Rainforest Alliance

Innovative solutions for global conservation

Forest Certification

and

Small Forest Enterprises

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Overview of SFE- USA

- **44% of forest land family owned**
- **Multiple mgt objectives (timber, hunting, aesthetics, investment)**
- **60% own < 3.6 ha**
- **60% of wood fiber from SFEs**
- **Increased parcelization of forests and strong market pressure for residential conversion**

Butler & Leatherbury 2003, Mehmood & Zhang 2001

SFE Overview- Europe

- Private ownership varies: Portugal (79%) to Poland (1%)
- Avg size varies:
  Poland (1ha) to Finland (35ha)
- Increasing privatization in EE
- Long history of sustainable forest mgt
- Multiple mgt objectives

CEPF 2003, GRRA 2000, UN 2000.

SFEs & Marketing

- **Insufficient Market Power**
  - **-- consolidation of processing facilities**
  - **-- small, intermittent volumes**
  - **-- difficult to sort for specific markets**
  - **-- need for collective or aggregate sales**

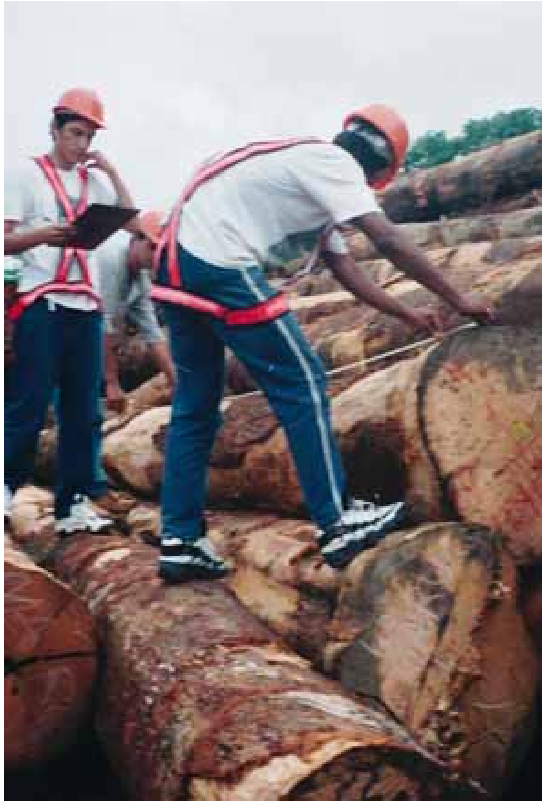
- **Under Developed Marketing Expertise**
  - **-- lack updated market information**
  - **-- non-provision of adequate supply data to buyers**
  - **-- sell rather than "market"**

Forest Certification Systems

- **America Tree Farm System**
  Founded 1941, recognized by Sustainable Forestry Initiative (SFI). ATFS - 9.2 million ha certified in 2003.

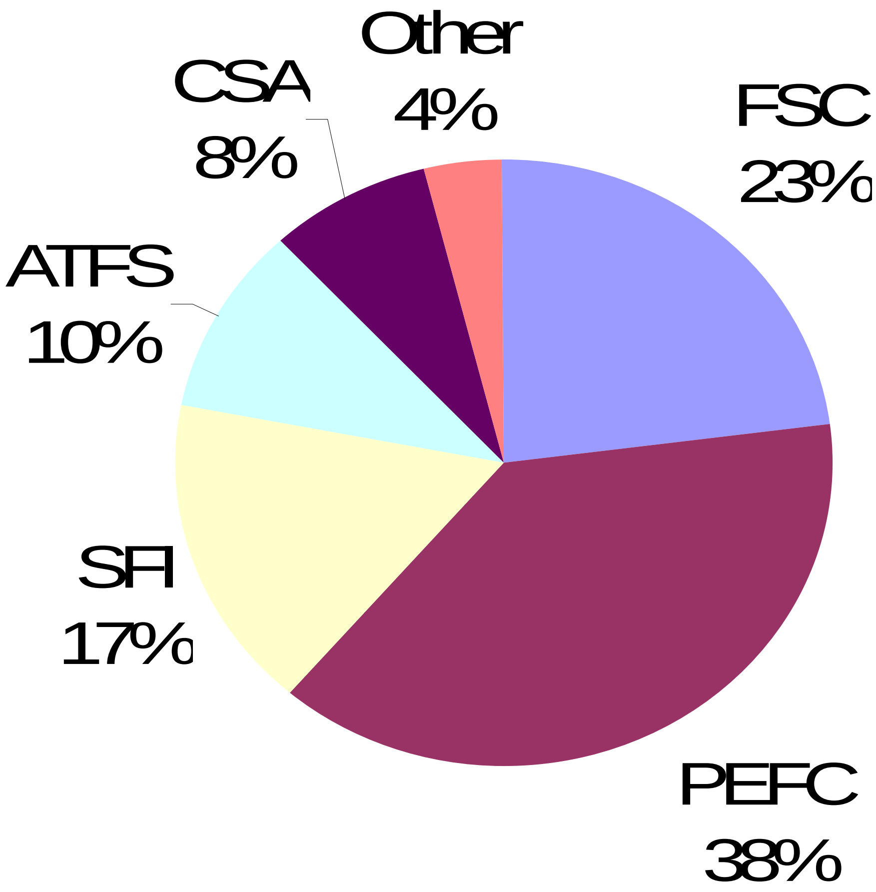
- **Forest Stewardship Council**
  Founded 1993 with 39.3 million ha certified in 2003

