FSC in the UK

Where is it going, and is it relevant here?

There are rumours going around that the FSC certified forest area in the UK is decreasing. There are probably also those who would be glad if it was so, as they see forest management certification as more relevant in the tropics than in Europe. In this article, I'm going to try to explain what is actually happening to the certified forest area (and, more importantly for many in the industry, certified timber volume), and why we believe FSC is relevant in the UK.

Recent trends in UK certified area and volume

The FSC certified area in the UK has decreased from its peak of 1.69 million hectares in 2007. At the time of writing, it stands at around 1.59 million hectares. However, over the last three or four years there has actually been a slight upward trend in the certified area. The current level is anomalously low owing to delays in recertification of some existing certificate holders, and should be over 1.61 million hectares.

Why the changes? Decreases may be partly to do with changes to grant schemes. Some woodlands came into certification when it was a precondition for certain Forestry Commission grants. When the precondition was dropped, some owners found that there was insufficient incentive in terms of market access or price premiums to justify remaining in certification. Unfortunately it is very difficult to generalise about market access and prices because the picture varies so much across the country. In some areas, mills need more certified material and are willing to pay for it, and are not interested in buying from uncertified producers. In other areas, mills are happy to take uncertified material and seemingly won't pay more for certified.

One very definite downward trend is in the number of FSC forest management certificates in the UK. The number of certificates peaked at over 100 in 2009, and has since fallen to around 40. Partly, this is due to woodland owners withdrawing from certification altogether, but it is also driven by a move away from individual certificates and towards group schemes. Of the current 1.59 million hectares covered by forest management certificates, about 69% is made up by Forest Enterprise Scotland, Forest Enterprise England, Natural Resources Wales and the Forest Service of Northern Ireland (about 1.1 million hectares); of the remaining 31%, more than two thirds is made up by just the three biggest group schemes (about 0.33 million hectares).

Information on FSC certified areas in the UK and around the world is freely available online at *https://ic.fsc.org/en/facts-figures*.

For the UK, information on volumes of certified timber is contained in the Forestry Commission's official Forestry Statistics *(www.forestry.gov.uk/forestry/infd-7aqdgc)*. In terms of removals from private sector woodland, Forestry Statistics 2015 only gives figures for softwood (Table 2.28). These show that the average percentage certified over the last ten years has been around 71%, with a slight upward trend over that period. Comparing these with figures for the total softwood volume produced by the private sector (Table 2.1), it is also possible to see that the proportion of certified material tends to increase as the total volume produced increases.

Looking forward

It is of course difficult to look into the future with any certainty, especially with the current political and economic turmoil, which among other things may change the balance of timber and timber products imports and exports.

While the overall trend in certified area is currently upward, decisions made by individual woodland owners will still depend on their local market conditions. Feedback from one group scheme manager indicates a turnover of members in the south of England, with some woodland owners seeing demand for FSC certified timber and others not (and some occasionally regretting their decision to leave certification when they find a buyer who demands FSC!). In the same group, membership in Scotland is growing steadily.

We all know that the softwood volume output of the public forest estate is expected to decrease over the coming decades (see Forestry Statistics 2015 Table 2.4a). It will fall to the private sector to make up the shortfall, including maintaining the proportion of certified material above the all important 70% for FSC Mix products. But there are plenty of reasons to be hopeful; with a public sector output almost entirely certified and a private sector output averaging 71% certified, and tending towards a greater proportion certified when production increases, the figures still stack up at a national level. There may be local variation, of course, but reports from forest managers indicate that mills will pay more for certified material where they are in danger of suffering shortfalls; see, for example, the article by Egger Forestry in the February 2015 edition of the FSC UK's *Forest Matters* e-magazine *(www.fsc-uk.org/en-uk/about-fsc/fsc-uk-forest-matters-e-magazine)*. In addition, the larger forest management companies have indicated that they have further areas waiting to come into certification when they reach productive ages.

But is any of this relevant?

Why should anyone in the timber industry worry about this? Quite simply, because markets demand it. This point was made very clearly by a major UK retailer at Confor's Westminster conference in March 2015. For retailers, independent third-party certification is important for risk management; FSC effectively bears the reputational risk of ensuring that the forests they source from are responsibly managed. It's also worth considering that, as the value of sterling fluctuates and the relative attractiveness of imports and exports changes, the value of FSC's globally recognised brand may be greater than ever; if nothing else, it makes sense to keep marketing options open.

Many argue that the UK forestry industry is well regulated and that certification is therefore unnecessary, and there can be no doubt that it is heavily regulated. But many state agencies lack the resources to effectively enforce regulations, and many issues detected during certification audits are actually to do with legal compliance. FSC certification offers independent verification of what is really happening on the ground, and many forest managers actually find it useful as a way of flagging up issues with regulatory compliance.

What does this mean for you?

If you're already involved in FSC forest management certification, thank you; you're a vital part of delivering FSC's vision of responsible forest management.

If you're not currently involved, do consider the potential benefits in terms of market access and an independent check on your management. You may not always get a premium price, but if certification means you can shift your timber that little bit faster it may be worthwhile.

