including NGO's play an important role in the international timber trade including among others the International Tropical Timber Organization (ITTO) and the Food and Agriculture Organisation of the United Nations (FAO), the Convention on Biological Diversity (CBD), the World Wide Fund for Nature (WWF) or the International Union for the Conservation of Nature (IUCN).
30. **ITTO** has been involved in forest certification since 1991. It was recognized that certification is a potentially useful tool for contributing to the achievement of sustainable forest management (SFM), a key objective of the International Tropical Timber Agreement (ITTA). ITTO has a particularly important role in building up local capacity to implement SFM and thereby the certifiability of tropical forests. This work has taken place through support of various forms (establishment of permanent forest estates, forest inventories, staff training, improved logging practices, development of silvicultural systems, etc).
31. Furthermore ITTO has developed guidelines, criteria and indicators of sustainable forest management for tropical countries which are being further elaborated in some producing member countries. These international and national criteria and indicators are not being developed specifically for certification purposes but they can serve as a useful framework in this regard. In addition ITTO has undertaken a wide range of policy work related to certification. It also assists member countries in establishing their own certification programs through projects and training. For example, the Indonesian Ecolabelling Institute

(LEI) is benefiting from ITTO projects which aim to assist the development of the LEI forest certification scheme. In Africa, ITTO has been helping to train forestry staff in the application of principles, criteria and indicators for sustainable forest management and in forest auditing, which are necessary steps in the process of certification. ITTO has also developed training packages, in English, French and Spanish, to assist in the training of forest auditors. More recently ITTO undertook a study on the potential role of phased approaches to certification.

32. Within the many areas of work **FAO** is dealing with forestry is one of the most important thematic issues of this oldest UN Organisation. Capacity building measures for forestry administrations on a regional, sub-regional or national level or general aid projects in the forest sector, including introduction or improvement of management of timber certification schemes in FAO member countries, are only some prominent matters FAO is dealing with. In 2001 FAO hosted in Rome a FAO-GTZ (German Agency for Technical Co-operation)-ITTO Seminar on Building Confidence among Forest Certification Schemes and their Supporters. Again in 2001 FAO was also involved in a European Commission (EC) Workshop on Forest Certification: *Forging Novel Incentives for Environment and Sustainable Forest Management* held in Brussels, 6–7 September 2001. Finally FAO's Forestry Department had facilitated from 17-18 June 2003 in Borgo Spante, Italy, a meeting on international and national forest certification schemes from the Southern and Northern hemispheres to discuss the role of forest certification in support of sustainable forest management.
33. While all these events reiterated the potentially useful role that certification can play in promoting sustainable forest management and that the proliferation of schemes should be addressed (as for example that the constituencies of the various schemes should meet more frequently in order to discuss visions, standards, approaches and procedures in standard setting and certification), they also revealed
  - differing views and
  - to some extent a lack of trust between key stakeholders.

In particular, the supporters of national certification schemes would like to find

- a mechanism by which their certificates could be accepted by the market and eventually linked to a label or trademark.

A certification scheme under CITES could provide such a mechanism.

34. Furthermore the FAO-GTZ-ITTO seminar called for further analytical work on the similarities and differences between schemes, including the development of common definitions and indicators.

This was taken up by participants at the EC workshop, who suggested that there was a demand to have an agreed set of clearly defined evaluation criteria to assess forest certification standards and systems. The most sensitive issues were found to be related to the procedures of standard-setting and the certification process, transparency and governance.

All seminars or workshops listed above called for the continuation of the dialogue at the international level.

