

**Would a Fair Trade Approach to Community Forest Certification Be Feasible?:
A Framework for Discussion**

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I. Introduction

Forest certification and labeling gains growing attention today as a market-based instrument that makes globalizing markets a force for mitigating rather than fostering environmental degradation. In 2002 about 3 percent of the world's 3.6 billion hectare forest had been certified as sustainably managed under diverse labeling schemes (Atyi and Simula 2002: 19; Bass et al. 2001: 42). Yet though forest certification emerged in the early nineties in the wake of mass consumer movements against tropical deforestation (Counsell and Terje Loraas 2002: 12), today most certified areas are found in government and industry-owned boreal and temperate forests of the North rather than the natural tropical forests of the global South. Moreover, the communities which own or manage a rapidly growing share of Southern forests face significant barriers to accessing certification and its benefits. If certification is to be a more effective instrument for protecting threatened forests in the global South, the obstacles community forest operators face in accessing certification and certified product markets need to be addressed. This paper argues that the Fair Trade experience provides insights useful for linking the interests of Northern consumers and Southern community-based producers in sustainable forest management.

This paper emerges from my participation in collaborative research on the Fair Trade Coffee initiative (Murray et al. 2003) and my involvement with the FSC scheme as a member of interdisciplinary certification teams evaluating the management of community-owned Mexican forests. Several authors have called for consideration of a Fair Trade version of forest certification aimed at community-based forestry in the global

South (i.e., see Bray et al. 2002; Bray and Merino Pérez 2002; Kruedener 2000; Molnar 2003).² I propose a preliminary framework for exploring how a "fair trade" approach to community forest certification might be structured. First, the potential should be explored to build strategically on the existing FSC certification framework and to seek compatibility with its overall principles and commitments so that a fair trade initiative could emerge from within or alternatively, be publicly sponsored by FSC. Second, like Fair Trade, a community forestry certification should aim to modify conventional trade relations, searching for ways to more equitably share certification costs and accountability among actors in the commodity chain. Third, a suitable "interstice" should be sought along the certified wood commodity chain within which buyers have appropriate interests in developing a certified community forest product market. Fourth, certified wood products need to be identified or developed which can sustain more direct ties between Northern end-consumers and Southern community producers. Finally, commercialization strategies might seek to combine development of direct Northern end consumer-Southern community producer relationships with select targeting of institutional buyers.

Below, I discuss the current experience with forest certification, focusing in particular on the Forest Stewardship Council framework. FSC is arguably the most rigorous of current certification schemes and has features significantly compatible with and potentially supportive of a Fair Trade-like approach. Communities are increasingly assuming responsibility as owners and administrators of forests worldwide and in the developing world. Yet communities face significant obstacles to successful experience with certification, including the high cost of certification, the lack of a price premium,

and reliable access to certified wood markets. The Fair Trade coffee experience suggests ways in which a fair trade community certification might be organized. Yet significant obstacles to a fair trade community forestry scheme exist, including the structure of conventional wood products commodity chains and common wood product characteristics, forest certification's current commitment to conventional market logic and practices, and informal influences on governance which favor powerful actors in the conventional commodity chain. Nonetheless, I argue that a fair trade community forestry certification and labeling approach might successfully highlight the link between conservation and local economic development in the global South; emphasize communities' role as stewards of threatened forests, identify and develop wood products compatible with more direct "fair trade" trade relations; and devise a dual commercialization strategy to both develop more direct ties between Northern end consumers and Southern community producers and selectively enlist larger buyers in supporting community producers.

II. Certification as a market-based instrument for addressing environmental degradation

According to Bass et al., "certification is a procedure by which a third party provides written assurance that a product, process or service conforms to specified standards, on the basis of an audit conducted to agreed procedures" (2001: 2). Market-based certification instruments presume that consumers are willing to translate social or environmental values into purchases of products compatible with those values. Producers of such products presumably receive price premiums or improved market access in exchange for the value their superior practices add to the product (Bass et al. 2001: 21;

Hock 2001: 348). Forest certification allows the identifying of forest products which come from forestry operations that follow a minimum standard of good practices, including sustainable harvesting of forest resources (Molnar 2003: 1).

The Forest Stewardship Council is an independent, nonprofit organization of representatives from environmental, social, forest industry, indigenous peoples, community forestry and forest certification organizations. FSC sets guidelines for sustainable forest management, and accredits and audits third party certification agencies (FSC 2004; Gerez Fernández and Alatorre Guzman in press: 5). Established in 1993 in the wake of mass consumer movements against tropical deforestation (Counsell and Terje Loraas 2002: 12), FSC represented an unprecedented alliance between environmental organizations, the wood industry and forest product users (Fern Foundation 2001: 15). Since FSC's founding, numerous other forest certification programs have been developed (see Bass et al 2001: 7),³ but FSC is widely considered the most rigorous.

FSC's performance based system requires third party verification of forest management in the field (Mater et al. 1999: 6). Its global standards provide a framework for more specific standards for distinct regions, countries or ecosystems (Counsell and Terje Loraas 2002: 31; Freris and Laschefeski 2001: 9). Though it is widely viewed as an environmental conservation instrument, FSC certification emphasizes the social and economic foundations of sustainable forest management (Molnar 2003: 1; Bass et al. 2001; Rametsteiner and Simula 2002: 97). For example, of FSC's ten global principals, Principle Two safeguards the resource rights of local communities with legal or customary tenure or use rights. Principle Four ensures that local communities benefit

from forestry through employment, services and training and requires adequate conflict resolution when tenure disputes arise (Kruedener 2000: 16).

