

# Forest Certification in Russia

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## ABSTRACT

Although the newly emergent market economy in Russia has brought danger to Russian forests, particularly old growth forests, the cross-border influence of market forces has also encouraged the importation of sustainable forestry practices to Russia. The FSC has been the major force in this process. More recently, PEFC-oriented initiatives have begun to play a role. This case study describes the processes through which the FSC is being imported to Russia, the relationship between chains of supply and chains of demand, and the effects of FSC certification on local as well as national institutions. It contrasts the relative effectiveness of FSC certification in the European part of Russia with that in the Asian part, where markets currently show less sensitivity to the value of sustainable forestry. The study demonstrates the essential role of environmental NGO networks, especially WWF and Greenpeace, in promoting FSC certification.

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## INTRODUCTION

The most prominent impacts of certification in Russia are the protection of high conservation value forests and the introduction of intensive forest management practices in place of extensive ones, which were dominant during the socialist period. Social impacts include better worker protection and security and new forms of intersectoral dialogue and civil society institutions, thus enhancing development of democratic initiatives in rural communities. To date, economic impacts are less significant, although FSC certification has given greater stability and security to Russian firms in contracting with western buyers.

Certification is still in an early stage, but the number of export-oriented companies pursuing certification is likely to grow. To date, support varies by region. It is much greater in the European part of Russia than in the Far East, largely owing to European buyers' demands for certified wood, who themselves came under pressure from non-governmental organizations to make such demands. Russia's border with China, on the other hand, has experienced countervailing trends: corruption on both sides of the border, extensive illegal logging, and a wild market with no control over wood prices (Kotlobay 2002). High demand for non-certified wood by Asian markets, especially those in China, as well as corruption networks, both Russian and Chinese, and illegal operations, have prevented certification in Siberia and the Russian Far East.

There are currently three different efforts to promote forest certification in Russia. Two initiatives are devoted to promoting nationally-based systems that would facilitate the certification process, make it cheaper, and involve Russian auditing firms. The third initiative promotes the Forest Stewardship Council (FSC) system. The first national initiative, currently in the early stages of its development, is supported by the World Wildlife Fund (WWF),<sup>1</sup> the large national company<sup>2</sup> Ilim Pulp, and the Ministry of Natural Resources of the Russian Federation. This initiative has produced standards that are procedurally and substantively consistent with FSC requirements, and at the same time can be accredited through the Programme for the Endorsement of Forest Certification (PEFC – formerly Pan-European Forest Certification) system.<sup>3</sup> The second national initiative is supported by the Union of Timber Merchants and Timber Exporters and by some former officials from the former Ministry of Industrial Science.<sup>4</sup> They also are planning to accredit their national certification system through PEFC. Both Russian national forest certification initiatives are still in the preparatory stages and, due to personal disagreements among the promoters, are unlikely to merge.

The FSC initiative is also at an early stage, but has progressed steadily, especially since 2003. The FSC is promoted primarily by WWF, as well as by other environmental NGOs and WWF partnerships, such as WWF-IKEA, WWF-Stora-Enso, and companies that are certified or going through the certification process. The attitudes of governmental agencies toward the FSC have recently changed from negative to positive. New institutions related to the FSC, such as a National Working Group, Regional Working Groups, and FSC certification centers are functioning effectively. National and regional standards have been developed, but not yet

<sup>1</sup> WWF only recently started to support voluntary forest certification. Before 2003, WWF was promoting only FSC.

<sup>2</sup> Interview with Ilim Pulp staff responsible for forest certification, June 2004.

<sup>3</sup> Interview with the president of the council, academician Isaev, May 22, 2005.

<sup>4</sup> The Ministry was closed by President Putin in March 2004.

accredited by FSC international. A national FSC office was established in February 2005. Several model demonstration projects are now in place, including the Pscov Model Forest, promoted by the WWF-Stora-Enso partnership, where a system of intensive sustainable management has been implemented and demonstrated. A radically new system of forest management planning using economic norms and a scenario approach with optimization techniques is being used. A second model forest, Model Forest Silver Tiger (Preluzie<sup>5</sup>) has also demonstrated that the transition to sustainable forest management is possible, even where forestland is rented by small Russian companies. The forest management certificate of Priluzie leskhoz has helped the small company Luza Les to receive a chain of custody certificate.