35. The **CBD** is relevant with regard to sustainable use and management of timber tree species that are subject to international trade because it provides a framework for international cooperation and policy development. On COP 9 parties to the CBD were urged to reinforce the CBD Workplan for Forest Diversity (WFD) with the following measures:
  - Strengthen forest law enforcement and governance at all levels, take effective legislative and non-legislative measures to prevent harvesting of forest products and resources in violation of national legislation.
  - Recognize the potential role of consistent and appropriate voluntary market based certification schemes, and tracking and chain-of-custody systems and private procurement policies, that promote the use of timber and non-timber forest products originating from sustainably managed forests and that are produced in accordance with relevant national legislation and applicable standards, and in harmony with international obligations.
36. These activities which the CBD has adopted through its WFD and more specifically the decisions adopted at the 9th COP offer excellent opportunities to synergize with CITES with regard to the development of a CITES recognized certification and labelling scheme for timber species listed in the CITES Appendices.

37. In a number of countries, the forest industry and private forest owners, through their associations, have also come forward with guidelines for good forest management which may be expressed in qualitative and quantitative terms. In most cases, these are not specifically designed for certification scheme use. In Brazil, however, certification criteria for plantation forests have been defined within the national Cerflor certification system.
38. **IUCN** has set up at its headquarter a Forest Conservation Programme (FCP) which is a global thematic programme of the IUCN Secretariat and supports the forest-related activities of the Union. The goal of the Forest Conservation Programme is to maintain and, where necessary, restore forest ecosystems to promote conservation, sustainable management and an equitable distribution of the full range of forest goods and services.
39. The long-term objectives of the Programme, as originally developed in the IUCN/WWF Forests for Life Policy in 1996, were reaffirmed at the 2nd World Conservation Congress in Amman in 2000 which lists 5 objectives. Objective 2 recommends an environmentally appropriate, socially beneficial and economically viable management of forests outside protected areas. More specifically IUCN concludes that many forests worldwide are not well managed for timber but that there is already a wealth of experience about how to achieve sustainable forest management. IUCN places particular emphasis on forest quality, full valuation of forest goods and services, sustainable supply of non-timber forest products, and protection of human and ecological values from the damaging effects of bad management. IUCN is convinced that the use of independent certification to guarantee good management is an important market-based tool.
40. WWF recently established within its Forest Programme a Global Forest and Trade Network (GFTN) **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.
41. The WWF/World Bank Global Forest Alliance for Forest Conservation and Sustainable Use has published a tool called the 'Forest Certification Assessment Guide' for assessing the comprehensiveness of forest certification systems. Formerly known as the **Questionnaire for Assessing the Comprehensiveness of Certification Systems/Schemes (QACC)**, the Guide has been simplified, redesigned, and structured around widely used existing frameworks such as ISO, as well as both organizations' criteria for sustainable forest management. The Alliance plans to use the Guide to assist the development of forest certification systems in various countries.
42. The wide knowledge on certification of timber available in organisations such as those mentioned above can positively contribute to the processes this document recommends to be established at this Conference of the Parties. It enables to evaluate how and to what extent certification and the development of a uniform set of standards for this important enforcement tool can contribute to a better implementation of the Convention.
43. In the event that the international community reaches agreement on a set of standards that would allow CITES recognition of different timber certification schemes, clarification would be required as to what CITES body could take responsibility on the accreditation and on the monitoring of compliance with regard to consistency in the application of standards for such a new certification scheme. In this regard thought should be given as to whether, for example, the responsibilities could be split between the CITES Secretariat and the Plants Committee depending on whether technical or scientific issues have to be dealt with in the accreditation process - or on whether decisions have to be taken on enforcement and compliance matters.

### Conclusions

44. There is a growing demand for certified forest products, including tropical timber, in many major markets. Certification can actively be used in the CITES context as an enforcement tool for demonstrating that the respective forest products in international trade have not only been of legal origin, but are also derived from sustainable managed forests. The ongoing proliferation of different certification schemes is increasingly becoming a problem. CITES could take an important role in defining uniform standards - through a set of basic criteria - that would allow assessing the different schemes with the possible objective of recognition of those different schemes both among themselves and among Parties to the Convention.
45. CITES should by no means develop its own set of standards for forest management nor set up some additional kind of certification system under the Convention. However, for better implementation of the Convention CITES - with the assistance of international organisations such as FAO or ITTO, NGO's or

other multilateral environmental agreements - should develop clear and simple standards to evaluate and assess the merits of the many certification schemes existing. By working in a collaborative fashion, this could strengthen existing, well established certification efforts both on a national and international level.

