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**"Responsible Forest Management & the Future of Certified Wood Products"
by Michael Virga**

With over 28.5 million hectares (ha) currently enrolled, the American Forest & Paper Association's Sustainable Forestry InitiativeSM Program (SFI) is the world's largest sustainable forestry certification system and is by far the fastest growing sustainable forest management (SFM) program in North America. Over 12 million ha will be third party certified to the SFISM program standard by the end of 2000. Based on current commitments and certifications in progress, it is anticipated that over 20 million ha will have undergone third party certification by the end of 2001.

The SFI program's rapid expansion has increasingly brought additional recognition with a wide variety of interested stakeholders and participants. Centex Homes, one of the largest homebuilders in the United States, and 84 Lumber, one of the largest wood retailers in the U.S. have both recently announced environmental purchasing policies giving preference to the SFI along with other credible forestry certification systems. AF&PA expects additional wood and paper customers will follow.

SUMMARY OF KEY ENHANCEMENTS TO THE SFI PROGRAM IN 2000

1) Changes to Program Governance: Established a multi-stakeholder Sustainable Forestry Board (SFB). The mission of the new SFB is to continuously monitor and evaluate the effectiveness of the SFI Standard and Verification Procedures; to upgrade the SFI Standard and Verification Procedures and assure consistency of application; and to work with the AF&PA Board to monitor and resolve any non-compliance issues. The SFB is composed of 15 members, 60 percent of whom are from diverse interest groups including environmental/conservation organizations; public officials (state and/or federal agencies); professional/academic groups; logging professionals; and non-industrial landowners. Peter Seligmann, CEO of Conservation International, Larry Selzer, Senior Vice President of the Conservation Fund and Paul Hansen, Executive Director of the Izaak Walton League are among the members of the board representing environmental/conservation organizations.

2) SFI Licensing Program Expands to Canada: More than 6 million ha located within Canada are now enrolled in the SFI licensing program. The licensing program encompasses conservation groups, U.S. state and county forestlands, foundations and industry and Crown lands in Canada. Canadian licensees now include Fraser Paper, Interfor, Timberwest and J.D. Irving.

3) Mutual Recognition Agreement with the American Tree Farm System®: In a Mutual Recognition Agreement, the SFI program recognized the American Tree Farm System's Tree Farm Program as a credible standard for sustainable forestry on smaller ownerships, including non-industrial forest landowners. In addition the American Tree Farm System® recognized the SFI

program as an independent standard for the forest products industry, larger ownerships and licensees. Over 10 million ha are certified under the American Tree Farm System®.

The Mutual Recognition Agreement acknowledges that the intent, outcome and process of both the SFI program and the Tree Farm Program are substantively equivalent and that the credibility and reputation of each program will be maintained by the programs' respective systems already in place. In doing so, the Tree Farm Program and the SFI program will remain independent of each other and will continue to use their own methods to measure and assure performance standards by participants, partners and licensees. Participants of both programs are committed to sustainable forest management. The Agreement allows the Tree Farm Program and the SFI program to collaborate further to broaden the practice of sustainable forestry on private lands and to educate non-managing landowners about the benefits and support for practicing sound forestry. AF&PA will continue its mutual recognition efforts of credible forestry certification systems, both nationally and internationally. AF&PA is an active member of the International Forest Industry Roundtable.

4) Improvements to the 2000 SFISM Standard:

- Foreword amended to include references to the Sustainable Forestry Board and increased stakeholder participation in the SFI program.
- Added new performance measure addressing sustainability of harvest levels.
- Objectives 4 (wildlife habitat) and 7 (biodiversity) combined to improve consistency, efficiency and applicability of certification procedures.
- Objective and related performance measure added for Principle 2.5 on Continual Improvement for consistency in application and for strengthening commitment for improvement in practices.