Forest certification worldwide has grown dramatically in the ten years since FSC's founding. By mid 2002, over 109 million ha. of forest had been certified under all schemes, representing about 3% of the world's 3.6 billion ha. forest and some 18 percent of the 600 million hectares expected to produce wood in the next two or three decades (Atyi and Simula 2002: 10; Van Dam 2003: 3). As of July 2004, 43.93 million ha. of forest had been certified by FSC, with 629 certificates held in 62 countries (FSC 2004). Though trade in certified wood products is not explicitly tracked in official statistics, researchers have recently estimated the certified wood supply at 243 million m³ per year. Certified wood represents as much as 5% of some European markets and 1% in the U.S. (Atyi and Simula 2002: 19; Bass et al. 2001: 42). Over 10,000 certified wood products exist in the forest product market and over 600 companies have joined certified wood buyers' groups promoted by the Worldwide Fund for Nature (Molnar 2003: 1). This network is credited with generating over half the demand for certified wood products. Many of the network's companies, which include retailers such as B&Q in the UK, IKEA in Scandinavia and HomeDepot and Lowes in the U.S., have expressed a preference for FSC certified products (Atyi and Simula 2002: 17).

In 1996, 70 percent of all certified forests were found in developing countries; today, developed countries in North America and Europe have the vast majority of certified forests (Atyi and Simula 2002: 8, 10). Its origins in public concern about tropical deforestation notwithstanding, forest certification currently favors the temperate and boreal forests of the North over the tropical and other natural forests in the South, and

large scale industrial forestry over enterprises operated by communities and indigenous peoples. Including all certification programs, only 0.2% of the world's tropical area is certified under any scheme and only 3% of all forest management certification occurs in tropical and subtropical broadleaf forests (Molnar 2003: 1). Temperate and boreal forests now represent the vast majority of FSC certified areas, with tropical forests in 2002 representing only 12 percent (Simila and Eba'a Atyil: 2002). In mid 2004, 81% of FSC certified forests were found in North America and Europe, with Sweden, Poland and the U.S. representing nearly fifty percent. Thirty-six percent of FSC's certified area today is held privately, 59% is publicly owned, and 5 percent is communally owned or administered (FSC 2004).

III. Community-based forestry and certification

White and Martin state that an estimated 60 million highly forest dependent indigenous people live in the rain forests of Latin America, West Africa and South East Asia. Another 400-500 million people are estimated to be directly dependent on forest resources for their livelihoods (White and Martin 2002: 2). Today as much as one-fourth of the forests in developing countries are community owned or managed (White and Martin 2002; Molnar 2003). According to Molnar, communities in 2002 owned or administered 377 million ha. or 11% of the 3.6 billion ha. global forest. If developed countries in which government owned forests predominate are excluded, the community share of the global forest increases to 25%. These figures represent a doubling over the last 15 years and are likely to double again in the next 15 years (2003: ii, 30).

This recent growth of community forest ownership and management has occurred for several reasons. First, governments have devolved responsibility to communities as

they have begun to recognize legitimate claims of indigenous peoples. Second, the positive link between local economic development and environmental protection has become clearer. Third, governments have recognized that they have often not carried out good stewardship (White and Martin 2002: 2, 3). Finally, devolution has been driven by the progressive downsizing of states and their activities worldwide in last two decades: part of free market restructuring. Molnar estimates that with continued devolution, communities may in future control 700-800 million ha. of forest worldwide (2003: ii).

Community-based forestry, not surprisingly, has attracted growing attention as a regime of common property management that pursues sustainability by linking local people's social and economic interests with forest conservation. Community-based forestry actually represents a range of tenurial and usufruct arrangements, ranging from legal ownership of forests as in Mexico (Bray and Merino Pérez 2002; Taylor 2000); government-granted management concessions as in Central America (Primack 1998; Utting 1993) or collaborative or consultative administration between state agencies and local people (Fortmann and Bruce 1988; Peluso 1992). These communities often face serious internal obstacles to their capacity to manage their forests effectively and profitably, including organizational inefficiencies, lack of appropriate knowledge and commercialization expertise, and out-dated technology (Merino 1997; Taylor and Zabin 2000). Nevertheless, the experience with community-based forestry over the last two decades has shown that with proper support, communities can be highly effective stewards of their resources. Community-forestry has shown itself capable of effectively governing access to common pool resources and organizing local people for the sustainable use of forests (Bray and Merino Pérez 2002; Peluso 1992). White and Martin

argue that community-based entities are as good and often better managers of forests than federal, regional and local governments (2002: 2).

Unlike most of its competitor certification schemes, FSC has consistently demonstrated a strong commitment to certification of communally owned forests. Indeed, its 2003 Social Strategy observed that "the state of the world's forests and forest-dependent communities are intimately interlinked. Many argue that strong, healthy communities must be encouraged to ensure healthy forests for the future" (FSC 2003a). Nevertheless, the overall communal share of certification raises concern given the growing importance communities are attaining in managing the world's forests. Thus far, according to Molnar, certification has far reached less than 1% of community forests (ii, 30).

Community-based forest operators face significant obstacles to success with certification. Certified community-based forestry operations experience the same barriers to competition in the international market as before, including organizational inefficiencies, lack of knowledge of the international market, and difficulty in satisfying international buyers' demands for certain species, specifications and volumes (Gerez Fernández and Alatorre Guzman in press).

Unlike Fair Trade certification, producers are responsible for paying the cost of forest certification. Under Mexican conditions for example, average evaluation and monitoring costs can total \$US 36,000 over five years. If indirect costs of prescribed corrective actions are included, certification costs can reach \$US 60,000 (Madrid and Chapela 2003: 5). Community forest certification in Mexico, Guatemala and elsewhere has been significantly subsidized until now by international donor, forest industry and

government grants (Molnar 2003; Taylor in press). These subsidies, however, cannot be expected to continued indefinitely.

