

# Why the Interest In Forest Certification?



- Growing worldwide concern about forests – among:
  - Environmentalists
  - Scientists
  - Governments
  - Consumers (& future consumers)
- Market Campaigns dictate debate
  - Major timber products retailers incorporate environmental concerns in their marketing and sales messages.



# Hot Forest Product Issues

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- Forest Management Practices
- Protected Forests
- Responsible Consumption
- Alternative Products
- Illegal Logging

*Certification offers a focal point for discussion of problems and solutions.*

## Certification...But to What Standard?

- Several systems compete in US, Canada, and abroad.



- Which sets the highest standard?
- Which is the most credible?
- Who will your customers believe?
- The CFPC provides answers to these questions.

# Forest Certification: A Global Movement

## Who Are the Drivers?

- Major Retailers in the USA and worldwide



# Forest Certification: A Global Movement

## Who Are the Drivers?

- Practitioners of Corporate Responsibility





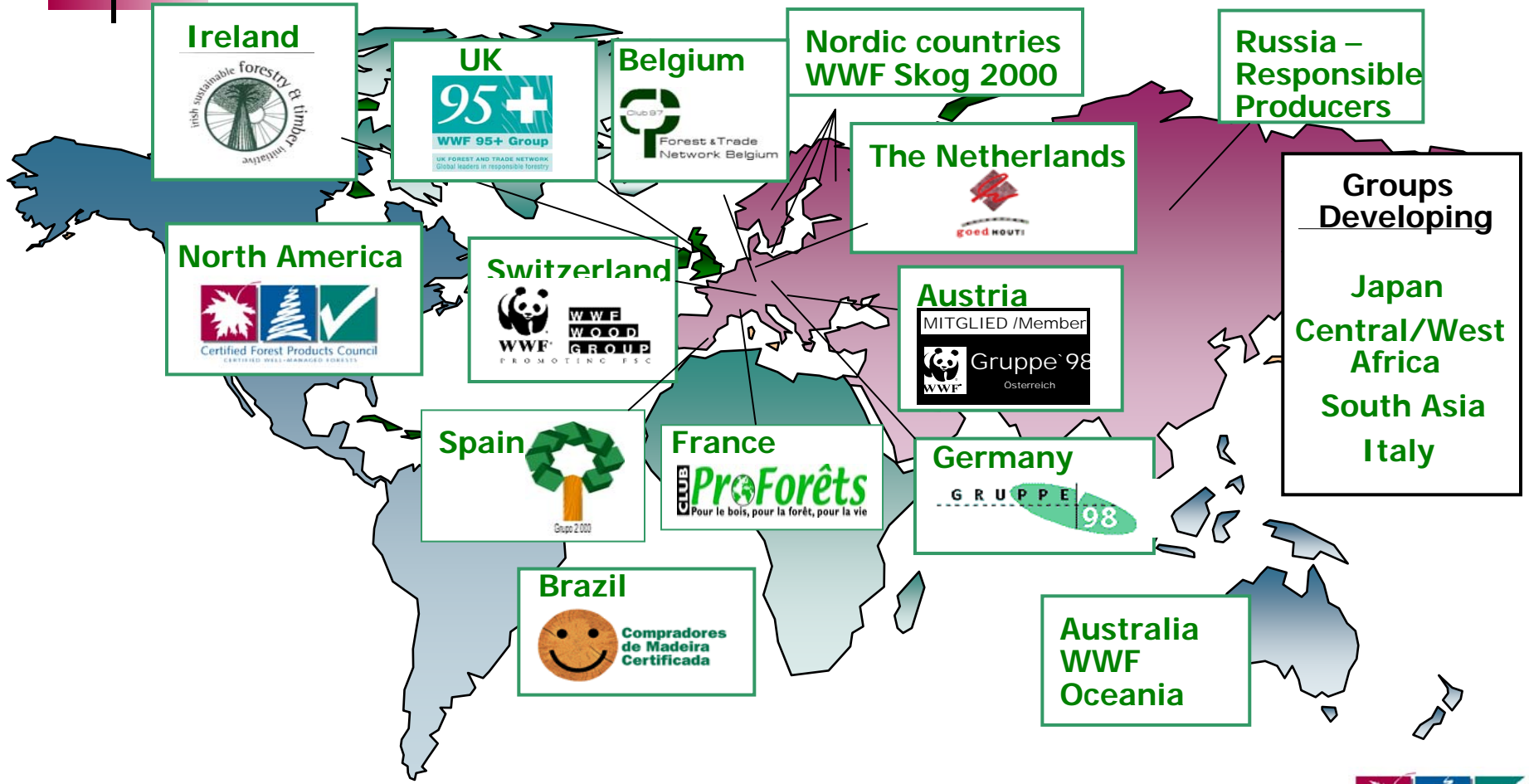
# Forest Certification: A Global Movement