<sup>5</sup> Silver Tiger was formerly the WWF, but now is an independent NGO; it continues to be a WWF partner.

However, some certified operations involve more positive changes than others. There are some “weak” FSC certificates, such as that of Holz-Dammers (where IMO was the auditor) in the Archangelsk region, which was temporarily suspended and later reinstated. In general, only in model forests, where WWF has closely scrutinized and guided the certification process, have all stakeholders, including the general public, been involved in decision-making. In the majority of FSC-certified territories, the local public was informed, but not involved in the certification process. However, even in cases where the public does not directly participate, forest communities receive benefits embedded in the FSC’s system of social standards. Additionally, FSC-certified companies claim that FSC certification has given them stability and security in the marketplace. In two cases companies claim that their income grew by ten percent.

This case study focuses on national voluntary forest certification initiatives only in the “initial support” section; FSC processes are discussed throughout the paper.<sup>6</sup>

<sup>6</sup> The study is based on semistructured interviews conducted with all types of stakeholders, several case studies of certified territories, and analysis of documents.

## BACKGROUND FACTORS

### Historical Context

#### *Forestry Problems*

The lack of effective state forest policy<sup>7</sup> and the permanent restructuring of the forest management system<sup>8</sup> are the primary barriers to sustainable forest management in Russia. In general, forest policies and legislation in Russia do meet sustainable forest management criteria, but forest planning and management do not.

Traditionally, socialist forestry was extensive and forestry operations moved quickly from place to place allowing relatively large clearcuts, although they were typically small in comparison with unharvested areas. Currently, the size of allowable clear cuts has been reduced, but forestry remains extensive. Timber operations are most concentrated in the regions bordering Europe and Asia. Many high conservation value forests (HCVF), especially those close to the borders, are in danger of being heavily logged. Many areas near roads and transportation arteries are being deforested, while there is not enough capacity and interest in newly established firms to conduct forestry in the regions far from the borders.

<sup>7</sup> Interview with TITANs Holding representative, July 6, 2004; interview with State Duma Sub Committee of Forestry representative, July 5, 2004.

<sup>8</sup> Interview with academician Isaev, July 6, 2004; interview with Nefediev, Ministry of Natural Resources representative, March 2004.

Illegal forestry bloomed after Perestroika, when Russia experienced an economic downturn. The “wild privatization” of the early 1990s saw the rise of organized crime in forestry. This new brand of “Wild East” capitalism involves former ruling elites of the Communist Party, as well as regional governments, administrators, law enforcement agencies, and police forces. Although illegal logging reduces government revenues, it serves the interests of the corrupted elite. After government forest production failed, its former employees found a new lucrative niche in illegal logging, especially in the Russian Far East. After Russia’s borders were opened, satisfying China’s monumental demand for wood became a profitable option. In many regions, Russian mafias formed around illegal logging, with levels of government involvement varying from place to place (Tysiachniouk and Reisman 2004).

The practice of illegal logging spread not only among organized crime networks, but also among villagers, who could make quick money to help them survive in a poor and unstable economy. The flow of wood across the border skyrocketed throughout the 1990s. Today, according to WWF expert estimates, illegal wood trafficking approaches 5.5 million cubic meters per year. Primorye Kray alone sees an annual illegal harvest of \$150 million US (Kotlobay 2002), which is equivalent to approximately half of the Kray’s annual budget.<sup>9</sup> The transition to a market economy, coupled with government collapse and economic depression, have caused this rapid rise in commercial crime.

<sup>9</sup> WWF booklet, 2002.