As a market-based mechanism for improving forestry management, certification originally promised incentives such as a price premium, access to new markets and improved market stability (de Camino and Alforos 2000: 25). Yet for the most part, forest certification has delivered neither direct income for producers nor access to new markets. Most of the value added generated by certification is appropriated elsewhere in the commodity chain. Except for occasional temporary supply shortages (Bass et al. 2001: 31, 71; Atyi and Simula 2002: 32) or direct trading ties between particular buyers and producer organizations (Molnar 2003), a price premium for certification has not appeared and is reportedly unlikely to appear in the future. Retailers have been consistently reluctant to pay a premium, arguing that end-consumers are unwilling to pay more for certified forest products. Certification instead has mostly afforded greater market stability to producers already enjoying market access as certification increasingly becomes part of buyers' minimum expectations of "quality" and a condition for market entry (Rametsteiner 2002: 93).

Forest certification, of course, was not originally designed to produce economic benefits to forest communities (Madrid and Chapela 2003: 7). It is not a panacea for small producers and may not be appropriate for many small and community forest operations (Dawn Robinson, personal communication 2003). Nevertheless, as White and Martin point out, millions of poor people live in and around many of the most biologically valuable forests in the world (2002). Experience with forest degradation in the developing world has shown that land use change is largely driven by poverty. The

solution, however, cannot be to remove people from endangered forests. Bans and other attempts to sever local peoples' relationship to the forest have produced increases rather than reductions in illegal felling and forest degradation, often by outsiders (Merino 1997). Forest conservation solutions in the global South are more likely to be effective if they include oversight and participation by local communities.

One of FSC's historic aims has been to help protect threatened Southern forests. If the Southern forests increasingly in community hands (Andrew and Martin 2002) are to be protected by certification, ways need to be found to make forest certification economically feasible for certified communities over the longer term. Currently, as Van Dam argues, a central paradox of forest certification is that "an instrument whose principle value lies in the market's functioning is actually disassociated from the market" (2003: 6). Given the lack of an assured market or a price premium, communities consequently find it difficult to invest rationally in their forests' certification. "With no changes to certification schemes, [certification] is unlikely to reach more than two percent of all community forests in the next decade. This is worrisome because of the very significant contribution that forest communities can make to sustainable forestry" (Molnar 2003: ii).

IV. Fair Trade coffee

Fair Trade may provide some lessons useful in rethinking the way certification serves forest communities and helps protect their natural resources. Fair Trade is "a trading partnership which aims at sustainable development for excluded and disadvantaged producers (Robinson 2000:21). The Fair Trade movement "seeks to create more egalitarian commodity networks linking consumers in the global North with

marginalized producers in the global South (Raynolds 2003: 389). Fair Trade's roots go back 40 years to Alternative Trade organizations (ATOs) which promoted partnerships between non-profit importers and retailers in the North and small-scale producers in developing countries (Zonneveld 2003). Today, Fair Trade also offers products in large mainstream distribution channels under a combined Fair Trade label managed by an international NGO, the Fair Trade Labelling Organizations International (FLO). FLO today includes 17 Fairtrade initiatives which trade commodities ranging from trade, bananas, fresh fruit, cocoa, tea, rice, sugar and honey (FLO 2003).

Coffee is the Fair Trade commodity with the longest history and highest sales (James 2000: 23). Coffee is one of the five most important world commodities and is principally produced by poor, small-scale farmers in the global South. Fitter and Kaplinsky report that Fair Trade accounted in 2001 for about one percent of total global coffee sales (2001: 12). In 2003, over 300 Fair Trade coffee grower associations existed, representing some 500,000 small-scale growers in Latin America, Africa and Asia (Murray et al. 2003). Fair Trade coffee imports in Europe in 2002 registered sales of 27 million pounds worth over \$300 million dollars. In the US and Canada in 2000, Fair Trade coffee sales of 4.7 million pounds were registered (Giovannucci 2001).

The coffee commodity chain

The conventional coffee market is a buyer-driven commodity chain (Ponte 2002: 1107) dominated by large roasters, including some of the world's largest corporations. Roasters are increasingly concentrated, with five giant agro-food corporations shaping the world retail market (Waridel 2002: 53). Since the 1989 collapse of the International Coffee Agreement, prices have fallen to their lowest level in a hundred years. Despite

coffee prices well below production costs, the TNCs buying and roasting most of the world's coffee are making unprecedented profits (FLO 2003; Oxfam 2002: 21).

Producers' share of coffee income dropped from 20 percent in 1989 to 13 percent in 1995 (Ponte 2002; 1106). Millions of small farm families have suffered the loss of their livelihoods (Murray et al. 2003: 3; Oxfam: 2002).

It has historically been difficult for small producers to supply the sector's giant corporations, who generally have used in-house purchasing organizations or multinational dealers to supply needed volume and varieties (Renard 2003: 494). Nevertheless, the international coffee chain (see Waridel's basic "coffee route" in Figure 1) presents unique opportunities to organize coffee production, trade and consumption outside large corporate channels. Renard points to a growing number of small roasters and argues that these represent "interstices" in the globalized market where small producers can enter under more favorable conditions (1999; 2003; also see Ponte 2002). The increase in small roasters has been spurred by the rapid growth in the specialty coffee sector, estimated to be as high as 40 percent of U.S. sales (Oxfam 2002: 25, 26). With direct buying relations with producers and more direct access to end consumers, specialty coffee roasters have been more open to providing niches for "sustainable" coffees like Fair Trade, organic and shade grown products (Giovannucci 2001; Fitter and Kaplinsky 2001: 12).

