

**Summary Report: Survey of the
Canadian Commercial Forestry Perspective
on Certification**

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by

**Takuya Takahashi
Ilan Vertinsky
Tim Williamson
And
Bill Wilson**

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Authors

Takahashi and Vertinsky are at the Forest Economics and Policy Analysis Research Unit, University of British Columbia, Vancouver; Williamson the Northern Forestry Centre, Canadian Forest Service, Edmonton; and Wilson, the Pacific Forestry Centre, Canadian Forest Service, Victoria.

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Background to This Report

From May 1999 through August 1999, the authors conducted a survey on forest certification using a structured questionnaire. The purpose of this report is to give a timely summary to the survey respondents and to others with an interest in forest certification. A complete analysis and final report are actively underway.

The certification questionnaire was sent to 475 senior executives employed at forest products companies in Canada. The survey population was collected from two industry directories, Random Lengths' Big Book (1998) and Pulp & Paper Canada Annual Directory (1999). Companies with facilities in Canada producing lumber, plywood, veneer, OSB / waferboard, shingles & shakes, and pulp & paper were included in the survey¹. In choosing potential respondents' names from each company, we tried to pick the names of persons who seemed likely to be familiar with issues of forestry or fibre supply. A questionnaire was sent to each major operating facility for each company included in the survey population. Follow-up calls were made after the mail-out. As of August 26th, we had received 142 responses (30% response rate)². The number of firms participating in the survey was 117.

This report follows the structure of the questionnaire. First, we review how firms are involved in forest certification. Next, we see how managers of forest products companies evaluate forest certification in terms of its advantages and disadvantages. Thirdly, we ask which stakeholders in a firm launched the process of forest certification. In Question Four, we examine the attitudes of stakeholders in firms toward forest certification. In Question Five, we ask what information sources are important in respondents' decision-making regarding forest certification. In Questions Six and Seven, we review the firms' characteristics, such as timber supply and markets for their products.

This survey focused on four forest certification schemes, namely: 1) forest certification accredited by the Forest Stewardship Council (FSC); 2) forest certification by the Canadian Standards Association (CSA); 3) ISO 14001 certification of environmental management systems (ISO 14001) instituted by the International Organization for Standardization³; and 4)

¹ Excluded from the sample were pulp & paper manufacturing companies which use only recycled materials as their fiber source.

² As with any survey caution is required in interpreting results. It is reasonable to assume that respondents are more likely to be more knowledgeable than non-respondents are.

³ In our questions, we specifically limit ISO 14001 certification only to the area of forestry. Therefore, the survey does not consider ISO 14001 in other areas, such as processing and transportation.

FORESTCARE certification by the Alberta Forest Products Association. A brief overview of the major forest certification schemes is provided in the Appendix.

Involvement in Forest Certification

As shown in Table 1-1, respondents indicated they were most familiar with the ISO 14001 scheme⁴. They were quite familiar with the CSA and FSC schemes. Not surprisingly, a majority of the respondents were not familiar with FORESTCARE, a regional industry-run program. When we asked respondents whether they were participating or considering participation in each of the major forest or forestry certification scheme now available, 53% of the respondents indicated that they were either participating in or considering ISO 14001 (Table 1-2). Thirty-eight percent have chosen to participate or are considering participation in the CSA and 24% the FSC program. Only 20% have indicated participation or intention to participate in the FORESTCARE program⁵. Forty-one percent of the responding companies intend to obtain more than one kind of certification (Table 1-3).

Table 1-1

Q1. (Involvement in Forest Certification)

How familiar are you with these certification schemes?
(Scale: No knowledge=1, Extremely familiar=7)

ISO 14001	Mean value = 4.2
CSA	Mean value = 4.0
FSC	Mean value = 3.7
FORESTCARE	Mean value = 2.8

⁴ In the following statistics, in most cases, we count one response as one observation. The only exceptions are questions related to companies' participation in forest certification. In such questions, we make adjustments to avoid double-counting.

⁵ However, as shown also in Table 1-2, more than 80% of respondents in Alberta indicated participation or intention to participate in FORESTCARE.

Table 1-2

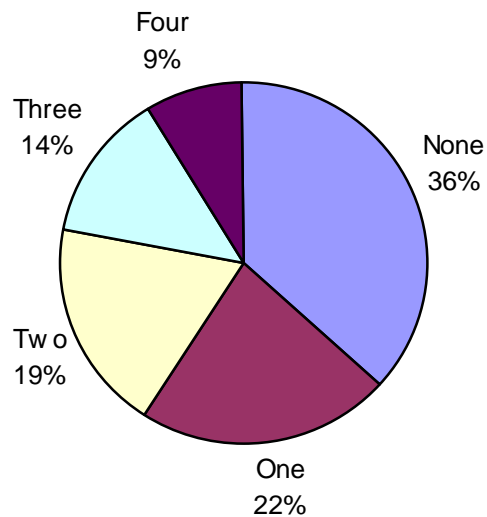
Are you participating or considering participating in these certification schemes?