The torrential flow of illegal wood from the Russian Far East into northern China has thwarted stabilization of the region’s faltering economy. Since China prohibited the logging of its own forests in 1998, the Russian Far East has become its major timber source. Twelve percent of Russia’s total wood exports go to China (Ptichnikov and Voropaev 2002). The combination of massive and unrestricted timber demands and Russian corruption has allowed illegal logging to spiral out of control in the Far East.<sup>10</sup> The black market for wood is very strong and has become deeply rooted in the region over the last 10 years. This area has a large border with China and is also close to Japan, Taiwan, Hong Kong, and South Korea. These East Asian markets and the low demand for certified wood play an important role in the character of forestry currently occurring in the Russian Far East. Chinese markets have proven highly insensitive to environmental concerns, as well as to Russia’s domestic troubles.<sup>11</sup>

<sup>10</sup> Interview with Greenpeace representative, March 2004.

These powerful forces are promoting illegal logging of the forests of the Far East, particularly the valuable cedar-broadleaf forests. The rush to sell illegal wood also circumvents a regional need to invest in domestic wood processing enterprises. Today, nearly 50 percent of the timber exported from the Russian Far East goes to China in the form of round logs.<sup>12</sup> China re-exports a high percentage of the Russian wood that it purchases in the form of furniture and other processed goods. In addition to losing its resources and tax money, Russia is sending employment opportunities in wood processing to China. Furthermore, prices of illegal wood are extremely low and hamper the efforts of responsible forest producers to engage in normal export business. This situation in the Russian Far East makes certification extremely difficult.

<sup>11</sup> Interview with head of WWF-Vladivostok’s Forest program, 2002.

<sup>12</sup> WWF booklet, 2002.

Some forest enterprises in Russia also feel insecure due to inter-corporate conflicts, colloquially called “forest wars.” These fights are based on challenges to the honesty

of some actors during the privatization process of the 1990s, and some companies are seen as taking over the business of the others. Two major holdings, TITAN<sup>13</sup> and Ilim Pulp,<sup>14</sup> are involved in a “forest war” with another one. These fights inhibit investments in new equipment, infrastructure, and certification.

### *Policy Responses*

Russia’s current system of forest management is in a state of constant restructuring. In 2000, President Putin closed the Federal Forest Service and transferred its responsibilities to the Ministry of Natural Resources. The Ministry of Natural Resources thus became responsible for both protecting and harvesting forests. The interactions among different divisions of government are further complicated by shifting jurisdictions. In 2004, after Putin’s reelection, the restructuring of the Ministries in Russia continued.

Today forest management is governed by the Forest Code of 1997, which is expected to be significantly amended. Currently the Ministry of Natural Resources, in conjunction with the Ministry of Economics, is developing the new code. The new code is under consideration by the State Duma and has completed the first stage of hearings. In the new code, mechanisms will be created to facilitate foreign investment in the Russian forest sector. In order to increase investments, the code will make awarding concessions easier (Petrov 2003). The code will reconstruct responsibilities of state agencies and probably will lead to privatization of *leskhoz*s.<sup>15</sup> Concessions will give more responsibility to companies that use forests and make them responsible for forest revitalization and thinning. In earlier editions of the code, private property in forests after 2010 was proposed. However, this proposal was opposed by thousands of different stakeholders.<sup>16</sup> Most likely, the land will remain public property for many years to come,<sup>17</sup> but mechanisms will be developed for forest privatization in the long run.

Non-governmental organizations, especially the Forest Club<sup>18</sup> and WWF, have taken an active role in the development of the new forest code. They prepared joint suggestions on the new code and submitted them to the government officials in charge of drafting it. In addition, environmental organizations promote sustainable forest management through their own programs and projects. For example, WWF has supported enforcement brigades formed under the Ministry for Natural Resources to catch illegal loggers in the Far East.