## Who Are the Drivers?

- National & International Manufacturers of Wood Products
- They want to insure timber supplies and access to global markets



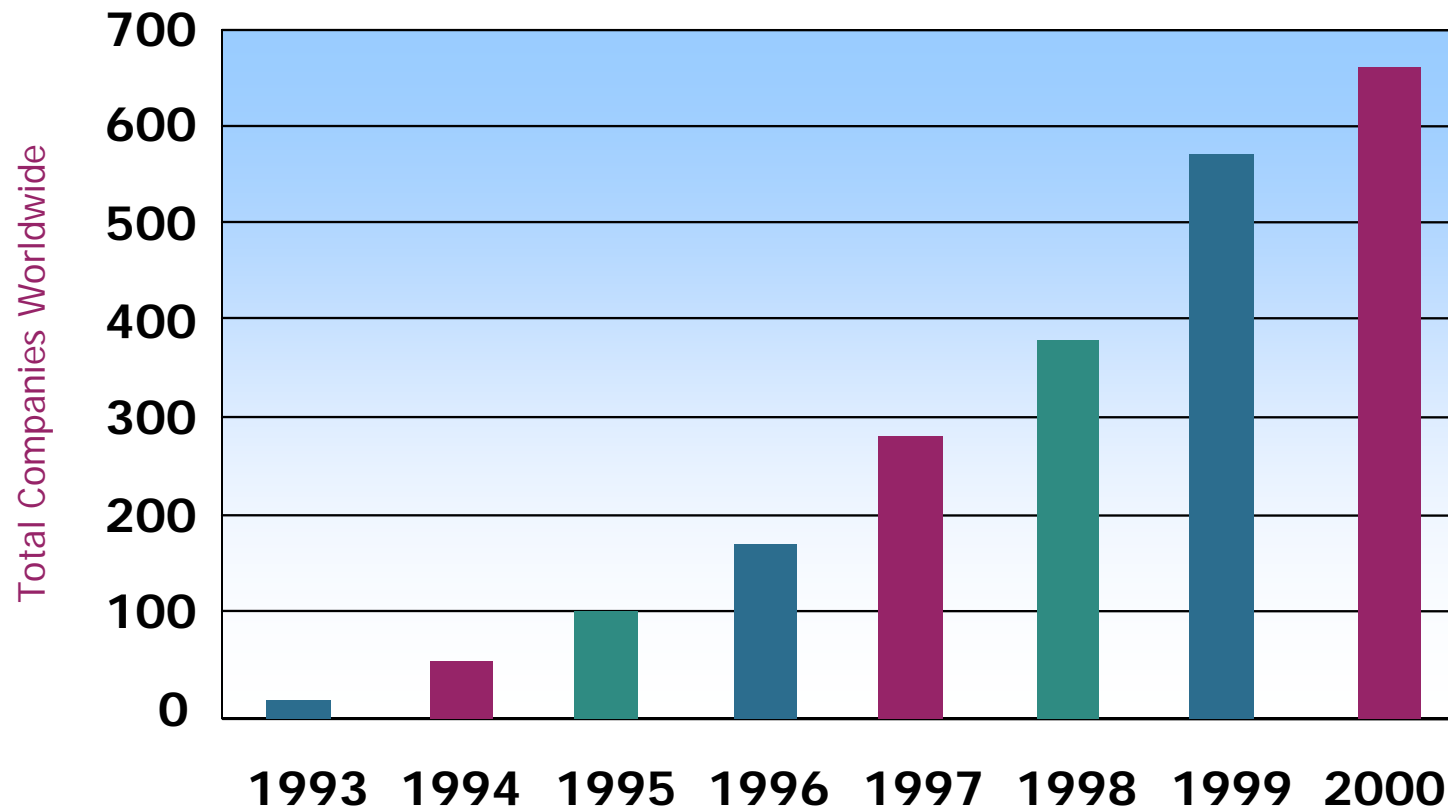
# A Global Response: GFTN



Forest Certification In Your Future



# GFTN: Rapid Global Growth

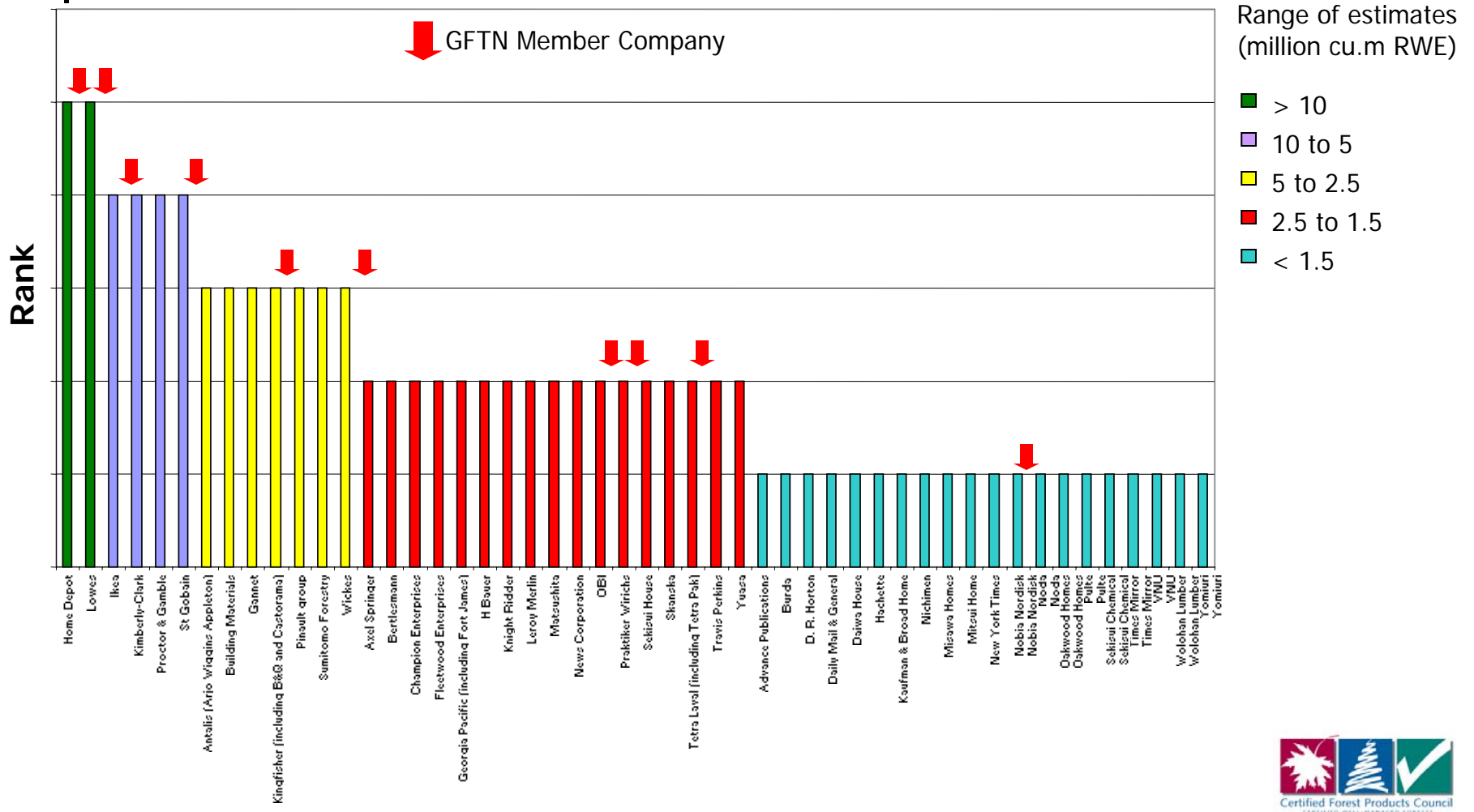