	Canada Total		Alberta		Atlantic Provinces		BC		ON		PQ	
N=	117		18		20		53		19		25	
Answer = Yes	#	%	#	%	#	%	#	%	#	%	#	%
ISO 14001	62	53%	8	44%	15	75%	29	55%	13	68%	13	52%
CSA	45	38%	6	33%	10	50%	25	47%	5	26%	2	8%
FSC	28	24%	4	22%	4	20%	20	38%	4	21%	3	12%
FORESTCARE	23	20%	15	83%	1	5%	9	17%	1	5%	0	0%
Others	7	6%	0	0%	2	10%	2	4%	1	5%	0	0%

Table 1-3

Commitment to more than one certification scheme.

	Number of Companies	Percentage
None	43	37%
One	26	22%
Two	22	19%
Three	16	14%
Four	10	9%
Total	117	100%



We further asked respondents who indicated their commitment to a particular forest certification scheme about their firms' particular stage in that process of certification. As shown in Table 1-4, more companies were found to have progressed further toward certification ("Preparing for audit" and "Certified") in FSC, ISO 14001, and FORESTCARE certification schemes than in the CSA scheme (Table 1-3). Still, it is apparent that with the exception of FORESTCARE, the large majority of companies are still at a stage of assessing the need for certification and from among the various certification options.

Table 1-4

If you answer "Yes" to the question in Table 1-2, "Are you participating or considering participating in these certification schemes", at what stage is your company?

	Information gathering		Preliminary contacts with the certifier		Preparing for audit		Certified		N.A.		Total: Companies that answered "Yes"	
	#	%	#	%	#	%	#	%	#	%	#	%
ISO 14001	35	56%	9	15%	12	19%	5	8%	1	2%	62	100%
CSA	35	78%	6	13%	3	7%	0	0%	1	2%	45	100%
FSC	18	64%	2	7%	4	14%	3	11%	1	4%	28	100%
FORESTCARE	3	13%	0	0%	5	22%	13	57%	2	9%	23	100%
Others	1	14%	3	43%	2	29%	0	0%	1	14%	7	100%

Assessment of Forest Certification Schemes

Appropriate Certification Schemes

Respondents chose one or more certification schemes that "best" match their firm's needs (Table 2-1). In this regard, ISO 14001 leads other schemes, collecting 48% of all "votes", while CSA tallied 17%, FORESTCARE 11%, and FSC 6%. Other schemes (not in our list) that respondents chose as best matching their companies' needs, included the Sustainable Forestry Initiative by the American Forest and Paper Association, the Ontario Forest Industry Association Code of Forest Practices, and the Pan European Forest Certification program. Two respondents felt that no certification scheme met their companies' needs.

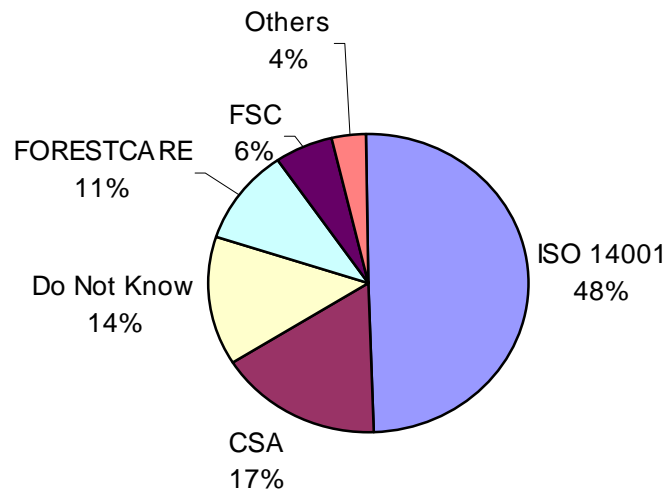
Table 2.1

Q2. Assessment of Forest Certification Schemes.

Part A. Best Certification Schemes.

Please choose the forest certification scheme which best matches your company's needs based on your knowledge now.