46. In recent years in particular in many countries of the Northern hemisphere public procurement policies on timber have been put into place. Such policies tend to rely on the use of certificates and audit statements issued by independent bodies. The ongoing emergence of such policies has raised the increasing need to define methodologies for assessing certification standards and systems, as well as verification systems of legality based on clearly defined requirements. Hence national assessment guidelines or criteria have already been developed by several governments for assessing certification systems with the vision that they would play a leading role in implementation. These typically cover both procedural criteria and substantive requirements for sustainability and chain-of-custody. By building on such assessment experiences available within CITES parties governments a duplication of efforts to develop under CITES assessment standards for timber certification schemes could be significantly reduced.
47. Therefore, Sweden, on behalf of the Member States of the European Community, believes that significantly enhanced action is required in order to improve the enforcement of CITES timber listings, in particular by focusing on both the legality as well as the ecological and social sustainability of timber production and shipments.
48. Accordingly, Sweden is submitting two draft decisions directed to the Standing Committee and the Secretariat in the Annex to this document, as a joint proposal of the Member States acting on behalf of the European Community.

#### Budget

49. Indicative budgets for the work envisaged in the attached draft decisions are:

- a) to undertake work requested to be done by the Secretariat
- |   |                    |
|---|--------------------|
| – Secretariat staff time  | USD 10,000         |
| – Certification workshop  | USD 40,000         |
| – Experts for developing certification guidelines and standards | USD 50,000         |
| – Printing, etc.  | USD 10,000         |
| – Communications  | USD 5,000          |
| <b>TOTAL</b>  | <b>USD 115,000</b> |
- b) to undertake work requested to be done by the Standing Committee
- |   |                   |
|---|-------------------|
| – Secretariat staff time  | USD 15,000        |
| – Experts to produce draft report for CoP 16 with recommendations | USD 25,000        |
| <b>TOTAL</b>  | <b>USD 40,000</b> |

DRAFT DECISIONS OF THE CONFERENCE OF THE PARTIES  
on  
Certification and labelling of timber

***Directed to the Secretariat***

15.XX The Secretariat together with FAO and ITTO, and after consultation with the Plants Committee, CITES Parties and other relevant organizations, shall, through external funding conduct a workshop which shall, based on the wide range of already existing certification schemes

- establish a set of clear universal applicable standards and criteria for the assessment and approval under CITES of already existing timber certification schemes which shall refer to all types of forests and timber products covered by the provisions of the Convention;
- define guidelines for forest inspection and chain of custody verification;
- propose a procedure for evaluation under CITES of timber certification schemes; and
- establish standardized rules on reporting.

Furthermore, in order to identify common or differing features of the many individual certification schemes, the workshop shall also discuss:

- the role of the companies to be certified in the process;
- the objectives of the different systems with respect to CITES relevance; and
- organizational arrangements and operational procedures, particularly in the areas of decision-making on the rating for certification.

***Directed to the Plants Committee***

15.XX The Plants Committee shall review the findings of the workshop as outlined under Decision 15.XX and confer its comments and recommendations to the Standing Committee for further consideration and evaluation.

***Directed to the Standing Committee***

15.XX The Standing Committee, in consultation with the Secretariat, range States, other Parties, the CBD Secretariat, relevant international organizations such as FAO and ITTO, and relevant NGO's, shall based on the findings of CITES tropical timber certification workshop and on existing certification systems

- develop a set of uniform standards and criteria for the assessment and approval under CITES of already existing timber certification schemes which shall refer to all types of forests and timber products covered by the provisions of the Convention;
- propose international and national acceptable procedures for assessment and approval of already existing timber certification schemes under CITES; and
- evaluate required organizational arrangements for the implementation of timber certification under CITES with respect to their financial implications; and
- make appropriate recommendations to the 16th meeting of the Conference of the Parties.