In the 1990s, Greenpeace International organized several direct actions against companies that were harvesting HCVF in the Karelia and Arhangelsk regions. In partnership with other NGOs they created maps of all old growth forests in Russia and distributed them to both Russian forest producers and western forest consumers (Tysaichniouk and Reisman 2002). Simultaneously the Taiga Rescue Network<sup>19</sup> organized consumer boycotts in Europe for products produced from Russian HCVPs. The campaign caused Stora Enso significant monetary losses,<sup>20</sup> thus prompting the company to develop an environmental policy and to encourage its daughter firm, STF Strugy, which operates in Pscov region, to seek FSC certification. Other companies

<sup>13</sup> Interview with TITANs vice director of public relations, July 6, 2004.

<sup>14</sup> Interview with Ilim Pulp certification director, June 3, 2004.

<sup>15</sup> Interview with State Duma Deputy, July 5th, 2004. Leskhoz is a survival from the Soviet era, when they combined forest policy making, regulatory, management and harvesting functions at the local administrative level. Their current status remains somewhat unclear, as harvesting and management functions are gradually being given over to other actors. The process is highly uneven and variable across the 1800+ leskhoz in the Russian Federation. Today, some observers argue that since ownership of the forests is vested in the Russian Federation, leskhoz should be made more directly accountable to national policy making institutions. (Petrov 2003).

<sup>16</sup> Interview with academician Isaev, July 6th, 2004; interview with Communist Party Representative at State Duma, July 5th, 2004.

<sup>17</sup> Interview with State Duma Deputy, July 5th, 2004.

<sup>18</sup> The Forest Club consists of Greenpeace, Center for Biodiversity Conservation (CBC) and the Social Ecological Union (SEU).

<sup>19</sup> International NGO with headquarters in Sweden.

<sup>20</sup> Interview with STF-Strug manager, Strugy Krasnie, 2002.

were also impacted by the consumer boycotts and started to think about what kind of wood is involved in trade with European consumers. The NGO boycotts were focused on firms that had been operating legally in Karelia. One result of the boycott was a movement to establish the Kalevala National Park, a movement steadfastly resisted by both industry and the government. The Park was finally established in 2004, but has not brought any income to the economy due to a lack of infrastructure. However, the boycott was a turning point in the interaction among stakeholders. Both firms and governments began to consider NGOs as stakeholders.<sup>21</sup> NGO trans-boundary campaigns can be considered the pre-history of Russian certification.<sup>22</sup> Since the early 1990s, WWF and the Forest Club have promoted forest certification.

## Structural Features

### *Ownership and Tenure*

Russia's forests cover 1.2 billion hectares – 69 percent of the entire country.<sup>23</sup> They are publicly owned and administered by the Federal Ministry of Natural Resources, whose policies are carried out through numerous regional branches. Local administration is still carried out by *leskhoz*s, the traditional forest management agencies deriving from socialist times.<sup>24</sup> The *leskhoz*s are guided by ten year plans developed by the Forest Inventory Agency, an engineering and planning institution usually situated in the region, and subordinated to the Ministry of Natural Resources. Although the *leskhoz*s<sup>25</sup> have little input into the formulation of the long-range plans, their authority includes renting tracts of forest to private timber companies as well as performing rudimentary maintenance (such as thinning) and protecting the forest from thieves and natural disaster. A central role of the *leskhoz*s is to ensure that the operations of the private timber companies are consistent with laws and regulations. The rent paid by the timber companies is transferred to the federal government, rather than kept by the *leskhoz*. The *leskhoz*s are funded almost exclusively from federal government budgets. The actual funding level, however, is often below that appropriated in the budget. Thus, the negative element in public ownership of forests originates not in the ownership itself, but to a larger extent in relationships between federal, regional and local government units.

### *Markets*

In Russia, commercial logging exists on 100 million hectares of forested land, with an annual harvest of 140-160 million cubic meters of wood. According to government management plans, the potential exists to harvest up to 500 million cubic meters per year.<sup>26</sup> Russia accounts for 22 percent of the world's forests. Russian wood accounts for 3 percent of the world's production, but Russia exports more unprocessed round wood than any other country. The export of Russian round wood has been gradually increasing since 1997 (see Figures 1 and 2).<sup>27</sup>

<sup>21</sup> Interview with Burmistrov, WWF staff, director of the Pscov model forest, Strugy Krasnie, 2002.