Certification Scheme	Yes, this one is best.	
	Number	Percentage
ISO 14001	68	48%
CSA	23	17%
FORESTCARE	15	11%
FSC	89	6%
Others	5	4%
Do Not Know	19	14%
Total	138	100%



Assessment of Advantages

Respondents assessed the perceived advantages of the scheme that best suited their companies (Table 2-2). A list of potential advantages that may be derived from forest certification was provided and respondents were asked to rate each advantage in the list on a seven-point interval scale (1=Will not work to 7=Will work very well). Mean values of the ratings for all respondents were calculated. Mean values for each group of companies that chose a particular certification scheme as the one best scheme suited to their firm's needs were also calculated. Table 2-2 provides details.

Advantages related to firms' response to societal pressures ranked the highest when we added the ranking of all respondents. For example, two advantages, "Securing general public confidence in my company's forest management," and "Responding better to pressures from environmental groups," are the top ranked two advantages. "Securing markets for our products," ranked third. Probably, these high rankings support the concern that companies have about continued access to forestlands (particularly Crown Lands), the emergence of product certification as market access conditions, and the chance of disruption of operations through boycotts. Other concrete business advantages (e.g. "Enabling my company to obtain a price premium") are located in the bottom part of the list. Ecological or environmental benefits, such as "Improving the recreational and landscape features of the forest" are in the middle of the ranking.

This general pattern roughly holds across the responses by those who chose ISO 14001 and CSA as the schemes most suitable to their firm. Those who selected FSC and FORESTCARE placed ecological or environmental benefits in rather high places. Those who selected FORESTCARE on average rated "Securing markets for our products" lower (the 8th among the benefits). The regional nature of the scheme is apparently not expected to meet the certification demands in shipments outside the region.

Table 2-2

Q2. Assessment of Forest Certification Schemes
 Part B. Assessment of Advantages
 (Will not work = 1 – Will work very well =7)

	All Votes		FSC		CSA		ISO 14001		FOREST-CARE		Others	
	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank
Securing general public confidence in my company's forest management	5.50	1	6.13	2	5.70	1	5.58	1	5.33	1	4.96	1
Responding better to pressures from environmental groups	5.27	2	6.25	1	5.23	3	5.33	2	5.27	2	4.76	2
Securing markets for our products	4.93	3	5.25	3	5.35	2	5.08	3	3.93	8	4.61	3
Improving shareholder satisfaction	4.72	4	4.25	7	4.68	4	4.83	4	4.86	3	4.48	4
Improving staff morale	4.00	5	4.19	8	4.00	6	4.06	5	4.21	6	3.64	8
Improving the recreational and landscape features of the forest	3.99	6	5.00	4	3.86	8	3.91	6	4.47	4	3.70	7
Providing a better habitat for wildlife	3.97	7	4.63	5	3.77	9	3.88	7	4.47	4	3.88	5
Ensuring the biodiversity of the forest	3.93	8	4.57	6	3.91	7	3.82	8	4.20	7	3.87	6
Improving access to financial capital	3.71	9	3.25	10	4.24	5	3.80	9	3.21	10	3.43	9
Enhancing the timber productivity of our forests in the future	3.10	10	3.43	9	2.95	11	3.03	10	3.53	9	3.05	10
Enabling my company to obtain a price premium	2.65	11	2.29	11	3.14	10	2.33	12	2.93	11	3.00	11
Reducing operating costs	2.63	12	2.00	12	2.52	12	2.87	11	2.80	12	2.17	12

Assessment of Disadvantages

Respondents also expressed certain concerns about the forest certification scheme they chose as the "best" for their firm (Table 2-3). A list of disadvantages that may be caused by forest certification was provided and respondents were asked to rate each disadvantage in the list on a seven-point interval scale (1=No problem at all to 7=Very serious problem). Mean value ratings for all respondents, as well as for the groups of respondents who chose a particular method as the most suitable to their firm, were again calculated. Table 2-3 lists the potential disadvantages according to their rank as calculated for all respondents and each of the separate groups.

In this table, a higher number indicates that the selection is seen as being more disadvantageous. The respondents' primary concerns were the indirect and direct costs of certification. Disadvantages such as "Increased administrative workload in the future", and "Direct expenses of certification", are in the first and second ranks, respectively. Surprisingly, respondents indicate less concern about the potential negative effects of certification on their operations than about the indirect and direct costs of certification. For example, disadvantages such as "Increased restrictions on operations", and "Conflict with government's regulations or requirements" are found in the middle and bottom parts of the ranking. Also, technical aspects of certification implementation such as "Unavailability of accredited certifiers" are found in the bottom part of the ranking.