[Figure 1 about here]

Unlike forest certification, which aims mainly to influence forest management and production conditions, Fair Trade aims explicitly to alter trade relations in conventional markets. To be Fair Trade certified, coffee producers' operations must be

small-scale, be organized into politically independent democratic associations, and pursue ecological goals. Coffee buyers, for their part, must agree to purchase directly from grower organizations with contracts extending beyond one harvest cycle. They must also meet the FLO minimum price of \$U.S. 1.21 per pound (Arabica coffee) and pay a social premium of \$0.5 per pound (Murray 2003: 6, 20). Contrary to forest and most other certification schemes worldwide, the buyer rather than the producer pays the cost of Fair Trade certification and monitoring by FLO. As these costs are passed up the commodity chain, Fair Trade is mostly financed by consumers willing to pay more for fair coffee (FLO 2003).

This willingness to pay a premium for Fair Trade is supported by the building of direct ties between Northern consumers and Southern producers. Renard writes that with Fair Trade coffee, "moral and ideological considerations are added to the value of the product itself. Consumers are conscious of their participation in humanitarian or charitable actions when they buy a certain product over another (1999: 490; also see Ponte 2002: 1110). Smith suggests that specialty coffee consumption is linked to a larger trend in the North toward designer products that contain symbolic qualities that call attention to the way "consumption of this particular product marks the consumer as someone different, exceptional, and indeed superior" (1996: 506).

Coffee's characteristics and symbolic consumption

Coffee is particularly suited to "identity marketing" strategies that personalize consumption in socially and environmentally responsible ways and make concrete a relationship made abstract by time, distance, geography, culture and class. Coffee is a relatively simple product, far less complex than manufactured products combining highly

diverse components from multiple sources. According to Talbot, despite having an often large number of intermediaries, the coffee commodity chain is a relatively simple one with few side branches. "Green coffee is a semi-processed raw material that is used to make only a few final products—roasted, brewed, or instant coffee for final consumption. Very few other inputs are used in the growing or processing of green coffee or its manufacture into final consumable forms" (1996: 61). At the same time, coffee is produced exclusively in the Third World, lending itself to Fair Trade exchange relations with Northern consumers (Brown 1993: 181).

Coffee, therefore, allows a direct link to be more readily established back to the beverage's source, where its producers can be visualized as real people in real social, political and economic contexts. That coffee is often consumed in social setting reinforces its effectiveness in consumers' identity construction. Coffee also lends itself to low cost, low risk strategies for end-consumers. Fair Trade's price premium, though a significant proportion of cost, involves less outlay in absolute terms than products such as certified lumber. Consumers purchase coffee in relatively small lots; a decision to purchase a cup or several pounds of coffee is less risky and long lasting than one to purchase costly durable goods such as furniture.

V. Obstacles to a fair trade approach to community forest certification

On the face of it, significant obstacles appear in the way of developing a fair trade approach to community forest certification and labeling. The wood products commodity chain is often highly complex and the growing certified market is dominated by giant retailers who may have little interest in generating additional grassroots demand for certified wood. The characteristics of many wood products themselves make establishing

direct ties between end consumers and producers problematic. Finally, FSC's organizational approach to certification has been shaped by its commitment to work mainly within conventional markets, an approach which has over time led to the predominance of stronger, Northern-based participants. Moreover, intense competitive pressures from other certification schemes also push FSC to seek larger scale state and industrial suppliers in order to satisfy its buyers' demands.

The wood products commodity chain

Unlike coffee, both wood production and trade are dominated by Northern countries. OECD members account for almost 2/3 of global wood production (WWF 2001a: 9). If exports and imports are combined, ten countries, all industrialized countries except for China, account for over 2/3 of the value of world trade in forest products. Rather than involving almost entirely South-North production and trade flows as in coffee, about 3/5 of total wood product trade occurs within regions. North America and Europe obtain 80% or more of their imports from within their own regions (Peck 2001: 101, 131).

Like that of coffee, the international wood products market is undergoing concentration (Rice et al. 2000: 30). Almost half the annual global wood harvest is now processed by 50 forest products companies. The top 50 users of wood consume ten percent of the total (WWF: 2001a). At the same time, the rest of the wood products market is quite fragmented, with the wood products chain varying greatly by country and type of product (WWF 2001a; Peck 2001: 157). Contrary to the relative simplicity of the coffee commodity chain, complete wood products chains (see a simplified diagram of the basic wood products commodity chain in Figure 2) can involve hundreds of individual

companies, many stages of processing and transportation and multiple changes in product ownership (Lawrence 2002: 101; Peck 2001: 126, 154).

[Figure 2 about here]

The certified wood products commodity chain currently lacks an "interstice" analogous to that of Fair Trade coffee's small roasters which would facilitate an alternative model of production and trade. The certified wood products market increasingly resembles a buyer-driven commodity chain like coffee. Most important commercial successes in placing certified wood have occurred in the DIY (Do-It-Yourself) (Bass et al. 2001: 72) where large global retailers like B&Q, IKEA, HomeDepot and Lowes are the key actors. Unlike the specialty coffee market's small roasters, these giant retailers control markets that are not readily accessible to small-scale or community-based forest producers in the South. They may have little interest in small or community-based certification or in developing direct consumer-producer relationships analogous to those of Fair Trade coffee. Similarly to the conventional coffee sector's large roasters, large wood products retailers tend to seek large scale suppliers best capable of providing them with raw material of the consistent quality, specifications and timing.