<sup>22</sup> Russian NGOs are generally staffed by highly educated people with a high level of expertise.

<sup>23</sup> Conception of Development of Forest Management for 2003-2004, approved by Prime Minister Kasianov, 18 January 2003, #69.

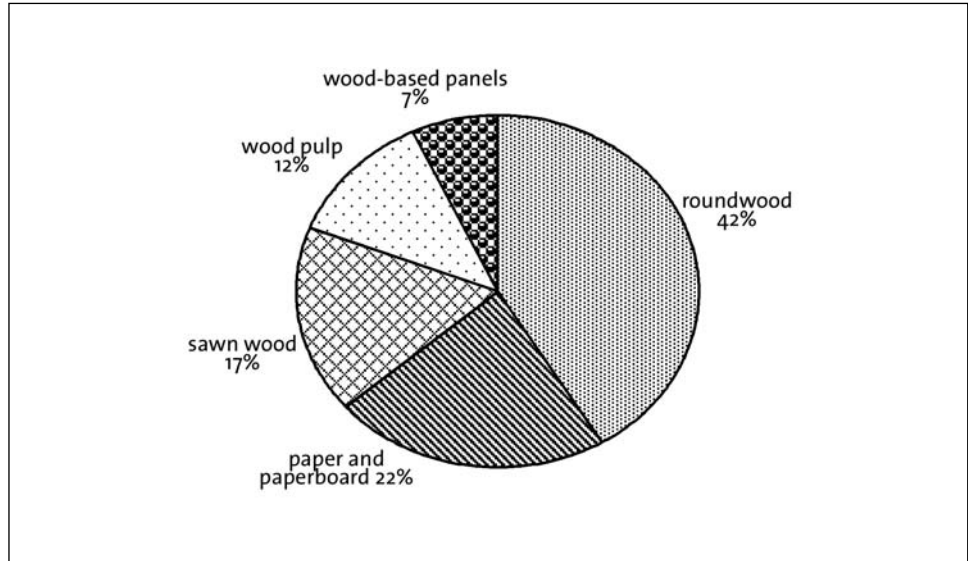
<sup>24</sup> The new forest code will most likely lead to privatization of *leskhoz*s.

<sup>25</sup> The role of *leskhoz*s will be changed in the new forest code; there is a proposal to convert them into private companies.

<sup>26</sup> Conception, op. cit. p.3.

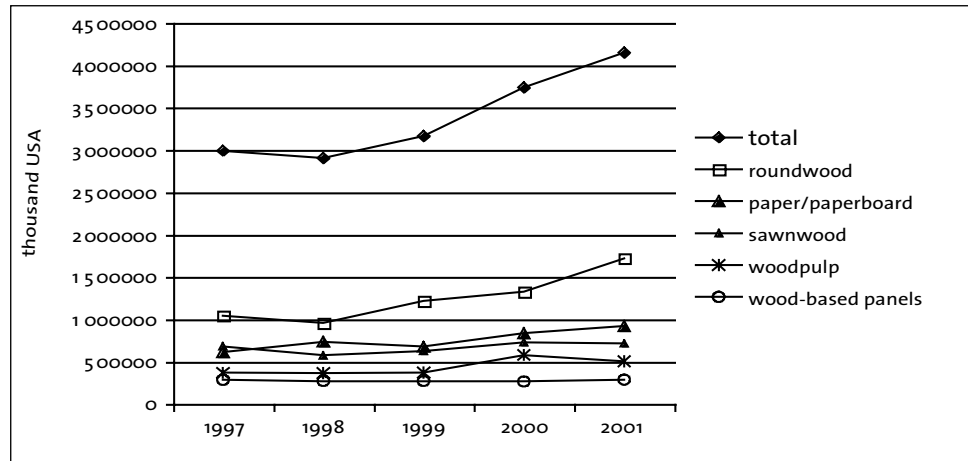
<sup>27</sup> State Customs Committee of Russia, 2002; the diagram is from a WWF trade and investment study.