The rankings by the groups which chose for their companies FSC and FORESTCARE exhibit deviation from this general pattern. The FSC group is more concerned about the specific restrictions imposed by certification. In this group's ranking, items such as "Increased restrictions on operations," and "Conflict with government's regulations or requirements," receive higher ranks than in the overall ranking. The FSC and FORESTCARE groups were less concerned about "Direct expenses of certification".

Table 2-3

Q2. Assessment of Forest Certification Schemes
 Part C. Assessment of Disadvantages
 (No problem at all = 1 – Very serious problem =7)

	All Votes		FSC		CSA		ISO 14001		FOREST-CARE		Others	
	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank
Increased administrative workload (paperwork) in the future	5.12	1	4.75	3	5.04	1	5.00	1	4.80	1	5.84	1
Direct expense of certification (payments to certifying organizations and cost of staff for audit)	4.59	2	3.63	7	4.63	3	4.51	2	3.87	5	5.58	2
Insufficient price premium for certified products	4.48	3	4.88	2	5.00	2	4.13	3	4.14	2	5.05	3
Increased restrictions on operations (e.g. potential restrictions on harvest volume)	3.91	4	5.63	1	3.91	4	3.48	6	3.40	7	4.84	4
Small market for "green" products	3.85	5	4.00	5	3.80	5	3.53	5	3.92	4	4.75	5
Low credibility of certification schemes with customers	3.76	6	2.88	9	3.77	6	3.65	4	3.93	3	4.35	9
Loss of autonomy and control due to certification (e.g. stakeholder consultation)	3.58	7	4.00	5	3.74	7	3.23	7	3.43	6	4.36	8
Conflict with government's regulations or requirements	3.21	8	4.38	4	3.27	8	2.70	9	2.80	9	4.45	6
Little control over forest management since other companies do such jobs	3.07	9	2.67	10	2.86	9	2.76	8	2.93	8	4.43	7
Unavailability of accredited certifiers	2.76	10	3.38	8	2.82	10	2.39	10	2.38	10	3.84	10

Initiative in Certification

Based on the results in Table 3, it is clear that, in many cases, it is the firms' forestry divisions and top management personnel which take the lead in initiating discussion about certification in their firm.

Opinion on Certification

We also asked about stakeholders' present attitudes toward forest certification (Table 4). Firms' public relations divisions, the top management and marketing divisions are currently the most favorable toward forest certification. Labor unions were reported as the least favorable. Despite the relative support for certification, neither the public relations nor the marketing divisions were frequently selected to lead in a certification undertaking.

Information Sources

Trade associations and customers are cited as the two most important information sources about forest certification (Table 5). The news media is the least important source of information on certification.

Companies' Characteristics

Table 6 shows an overall pattern of timber sources of respondents' companies. More than 60% of the timber they use directly comes from public lands.

Table 7 exhibits an overall pattern of markets for respondents' companies. They sell 64% of their products to foreign markets.

Further Analysis

Further analysis will be conducted to examine the relationship between preferences for a certification system and firm sizes, export patterns and land ownership.

Table 3**Q3. (Initiative in Certification)**

Which stakeholders or departments of your organization have taken the lead in terms of undertaking forest certification?

	Counts	Percentage
Forestry division	88	33%
Top management	80	30%
Board of directors	30	11%
Marketing division	29	11%
Public relations division	13	5%
No specific stakeholder or department	12	4%
Shareholders	11	4%
Others	5	2%
Labor unions	2	1%
Total	270	100%

Table 4**Q4. (Opinion on Certification)**

Please evaluate the attitude toward forest certification that the following stakeholders and departments in your company have at present.

Very reluctant=1 - Neutral =4 - Very favorable=7

	Mean values	Rank
Public relations division	5.29	1
Top management	5.17	2
Marketing division	5.11	3
Forestry division	5.07	4
Board of directors	4.91	5
Shareholders	4.64	6
Labor unions	4.36	7

Table 5**Q5. (Information Sources)**

How important are the following as sources of information about certification?

Not important at all=1 - - Very important=7

	Mean values	Rank
Trade association	4.86	1
Customer(s)	4.86	2
Competitor(s)	4.32	3
Internet (e.g. Web page)	4.18	4
Trade journal	3.95	5
News media	3.42	6

Table 6**Q6. (Timber Source: Ownership)**

Please indicate your sources of timber in terms of ownership (approximate % by volume).

	Average %
Private land	11
Public land (Long-term tenure: 20 years or more) (Area-based)	27
Public land (Long-term tenure: 20 years or more) (Volume-based)	27
Public land (Medium-term tenure: 5 to 19 years)	4
Public land (Short-term permits: less than 5 years)	4
Log Purchase	21
Others	5
Total	100

Table 7

Q7. (Markets)

Please indicate the destinations of your products by approximate percentages in terms of sales value.