Unlike Fair Trade's specialty coffee roasters, these large wood product retailers appear to appropriate the lion's share of the benefits of certification's value added relative to producers. Significant demand for certified wood has developed without the appearance of a systematic price premium or new markets for most certified producers. Retailers have argued that consumers are unwilling to pay more for certified wood products. Though the evidence of consumers' willingness to pay is mixed, several studies

suggest that Northern consumers are indeed prepared to pay a significant premium (Vlosky et al. 1999; WWF 2001b; Rametsteiner et al. 1998; Thornber 1999).

In reality, little evidence exists of significant, systematic investment in developing end-user demand for certified wood products. Bass et. al. suggest that retailers may lack serious interest in generating growth in end-consumer demand for certified wood (2001: 64). Large retailers' principal interest in certification lies in risk management and reputation enhancement as certification protects them from criticism by environmental groups and regulatory agencies. One executive of U.K, retailer B&Q, for example, stated that "we weren't ever going to have customers demanding sustainable timber in our stores. But we knew that if our name, B&Q, was associated with destruction of tropical forests or even temperate forests, our brand name...would be damaged (quoted in Counsell and Terje Loraas 2002: 12, 13). In addition, these giant retailers may also be understandably reluctant to awaken greater grassroots interest in certified wood which could generate new criticism of the majority of their wood products which are not certified.

Wood product characteristics and symbolic consumption

A recent media advertisement on behalf of FSC recently announced, beneath a photograph of Pierce Brosnan, the world's latest James Bond, that "You don't have to be a movie star to be an action hero" (Freris and Laschefeski 2001: 40). This suggests that FSC and its supporters have understood Fair Trade's lesson about the power of harnessing alternative marketing to consumers' notions of personal identity. This "James Bond" marketing strategy does attempt to personalize the consumer's relationship to far away forest production conditions (though not a relationship with other human beings in those

forests). Yet little systematic effort has been invested in developing grassroots end-consumer demand for FSC certified products.

Unfortunately, unlike coffee, the characteristics of many wood products do not so easily lend themselves to personalized symbolic consumption strategies. Peck observes that "...of all the commodities of importance in international trade, wood products are one of the most complex and diversified, ranging from basic raw materials straight from the forest to sophisticated manufactured products. One has to talk about markets in the plural for wood products rather than a single market." The world wood products market includes five major subsectors: paper and paperboard (33%), wood raw material (14%), sawnwood (23%), wood-based panels (11%) and woodpulp and waste paper (19%) (2001: 99, 293).

Most of these wood products arrive to end consumers as complex combinations of natural and synthetic materials sourced from multiple locations worldwide. Manufactured products also often require quite specific species, specifications and dimensions that are difficult to match with available certified wood supplies. FSC has recognized this difficulty by instituting a percentage-based policy in which assembled wood products can carry the FSC logo if the product contains 70% or more wood from certified sources (Counsell and Terje Loraas 2002: 21).

Many wood products, furthermore, do not offer the consumer the low cost, low risk strategies found in coffee consumption. Supporting a fair trade premium for high value nonperishable goods such as lumber or furniture would require a significant outlay by consumers. And unlike coffee, wood product consumption in many cases, such as

construction materials, may not provide the same range of social opportunities for consumer's identity work.

FSC's commitment to conventional wood products markets

While its social standards recognize the link between conservation and poverty alleviation, FSC's principal commitment has been to promote sustainable forest management via certification of conditions and impact of wood production. It has never aimed to modify existing trade relations but on the contrary has worked mainly through conventional market channels. In recent years, moreover, competitive pressures on FSC have encouraged a focus on large scale suppliers and buyers. While once all certified forests were FSC certified, today, FSC has 23 percent of the highly competitive "certification market."⁴ Atyi and Simula estimate that 2/3 of the demand for FSC labeled products comes from WWF's Global Forest and Trade Network (2002: 11, 17), whose members include giant global retailers. Critics fear that high demand for FSC products by major retailers and competition with other schemes pushes FSC to expand rapidly with a strategy favoring large suppliers. Indeed, an FSC-commissioned Change Management Team remarked in 2001 on:

the need to rapidly increase the supply of certified timber for producers and retailers so there is a major increase in the volume of products carrying the FSC brand name. The ultimate success of FSC will depend upon in large part its ability to put labeled products on the shelf...With the growing acceptance of the FSC as the preferred brand by a number of major retailers (e.g. IKEA, B&Q, and the Home Depot) the pressure is on to FSC to deliver. Should FSC fail to respond to the market demand for labeled products, an ever increasing number of competing certification schemes stand ready and able to overtake FSC (quoted in Counsell and Terje Loraas 2002: 26).

Bass et al. argue that it has grown, FSC has evolved from an NGO concerned with addressing degradation and deforestation, particularly in Southern forests, to a "buyer-

driven preoccupation with delivering large quantities of certified wood products, which has naturally led to a focus on those big producers who already have well managed forests and can readily supply the produce (2001: 86).

Unlike Fair Trade's philosophical challenge to its conventional coffee markets, many of the key assumptions underlying FSC certification are compatible with conventional approaches to market organization. For example, FSC's standards and principles are designed to be global and universal in nature (though within its framework national and regional standards respond to local ecological conditions). Van Dam reports that FSC's Economic Chamber in its General Assembly has strongly defended identical standards for all producers, be they large firms, small producers, communities or indigenous groups (2003: 12). The insistence on uniform rules of the game draws on a *laissez faire* presumption that market actors are individuals with equal opportunities to compete. Yet the fact that FSC certification's diverse participants enter the scheme as unequals is highlighted after ten years by the strong predominance of certificate holders in state and industry controlled temperate and boreal forests.