**Figure 1 Structure of Russian forest products export by value in 2001**



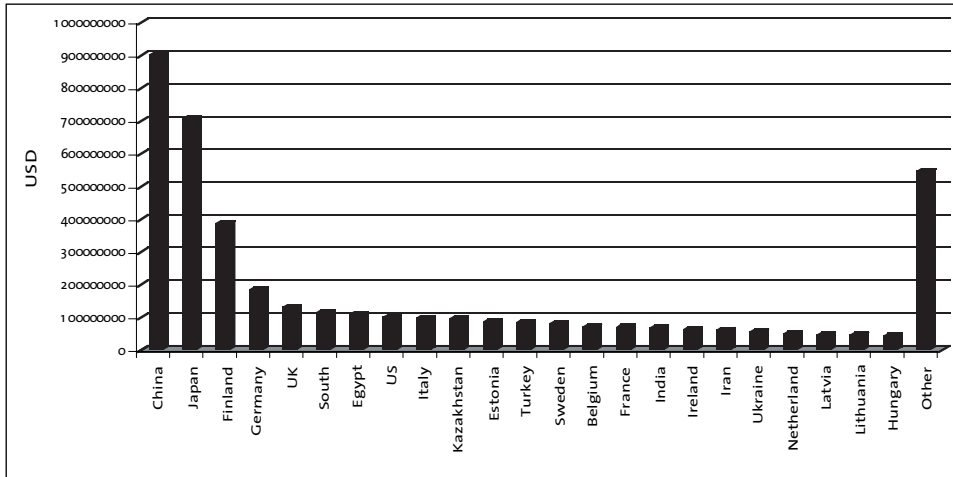
Source: Russian Trade and Investment Study conducted by A. Ptichnikov and A. Voropaev, WWF Russian Program Office, 2002.

**Figure 2 Dynamics of Russian forest products export by value**



Source: Russian Trade and Investment Study conducted by A. Ptichnikov and A. Voropaev, WWF Russian Program Office, 2002.

**Figure 3 Russian forest products exports by country in 2001**



Source: Russian Trade and Investment Study conducted by A. Ptichnikov and A. Voropaev, WWF Russian Program Office, 2002.

Two thirds of all harvested wood is exported as processed products. Ten Russian forest companies provide 25 percent of all harvesting and processing in Russia.<sup>28</sup> In 2003, 40 percent of Russia’s wood exports went to the European Union, 24 percent to China, and 15 percent to Japan (see Figure 3).<sup>29</sup>

In 1999, at least 500,000 cubic meters of forest products were exported to Estonia and around 100,000 cubic meters to Latvia.<sup>30</sup> Russian forest products exported to western Europe in 2002 were: Finland 72 percent, Germany 10 percent, UK 4 percent, Sweden 3 percent, Italy 2 percent, other countries less (see Figures 4 and 5).<sup>31</sup>

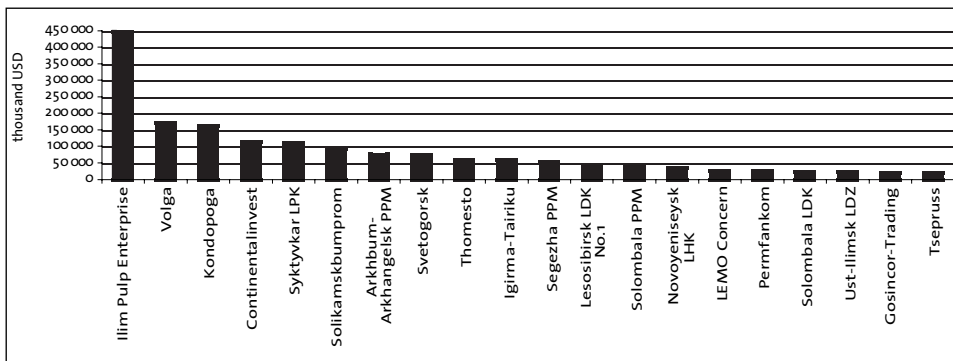
<sup>28</sup> WWF program office report, Moscow 2003.