- **Pan-European Forest Certification Council**
  Founded 1999 with 48 million ha certified in 2003

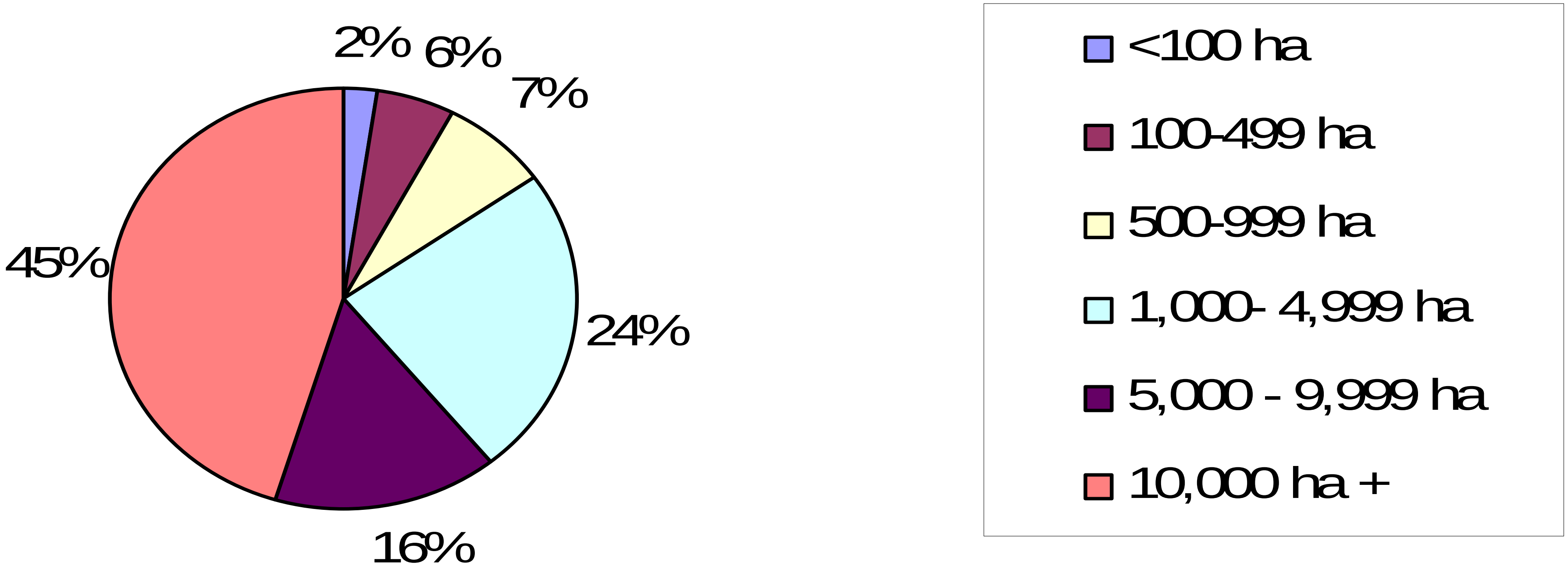


Certified Forests

by System in the World (Jan 2002)



FSC FM Certificates Worldwide
by Forest Size
(2003 = 536 certificates)



FSC Certificates

by Size and Region

Forest Size (ha)	World	N. America	Europe & EE	Rest of World
<100	12	4	6	2
100-499	30	9	18	3
500-999	40	12	17	11
1,000-4,999	128	41	54	33
5,000-9,000	84	26	36	21
10,000 +	242	54	97	92
Total	**536**	**146**	**228**	**162**
%	**100%**	**27%**	**43%**	**30%**

Barriers to FSC Certification

- Compliance (indirect) *and* direct costs (assessments and audits)
- Often lack forest mgt plan
- Monitoring requirements
- Complexity of system & language of regulations
- FSC trying to improve via group cert options

Benefits to FSC Certification

- Potential market access & premiums
- Recognition of SFM
- Improved forest mgt practices
- Legitimacy for concession holders
- Recognition as sustainable supplier