Forest Certification In Your Future

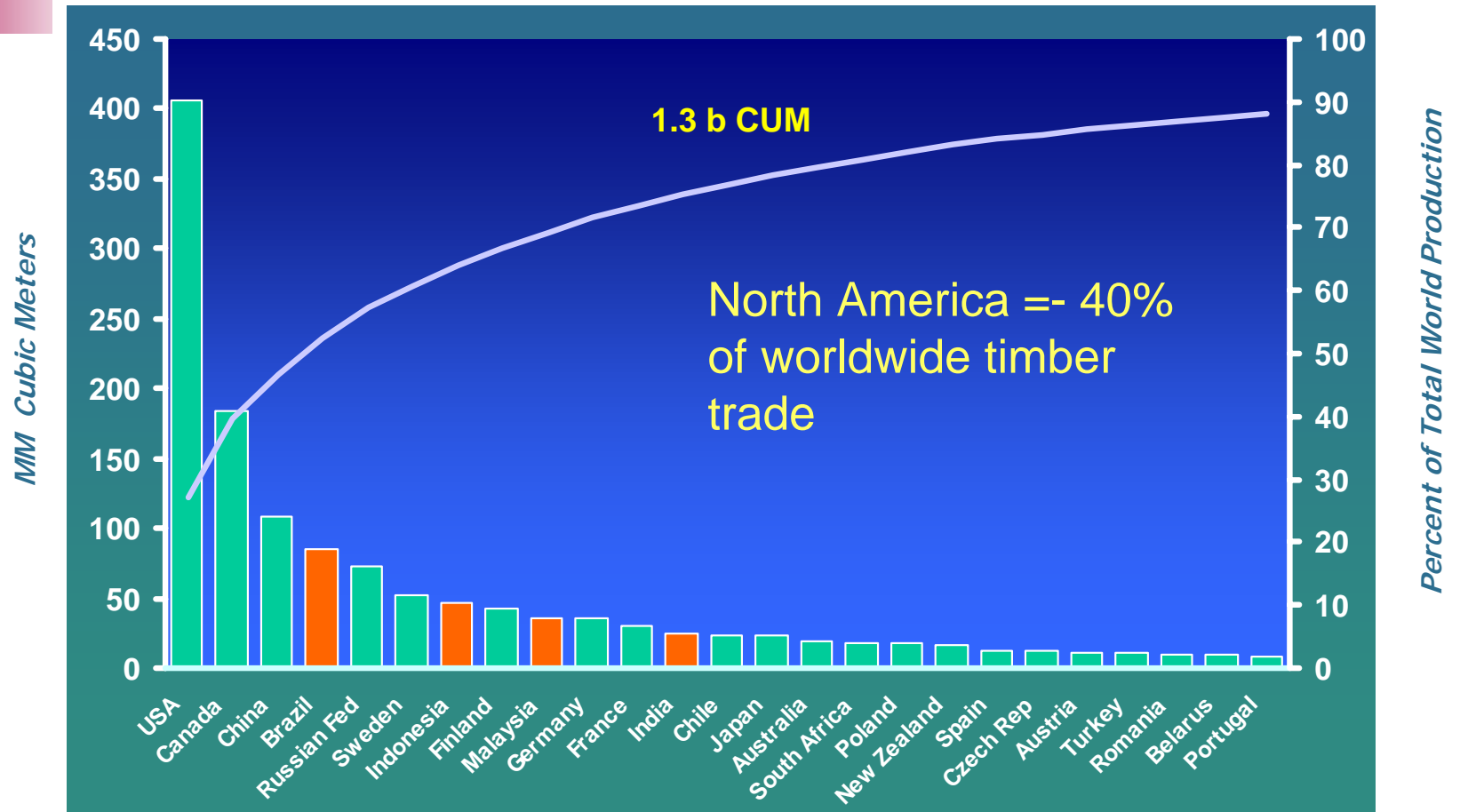




# GFTN: Growing Representation Among Consolidated Demand Capacity



# The Need to Participate in a Global Trade Network



Source : FAO, SOFO 97, LEK analysis, WWF

■ Non-Tropical  
 ■ Tropical

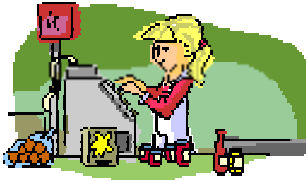
Forest Certification In Your Future





# What Does the Future Look Like?

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- Certification: Here to stay
- Consumer, commercial and industrial demand in the USA will increase.
- Russia and China offer low cost, high volume production for USA markets.
- Production from Russia and China will transform potential demand into effective demand.