Forest certification's "producer-pays" practice of covering costs dovetails with conventional assumptions that in a competitive market, all participants benefit as individuals and therefore should assume risks as individuals. The lack of a price premium makes it difficult for smaller scale producers to see certification as an economically rational strategy. The lack of a premium for certified products carrying additional information about their origins might appear to contradict conventional market assumptions that products should be priced to reward value-added. But as long as most producers continue to pay for certification themselves and in the absence of more direct

end-consumer demand, little incentive exists for buyers further up the commodity chain to provide a premium.

FSC's scheme assumes that if consumers value environmental and social objectives, market mechanisms will translate their preferences into supply of the relevant services. Observers of certification today often express disappointment that consumers are "unwilling" to pay a premium for forest certification (Peck 2001: 245). Yet relatively little evidence exists that significant resources have been invested in promoting end-user consumer demand for certified wood products (Bass et al. 2001: 64). On the contrary, forest certification has relied heavily on large retailer demand, actors which may reap the benefits of certification without investing in difficult-to-control end user demand.

The lack of an already existing "interstice" in the certified wood products analogous to Fair Trade's small roaster, characteristics of wood products which complicate the creation of direct ties between Northern consumers and Southern producers, competitive pressures encouraging FSC to seek large suppliers, and elements of its own organizational strategy are all features which make a fair trade approach to forest certification problematic. Nevertheless, as will be argued below, other features of forest certification are potentially supportive of a fair trade community forest certification approach.

VII. A fair trade approach to forest certification

The above obstacles notwithstanding, conditions favorable to a fair trade approach to community forest certification do exist. First, a fair trade approach would be consistent with FSC's historic pursuit of social as well as environmental objectives. Since its founding, FSC has recognized the link in the developing world between

conservation and the well being of the people living in and around forests. Indeed, FSC, its certifiers, and its donors "have aggressively supported community certification" (Molnar 2003: 1). Today, FSC's Social Strategy charts out an explicit social agenda for forest certification (FSC 2003a). FSC has been working recently to improve access to certification by less powerful actors in the South. For example, new certification procedures for Small and Low Intensity Managed Forests (SLIMFs) are being designed and field tested which will observe FSC's global principles and criteria while recognizing the unique problems of such operations (Robinson and Brown 2002). Other measures FSC has been exploring include group and stepwise certification which would be more accessible to small-scale operations (Molnar 2003: 16). FSC has also been responding to criticisms of its Social Chamber's weakness relative to other interests represented in its General Assembly (Counsell and Terje Loraas 2002: 7, 8, 32) by restructuring to promote a better balance of influence and interests (Bass et al. 2001: 94). Though FSC has in the past consciously avoided direct involvement in the commodity chain beyond the forest, related organizations are developing assistance programs for certified communities and other small-scale operations. For example, the WWF is now developing producers groups (Bass et al. 2001: 87). Rainforest Alliance's Smartwood Program is supporting a new organization called TREES, which will provide marketing and other assistance to certified community-based forest producers (Rebecca Butterfield, personal communication, 2003).

Second, a fair trade approach to community forest certification could be seen as consistent with FSC's existing practice of making its global standards appropriately responsive to local ecological and geographic conditions without sacrificing sustainable

forest management. There is much evidence to show that in the developing world, as one Mexican rural activist put it in an interview, one cannot talk about conservation without talking about poverty (Taylor 2000). To appropriately and effectively protect threatened forests in the South, the livelihood needs of local people must be addressed. The SLIMF initiative already represents FSC's acknowledgement that achieving its overall goal of sustainable management requires an approach adapted to the unique conditions under which small-scale and low intensity operations occur.

Third, a specialized project, either within or external to but supported publicly by FSC, would not have to compete directly with FSC's existing larger scale suppliers or buyers. On the contrary, a fair trade community forest certification could result in a new market niche, bringing new buyers into certification, including some that currently avoid wood entirely by using synthetic materials (see Peck 2001: 158). Conventional buyers and retailers of certified wood may well discover that fair trade community forest certification could increase overall certified wood sales because of increased end-consumer awareness of forest certification. Conventional buyers and retailers fearing that a fair trade community forestry would undermine the legitimacy of their own non-certified products in the public eye could find reassurance in the recent corporate participation in Fair Trade coffee. The commitment by global corporations such as Starbucks and Carrefour to supply a portion of their coffee from Fair Trade sources has not resulted in significant undermining of the public legitimacy of their non-Fair Trade products. Indeed, their critics fear that these corporate actors may be benefiting greatly from Fair Trade with only a token commitment (Murray et al. 2003; Reynolds 2003; Renard 2003).

A fair trade approach to community forest certification would highlight the importance in conservation in the global South of "forest steward communities" which organize together to secure adequate livelihoods for today and for their children's' futures by ensuring the sustainability of their natural resources. Much like Fair Trade's emphasis on democratic associations of small coffee producers, an important feature of these forest steward communities' sustainable management would be their systematic attention to inclusiveness and equity in the management of forests and in the distribution of forest-related benefits. This focus on inclusiveness and equity would be compatible with FSC's social standards, which stress the importance of including stakeholders in decision making and benefit distribution.

In addition to attention to the technical and social dimensions of community forest management, a fair trade approach would also aim to modify relations among the actors along a certified wood product chain. It would, for example, seek to guarantee more equitable ways of sharing costs of certification. A key principle of community forestry is that those parties with a stake in healthy forests should not only participate in management, but also invest in it. In the case of forests in the global South, in addition to producers those stakeholders include the international community which values the health of Southern forests. Rather than making community-based producers entirely financially responsible for certification, therefore, other actors in a fair trade wood commodity chain should help cover certification costs. Given the lack of systematic investment in awakening end-consumer interest in certified wood thus far, it cannot yet be established that consumers are unwilling to support a price premium. Possible cost sharing arrangements could include complete buyer responsibility for certification costs (as in

Fair Trade coffee until now), or agreements among multiple actors to share costs, including producers, buyers at various nodes of the commodity chain, and end-consumers.