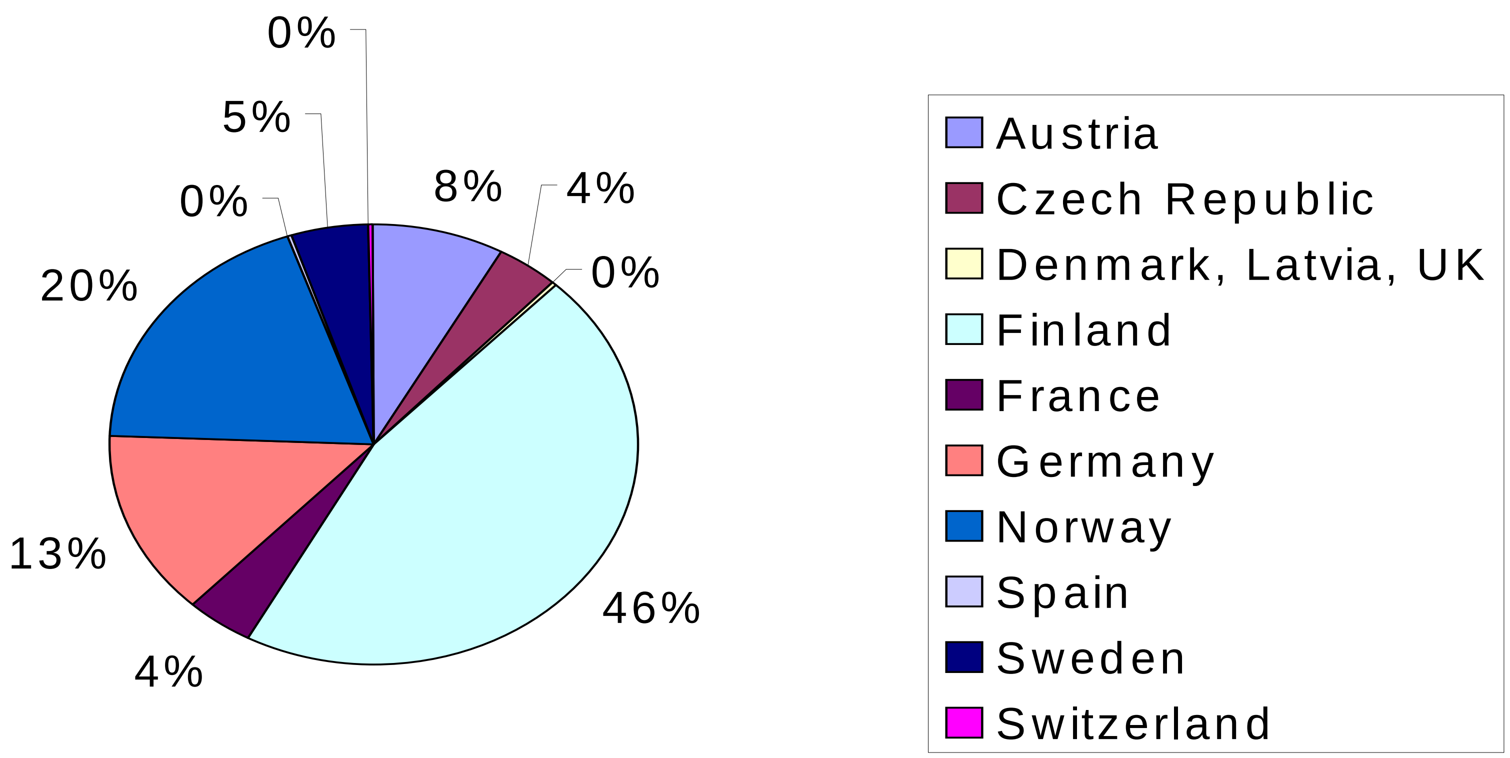
Benefits of ATFS Certification

- Free inspections
- Free forest management advice
- On-going forestry education
- Recognition of good forestry practices
- Access to SFI mills and markets

Barriers to ATFS Certification

- Require written mgt plan
- Expanded record keeping
- (non-barrier) - Piloting group certification options
- (non-barrier)- no annual audits

PEFC Certified Forests by Country (2003)



Benefits of PEFC Certification

- Support from owners and industry
- Cost efficient
- Conforms to existing national standards

Barriers to PEFC Certification

- Requires national SFM standards
- Depends on enforced legislation
- Depends on national accreditation bodies
- Weak consumer demand

Application to Tropical Community Forests

- Same SFE market issues PLUS
  - Low volumes
  - Small % of commercial species
- Same FSC Barriers and Benefits

Future Trends & Issues

- Increased integration of wood processing with potentially weakened role for SFE
- Land conversion pressures on SFE
- Shift to non-fiber mgt objectives
- Shift to non-wood products

Future Trends & Issues

- Increased wood imports from other regions (plantation wood)
- Potential merging of forest certification systems
- Divestiture of land by industry in USA
- Increasing privatization of forests in EE