	Average %
Domestic	36
U.S.A.	52
Europe	6
Asia	7
Foreign total	64

Appendix: Forest Certification Schemes (with Summary Table)

ISO 14001 - ISO 14001 certification of environmental management systems instituted by the International Organization for Standardization

The International Organization for Standardization (ISO) is an international standard-setting body. In 1991, the Business Council for Sustainable Development, comprised of business leaders from around the world, asked the ISO to develop standards related to environmental management. In 1996, the ISO accepted ISO 14001, "Environmental management systems - specification with guidance for use", as its formal international standard. This standard specifies the requirements of an environmental management system for organizations in any industry or field, such as manufacturing, service, non-profit, and governmental organizations. The ISO also publishes a guideline for applying ISO 14001 to forestry. The ISO 14001 certification is a generic, system-based certification and does not lead to product labeling. For further information, please refer to general sources concerning ISO 14001; for example, Tom Tibor and Ira Feldman (eds.) Implementing ISO 14000 (Irwin Professional Publishing), or the ISO technical report for applying ISO 14001 to forestry, "ISO/TR 14061:1998 Information to assist forestry organizations in the use of Environmental Management System standards ISO 14001 and ISO 14004".

CSA - The Canadian Standards Association's Sustainable Forest Management certification

The Canadian Standards Association (CSA) is Canada's national standard-setting body. In 1994, industry organizations in Canada asked it to develop standards for Sustainable Forest Management. The CSA drafted national standards and made them official, obtaining the approval of the Standards Council of Canada in 1996. This certification is given on the basis of both the performance and the characteristics of the forest management system in place. At this moment, this certification does not lead to labeling of forest products. For further information, please see the webpage of the Canadian Sustainable Forestry Certification Coalition (<http://www.sfms.com>).

FSC - Forest Certification accredited by Forest Stewardship Council

The Forest Stewardship Council (FSC) is an international organization comprised of environmental, social and industry interests. Since its foundation in 1993, the FSC has supported "environmentally appropriate, socially beneficial and economically viable management of the world's forests". For this purpose, the FSC sets 10 international principles and criteria, accredits certification organizations that certify forests according to those principles and criteria, and oversees processes that set regional standards. This certification is performance-based and may lead to labeling of products. In Canada, three regional standards are being developed in the Acadian region, the Great Lakes-St. Lawrence area, and British Columbia. For further information, please see the FSC webpages:

(<http://www.fscoax.org> [FSC International])

(<http://www.web.net/fsc.ca/> [FSC Canadian Initiative])

(<http://www.fscus.org/index.html> [FSC US]).

FORESTCARE - FORESTCARE certification by the Alberta Forest Products Association

The Alberta Forest Products Association is a forest industry association. FORESTCARE is a program that "evaluates and communicates its members' commitment to protect the

environment and sustain the many values of forests". The program was initiated in 1991, and the FORESTCARE Audit Program was ratified by the Association's board in 1994. The FORESTCARE program covers both forest operations and mill operations. An auditing team grades participating firms' performance according to the program's Code of Practices. This certification does not lead to product labeling. For further information, please see the webpage of the Association (<http://www.abforestprod.org>).

Sustainable Forestry Initiative (SFI) by the American Forest & Paper Association

The American Forest & Paper Association adopted the SFI in 1994. The SFI is "a comprehensive system of principles, objectives and performance measures that integrates the perpetual growing and harvesting of trees with the protection of wildlife, plants, soil and water quality". The SFI contains a component of certification called "SFI Voluntary Verification Process." In this process, conformance to the SFI Standard is to be verified through a self-verification, a customer-verification or verification by an independent auditor. For further information, please see the webpage of the American Forest and Paper Association (<http://www.afandpa.org>).

The Pan European Forest Certification program (PEFC)

The PEFC is a private sector initiative, which intends to assure consumers that wood products they purchase come from forests managed according to the Pan European Criteria for sustainable forests in Europe. These criteria were developed through inter-governmental negotiations. This initiative started in June 1999. For further information, please see the webpage of the PEFC (<http://www.pefc.org>).

Scheme	Characteristics	Application	Ecolabel
ISO 14001	Optional 3 rd party audited; Systems-based	International	No
CSA	3 rd party audited; Systems and performance-based	Canada	No
FSC	3 rd party audited; Performance-based	International	Yes
FORESTCARE	2 nd party audited; Performance-based	Alberta	No
SFI	1 st , 2 nd , 3 rd party audited; Performance-based	US	No
PEFC	3 rd party audited; Performance-based	Europe	Yes