<sup>29</sup> WWF database 2003.

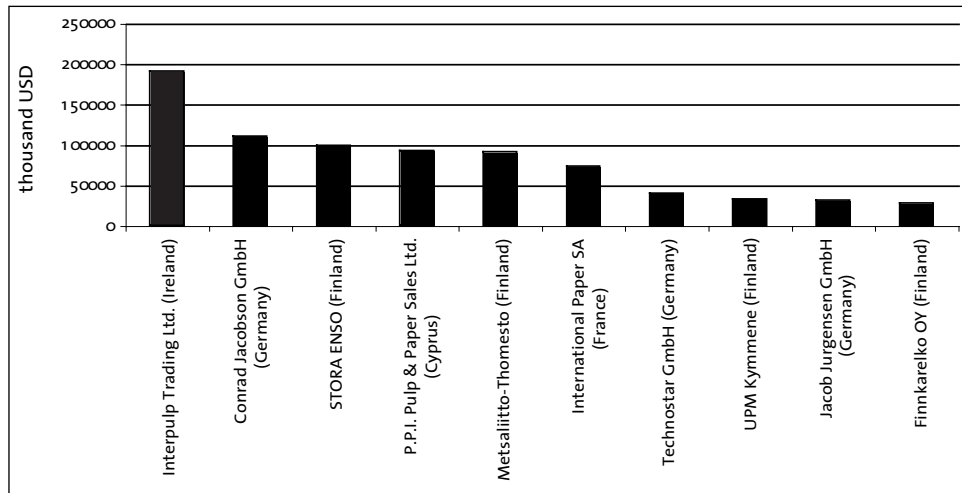
<sup>30</sup> WWF databases, 2002.

<sup>31</sup> State Customs Committee of Russia 2002.

**Figure 4 Leading forest exporters to Europe in 2001**



Source: Russian Trade and Investment Study, conducted by A. Ptichnikov and A. Voropaev, WWF Russian Program Office, 2002.

**Figure 5 Leading European importers from Russia in 2001 (by company)**

Source: Russian Trade and Investment Study, conducted by A. Ptichnikov and A. Voropaev, WWF Russian Program Office, 2002.

The percentage of certified wood trade in Russia remains quite low. According to WWF data, members of the Global Forest Trade Network account for only 7 percent of Russian wood exports, while nonmembers account for 93 percent. Foreign non-member importers comprise 99.8 percent of all importers while members make up the remaining 0.2 percent. Leading importing members of European buyers groups are Van Hoorebeke Timber, IKEA International A/S, and SCA Forest Products.<sup>32</sup> While the quantity of certified trade is low at present, it appears poised to grow quite rapidly because major firms, such as Ilim Pulp, are in the process of obtaining certification and support it.

The export of illegally harvested Russian wood is very high. In northwest Russia in 2000 official round wood production was 15 to 17 million cubic meters. Roundwood and sawnwood exports totaled 16 million cubic meters. Roundwood converted into pulp and paper totaled 5 million cubic meters, while 3 million cubic meters was used for the home market. In total, 24 million cubic meters was produced, 7-9 million cubic meters over the official production estimates, indicating high levels of illegally harvested wood.<sup>33</sup>

An example from the Russian Far East shows a much bigger illegal element in logging accounts. The legally allowed annual cutting rate and export of hardwood (e.g. ash, oak) from Primorskiy Krai totals 260 thousand cubic meters. However, the annual export data from the Russian Customs Department is 464 thousand cubic meters. The annual export as estimated by harvesters is 700 thousand cubic meters. Illegal trade occurs due to long trade chains which muddle the origin of wood, non-transparent business practices, a lack of an established chain-of-custody, and perfunctory verification,<sup>34</sup> together with huge demand and indifference to Russian environmental impacts in China. In Western Europe, different forms of oversight and checks, such as FSC and Greenpeace, prevent the consumption of certain kinds of

<sup>32</sup> WWF obtained these data from State Customs Committee of Russia, 2002.