5) Changes to the 1999 SFISM Verification documents (SFI 2001, 2002, 2003):

- All documents revised to reflect use of the term "certification" for successful third party verifications.
- All documents revised to be consistent with the 2000 SFI Standard and changes to the Standard listed above.
- Included provision clarifying that Program Participants completing a third party audit shall work with the verifying organization to prepare an external audit summary.
- Clarified that significant findings of non-conformities can result in failure to be successfully verified.
- Clarified that the verifying organization shall issue a formal certificate of conformance with the SFI Standard.
- Section 10 entitled "Interpretation, feedback and review" added. This section calls for an Interpretation Sub-Group to respond to concerns regarding interpretation of the SFI standard or verification guidance documents and to maintain a record of opinions.
- Qualifications of lead verifiers strengthened to require accreditation by a national standards body, such as the American National Standards Institute (ANSI), the American Standards and Testing Materials (ASTM), or the Canadian Standards Association (CSA). Or, the lead verifier's organization or firm shall be appropriately accredited to conduct ISO 14001 certifications/registrations by the American National Standards Institute/Registrars Accreditation Board

(ANSI/RAB, or equivalent).

- Developed seventy-five core (mandatory) indicators for performance measures that must be met by all Program Participants undergoing 3rd party certification.

SFI VS. OTHER CERTIFICATION SYSTEMS

Other certification systems have attempted to equate certification with the concept of chain of custody. This is simply not the case. Certification to a standard is recognition that a company is in conformance with an established series of indicators, usually confirmed by an independent third party. Chain of custody is inventory control throughout the manufacturing process, tracking the product from the stump to the shelf. Chain of custody is a flawed concept in the United States. There are 10 million non-industrial landowners (NIPF's) in the U.S. who manage 60 percent of the commercial forest land and represent a huge portion of the supply of raw material. Most wood-using mills depend on NIPF's for a significant source of their supply—hundreds and sometimes thousands of NIPF's supply each of these mills. Adherence to strict chain of custody thus becomes extremely difficult to implement logistically and economically.

The SFI program recognizes the difficulties involved with chain of custody and has adapted the SFI standard to conform with the land ownership patterns in the U.S. The SFI program requires participants to work directly with NIPF's—informing them about best management practices (BMP's) related to stream protection, reforestation and wildlife management. In addition, SFI program participants are required to actively engage and train logging professionals in BMP's and other sustainable forestry concepts. Since 1995 over 44,000 logging professionals have been trained in best management practices related to stream protection! This is what separates the SFI from other certification programs: the SFI requires participants to build sustainable forestry practices throughout their procurement systems, involving both the professional logging community and the private landowners. You can't achieve true sustainable forestry without actively engaging both of these groups. As mentioned above, AF&PA recently signed a mutual recognition agreement with the American Tree Farm System in an effort to build more synergy between the SFI program and the NIPF's. Tree Farm is the largest NIPF organization in the U.S., representing 65,000 landowners and 25 million acres. In addition to recognizing certified Tree Farm as the functional equivalent of the SFI for small landowners, the agreement encourages both groups to work together to expand sustainable forestry practices across a broader landscape.

IMPACT ON THE CUSTOMER

AF&PA has been actively involved in working with customers—homebuilders, retailers, paper purchasers and truss manufacturers—in assisting them in the development of environmental policies which give preference to companies that manage their forests responsibly. We have encouraged customers to recognize that there are many credible sustainable forestry certification systems being implemented today in the U.S. and throughout the world. Efforts by extremist environmental groups have pressured customers into adopting policies without understanding their real implications. As a result of this artificial demand for certified wood products, customers are realizing that a movement in the marketplace towards environmentally responsible purchasing must recognize all credible sources to ensure an adequate supply of certified forest products. To date, the cost of certification has been born by the companies

being certified, without any consistent or significant premium for their products in the marketplace. Demand by end-users for certified products is limited and a willingness to pay a premium has not been demonstrated to any extent.

Despite that, third party certification has rapidly become a cost of doing business for large landowners. Recognition by customers and other stakeholders (including policy makers and environmental groups), along with confirmation of sound forestry and business practices and the potential for increased market access, are the primary reasons for third party certification.

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