For a fair trade approach to community forest certification to operate successfully, significant effort and resources would need to be invested in developing new specialized market niches for certified community wood products. Such specialized markets could be developed via a dual commercialization strategy. First, end-user demand could be promoted with grassroots campaigns that seek to develop direct ties between consumers and producers of certified wood. These could highlight both the role of forest steward communities in protecting threatened Southern forests and inform end-consumers of ways to share responsibility for sustainable forest management. These campaigns could learn from the experience of the ATO movement and organizations such as Equal Exchange and Global Exchange that promote Fair Trade coffee by personalizing the link between end consumers and producers.

The successful creation of those personalized end consumer-producer ties would require identifying and developing certified wood products with appropriate characteristics. Products appropriate for fair trade would facilitate end consumers' symbolic identity work without requiring excessive economic risk per unit purchased. For example, Bass et al. observe that a high demand exists for certified paper products (2001: 56, 58). Paper manufacturer's wood fiber sources are typically numerous, constantly change with market fluctuations and are difficult to track. Nevertheless, recycled paper products have long been successfully marketed among end consumers with labels indicating a percentage of guaranteed "post-consumer material." FSC has adopted a

similar method of certification and labeling possible in such cases, by allowing chip and fiber products to carry the FSC logo with at least 17.5% certified material (FSC 2003b). Other products possibly amenable to community forest certification and labeling might include furniture (a product already often sold via ATO outlets despite its relatively high cost and associated fair trade premium), packaging materials, and light construction materials for household project such as particle board, plywood, molding and veneer.

A second dimension of a dual commercialization strategy could selectively target institutional buyers. Large organizational buyers such as local governments, church groups, voluntary organizations and even corporations could publicly demonstrate their commitment to community stewardship of Southern forests by agreeing to include certified community materials in their large scale purchases of office, construction materials and other supplies. Fair Trade coffee promoters have been experiencing significant success in persuading such institutional buyers to commit to "responsible purchasing" policies. At the same time, Fair Trade coffee's "mainstreaming strategy" has awakened concern that large, powerful participants may serve themselves without an authentic commitment to Fair Trade principles (Murray et al. 2003; Taylor forthcoming). The proliferation of corporate designed "fair" coffee schemes outside of FLO's Fair Trade network highlights these fears (Murray et al. 2003; Renard 2003).

A fair trade community forestry commercialization scheme targeting large institutional buyers, therefore, would call for careful attention to creating governance structures that ensure that other actors in the commodity chain genuinely support the scheme rather undermining it. However, the recent experience in the coffee sector with corporate support for reform of the international coffee system (Oxfam 2002) suggests

that even large powerful economic actors benefiting from the status quo can recognize that a system requires reform to survive in the longer run. The Fair Trade coffee experience also suggests that large powerful actors can acknowledge that they too, can benefit from trading relations based on the pursuit of greater fairness and inclusiveness.

VIII. Conclusion

Forest certification has clearly been successful, in terms of its rapid recent growth in the number of participants, the quantity of forests certified, and the seriousness with which conventional markets are greeting certified products, and practitioners and researchers their pioneering certification and labeling models. It has been less successful in following through on its initial aim to protect tropical forests in the global South. Community-based forest operations, in particular, face barriers to certification despite their growing importance in managing the world's forests. In addition to internal obstacles to international competitiveness, the lack of a price premium for certification and significant new markets for most participants make it difficult for communities to adopt certification as a rational management strategy.

This paper has proposed that a Fair Trade-like approach to community forest certification and labeling could enhance certification's capacity to respond to the social and environmental requirements of sustainable management in the developing world. Efforts should be made to build constructively on the highly successful experience of FSC, the certification scheme with the strongest historical commitment to community certification. This paper has argued that a fair trade approach would be highly compatible with key principles and objectives of FSC as currently structured.

A preliminary framework was proposed for assessing both the problems and the significant potential of developing such a fair trade community forestry approach. A fair trade community forestry certification would require an explicit commitment to modify trade relations in the conventional certified wood market, a commitment not previously assumed by forest certification. A fair trade approach would almost certainly require a price premium, broader support for certification costs and the development of new markets. The organization of certified wood commodity chains needs to be explored carefully to develop an "interstice" where community forest operations might enter under more favorable conditions. Certified wood products would need to be identified or developed that could support more direct ties between Northern end consumers and Southern community forest producers. Systematic attention and investment need to be devoted to developing appropriate commercialization strategies which would enlist both end consumers and selected institutional buyers.

Communities are assuming growing importance as stewards of the world's forests. One of the key lessons of community forestry has been that when people with a stake in a common pool resource have real access and genuine opportunities to participate in decision making, they can be highly effective stewards of their resources. A corollary principal is that stakeholders should invest in sustainable management as well. As a stakeholder in the health of the global forest, the international community's support of community forest stewards in the South can be viewed as a logical co-investment in sustainable management rather than as a subsidy. A fair trade community forest certification could represent a potentially highly effective instrument for bringing

together an unprecedented range of stakeholders across North-South boundaries in cooperative pursuit of sustainable solutions to global problems.