## Is demand increasing in the USA?

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- The January 2001 issue of Building Products magazine devoted an article to certified wood.
- The Wall Street Journal and the Economist have devoted many articles to certified wood.
- National Home Center News devoted most of the August, 2001 issue to certified wood.



## Is demand increasing in the USA?

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- The real challenge in the USA is the lack of supply.
- The opportunity for Russian suppliers is this lack of supply in the USA.
- USA forest products companies are not ready, and may not be able to supply the huge demand created by Home Depot and Lowes and other major retailers.



## Indicators of increasing demand in the USA.

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- Polling data in the USA ...”has identified an expanding number of Americans who strongly favor actions to protect the environment.”
- 500 million cubic meters of timber is consumed each year in the USA.
- New York State’s Department of Environmental Conservation is offering tax credits for construction projects that use certified wood.

Source: National Home Center News 8/2001



## Indicators of increasing demand in the USA.

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- Arthur Blank, former chairman of Home Depot, stated this year at Yale University, that he expects demand for certified wood to double at Home Depot stores in less than five years.
- Home Depot's Lumber buyer claimed this year that his company sells \$3 million dollars of FSC certified product per week.
- Hank Cauley, executive director of FSC-US estimates that current demand exceeds supply by a factor of 10 to 1.

Source: National Home Center News 8/2001



## Indicators of increasing demand in the USA.

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- David Ford, executive director of the CFPC stated earlier this year, "...four years ago the issue was whether [forest] certification would even be in the market; now the question is what kind of certification should be implemented. It is no longer a fad..."
- FSC-certified hardwood plywood will account for 43% of the the inventory of that product in Home Depot stores by the end of this year up from 0% in 1999.

Source: National Home Center News 8/2001





# The Crux of the Conundrum

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## For Producers

*Is certification a threat or opportunity?*

*Forest certification and third party verification are supported by a broad range of environmental groups in the USA.*



# Special Opportunities

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## For Producers:

Think of certified wood as your tool for market access and your long-term strategy for marketing and quality control.

A commitment to certification is a major first step in differentiating your business from your competitors.



# Hidden Dangers

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For Producers:

Mismatch between supply and demand

Illusion of premium prices

Lack of certified distribution channels will require more direct contact between customers and suppliers.



# What Might You Do?

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- Explore your manufacturing partner's interest in certified products to be sold to USA retailers.
- Get Engaged
- Global consumers will require credible forest certification.
  - Join Certification Debate
    - Standards applicable to Russia
    - System Procedures applicable to Russia

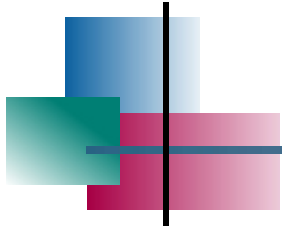


# Integrated Response to Hot Forest Issues

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## Adopt a 5-Point Wood Production Policy

- Reward Sustainable Market Development
  - Give preference to certified products
- Discourage Unwanted Practices
  - Avoid endangered forests
- Reduce the Burden on Forests
  - Support wood-use efficiency
- Expand Capacity
  - Advocate alternatives with favorable alternative species
- Plug the Leaks
  - Require legal compliance by all suppliers and their sources



# How to Get Started

- Learn all you can

## **Certified Forest Products International Conference & Showcase**

September 26-28

Atlanta, Georgia

[www.cfpcconference.org](http://www.cfpcconference.org)



# Helpful Organizations in the USA

- Certified Forest Product Council



- FSC-US



- SmartWood



- Scientific Certification Systems



[www.certifiedwood.org](http://www.certifiedwood.org)

[www.fscus.org](http://www.fscus.org)

[www.smartwood.org](http://www.smartwood.org)

[www.scs1.org](http://www.scs1.org)