FSC certification is here to stay, and may not be as costly or onerous as you think, especially through a group scheme. To learn more, visit *www.fsc-uk.org*.

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But not everyone is entirely in agreement…

The UK consumer understands and increasingly values proof of provenance, sustainability, welfare and evidence of professionalism in the supply chain. We can see the evolution of this in the food supply chain in the UK – farm shops demonstrating the provenance of the material they sell, farm assurance schemes, and consumers increasingly wanting to purchase from retailers who offer assurance on quality, provenance and welfare.

UKFS has given the UK forestry industry a set of defined standards that are mainly beneficial and, as such, are accepted. These standards allow the industry to demonstrate professionalism and give customers confidence. The industry is well regulated and appears on the surface to be sustainable.

The introduction of ten year management plans has encouraged owners and agents to plan over a longer term and has been a key tool in getting marginal owners to start to plan management of their woodlands. In the UK we also have UKWAS, the UK Woodland Assurance Standard, which was developed by multiple stakeholders including RSPB, WT and the forest industry. UKWAS is recognised by both PEFC and FSC, and has recently undergone a major revision.

FSC has enjoyed a near monopoly on providing independent certification of UK woodlands against UKWAS, providing certified timber to markets that require the assurance of independent certification; but if FSC certification has stabilised at around 1.59 million hectares after peaking at 1.69 million hectares in 2007, why is this?

FSC certification is pretty straightforward for mainstream commercial conifer woodlands and has had excellent uptake from owners and managers of such woodlands. These have been providing a steady supply of assured timber to the market. Importantly, FSC gives the larger-scale grower the widest possible market access for large volumes of timber. These are the very owners that fell and sell right through the market cycle.

Unfortunately, the area of certified woodland has stagnated despite the drive to bring more woodland into management. This is partly a reflection of the age of these commercial plantations, and the lack of new planting from the '90s onwards.

FSC certification is much more challenging for owners of more diverse, lowland woodlands with multipurpose objectives, a range of habitat types and complicated management by land agents or the owners themselves. Many of these woodlands have been brought back into management over the last ten years on the back of management interventions for firewood and biomass feedstock. They have not, however, been brought into certification.

The cost and the difficulty of getting certified are the key barriers on a small to medium sized private estate producing 300 to 500 tonnes of firewood and chipwood, and it is difficult to justify added cost and red tape for no extra benefit. The firewood and biomass markets are generally happy to accept a felling licence or management plan as proof of sustainability.

Will the market not drive certification?

Not really; as these growers are price takers, they do not need to fell every year. They fell as and when they want, and will only fell larger volumes when the market suits them. When prices improve they are encouraged to bring timber to market. When the processors are keen for supply and are buying on margin, they will offer these owners good prices for their timber, even though it is not certified.

This has led to a scenario where, when prices are low, the FSC certified percentage of supplies is high, and when prices are high, the FSC certified percentage of supplies falls back to around the critical 70% level.

This happens because when prices are low, processors slow down, volumes decline and the supply comes mainly from the larger commercial woodlands which harvest throughout the market cycle. When prices are high, processors increase their input volumes. To secure the extra volume, they seek marginal supplies of largely uncertified timber. As this extra volume comes onstream, the overall certified percentage falls.

The key issue is long term supply of FSC certified timber

As the supplies of certified timber from the state's certified estate fall due to restructuring, increased open ground, planting with less productive species and habitat restoration, the market will become more and more dependent on the private estate.

As the bulk of commercial woodland is already certified, the market will increasingly have to look to marginal, non-certified woodlands for its timber.

It is difficult to see how a supply of timber can be seen as sustainable when landowners are encouraged to reduce the nett productive area, take areas out of productive woodland cover, replant with poorer quality, local provenances of less productive species. At the same time there has been very limited woodland creation, almost certainly less than the area of woodland canopy cover that has been removed due to restructuring and habitat restoration. It appears that over the last ten years the area of certified and productive woodland in England has actually decreased! Maintaining the supply of 70% plus certified timber is going to become very difficult.

What can be done to address this?

FSC and PEFC need to look at how they can expand the area of certified woodland in the UK. This could be done by:

- Making the process easier, and instead of focusing on paperwork, systems and administration, maybe certification should start to become focused on outcomes delivered in the woodland?
- Understanding the practical challenges faced by mixed lowland woodland owners. Modifying approaches to allow for weed and squirrel control may encourage owners to certify.
- Making the ongoing cost affordable for woodlands with sporadic production.
- Critically, we must strive for the creation of new, productive 'certified' woodlands now, to replace the woodland cover we have lost over the last 10 to 20 years and maintain the economic and social sustainability of our nation's forests.

In conclusion, certification is a great communication tool for the sector to tell its customers a compelling sustainability story. Certification has increased the baseline in UK forest management; the evolution and lengthening of UKFS is clear evidence of this. It is certification's annual audits that have driven this, but they are also the source of much complaint. A simplification and modernisation of auditing, focused on risks and outcomes, would make a huge difference to the perception of auditing across the supply chain.

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