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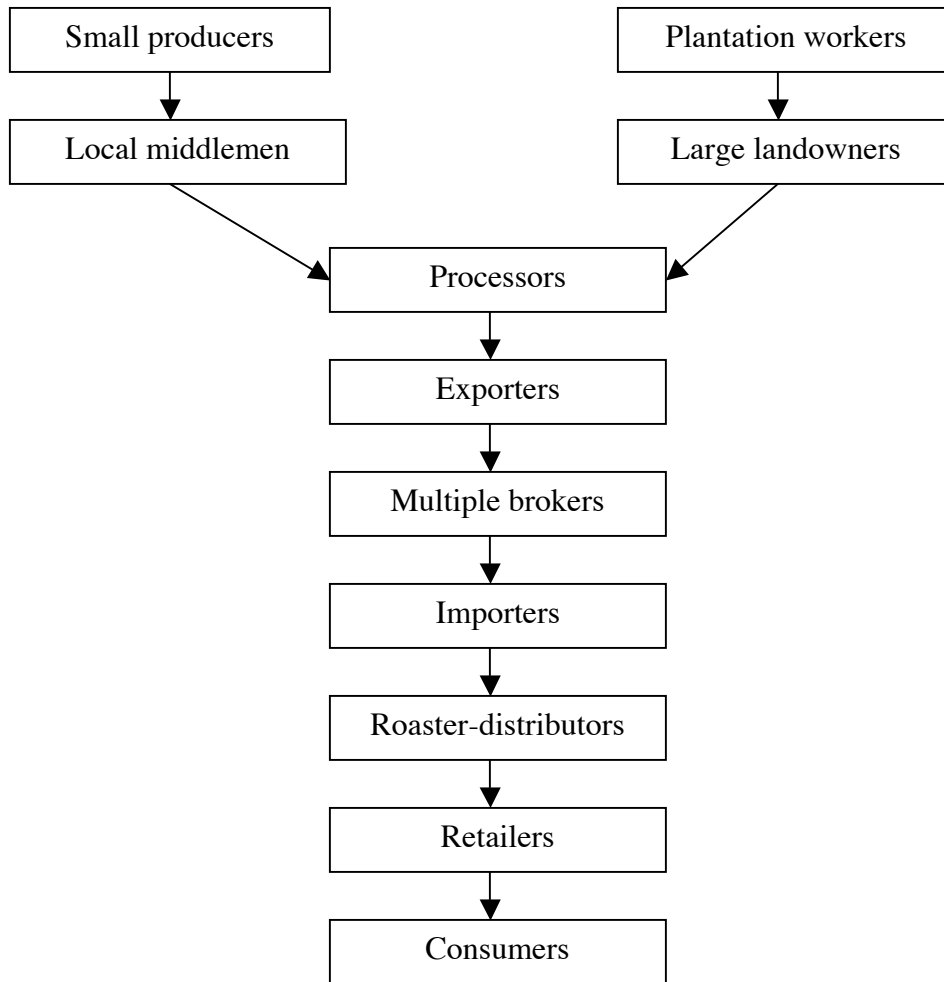
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Figure 1

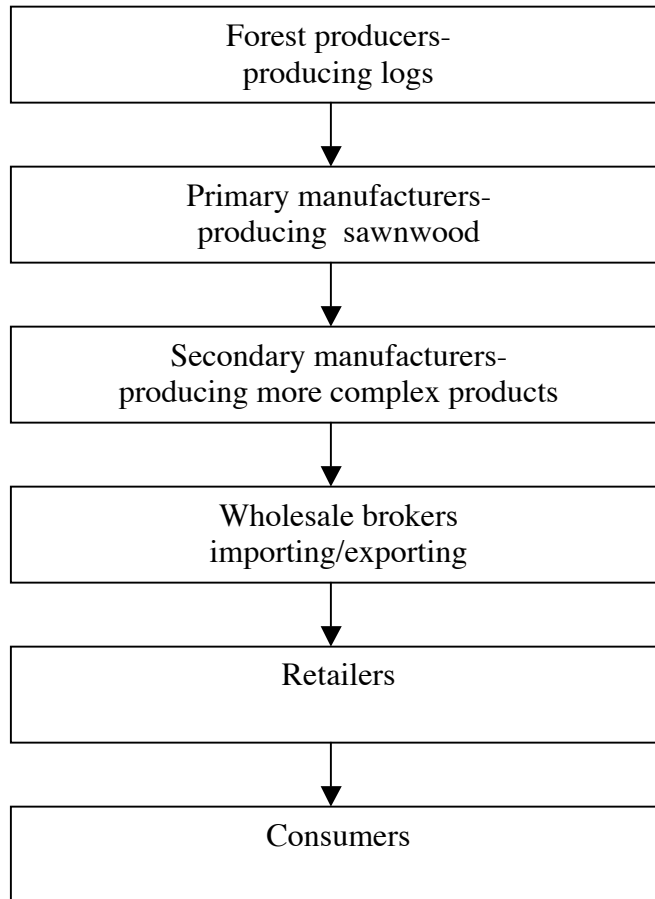
The Coffee Commodity Chain



(Waridel 2002: 43)

Figure 2

The Wood Product Commodity Chain



(adapted from Bass et al. 2001: 45; Lawrence 2002:101)

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² See Robinson 2000 and Taylor 2004 for systematic comparisons of Fair Trade and FSC forest certification.

³ These include PEFC (Pan-European Forest Certification), SFI (Sustainable Forestry Initiative), ATFS (American Tree Farm System), CSA (Canadian Standards Association) and nearly twenty national forest certification programs, many of which were established to provide the forest industry with certification standards that are deemed more appropriate for local conditions or less rigorous than FSC's performance based system (Bass et al. 2001: 7).

⁴ The PEFC has the largest share, with 38% of certified forests. National schemes in North America, including SFI, ATFS and CSA together account for 25% of the world's certified forests (Atyi and Simula 2002: 11).