<sup>33</sup> WWF Russian Program Office, 2002.

<sup>34</sup> WWF study 2002.

Russian timber. Yet the context of the Russia-China border not only allows this form of wild economy, but also encourages it. Taking advantage of China's proximity and demands, Primorie and Khabarovsk kraia offer huge forest massifs of valuable wood with unfettered export opportunities.

The annual capital investment for silvicultural equipment and timber processing technologies necessary to move the forest sector modernization towards environmentally friendly practices is in the range of \$US3 billion.<sup>35</sup> However, in 2000, the total investment in the forest sector was one-fifth of that amount, at \$US580 million, and two-thirds of that was in the pulp and paper industry. The shortage of loans and foreign investment forces Russian companies to use mostly their own funds to modernize their operations. Forestry company funds account for 82 percent, Russian banks for 13 percent, and foreign investment for 5 percent of all forest sector investment in Russia.<sup>36</sup>

<sup>35</sup> Estimate of the Federal Program for Development of the Forest Complex.

<sup>36</sup> WWF Russian Trade and Investment Study. WWF obtained these data from State Statistical Committee of Russia, 2002.

## THE EMERGENCE OF FOREST CERTIFICATION

### Initial Support

As stated in the introduction, there are three certification initiatives in Russia: two national initiatives and the FSC. Both national initiatives are in the early stages and their future remains uncertain. This section characterizes these initiatives, but focuses largely on the institutional design of the FSC initiative, which is the only one that has seen significant development in Russia.

### Initiatives to Develop a National System of Forest Certification

#### *Compulsory National Forest Certification Initiative*

Article 73 of Russia's 1997 Forest Code calls for a compulsory national forest certification program to be implemented by the (now-defunct) Federal Forest Service (Rosleskhoz). In 1997, the federal government perceived the FSC as an intrusion on Russian sovereignty while observing that many European countries were developing national systems of forest certification.<sup>37</sup> It thus gave the Forest Inventory Agencies responsibility for the development of standards and auditing. Yet, because the government perceived trade with Europe as private firm business, it was not strongly motivated to move forward with the compulsory certification program.<sup>38</sup> The government's primary motivation was to create an additional law enforcement structure to generate additional annual charges from the companies to augment the governmental budget.<sup>39</sup> Thus, compulsory national certification was never implemented and has been effectively abandoned by the government.

<sup>37</sup> Phone interview with Dmitriev, WWF staff, who at that time worked in Rosleskhoz, March, 2004.

<sup>38</sup> Phone interview with Dmitriev, WWF staff, who at that time worked in Rosleskhoz, March, 2004.

<sup>39</sup> Interview with Rakchmanin, Institute of Forest Industry, Moscow, February 2004; governmental representatives reject this motivation.

#### *First Voluntary National Certification Initiative*

The first national voluntary effort is supervised and supported by the Ministry for Natural Resources. This effort appeared mostly because of the international pressure

and because the FSC process seemed too complicated for many of Russian companies. The biggest Russian companies would prefer to have Russian auditors and a simpler certification scheme. Funding available from the World Bank was one incentive for the government to participate in this initiative. On May 14, 2003, the “National Council for Forest Certification in Russia” was established and officially registered. In 2003-2004, a series of meetings related to forest certification took place.<sup>40</sup> The Council involved World Bank Russian representative A. Kushlin, World Bank consultant S. Pitovranov, several people from the International Institute of Forestry, Russian forest company Ilim Pulp representative D. Chuiko, WWF representative V. Dmitriev, and representative of the World Conservation Union (IUCN) V. Tepliakov as stakeholders.

Members of the Council have different attitudes toward certification. The national standards are supposed to be “national in content and international in form.”<sup>41</sup> The standards are also intended to be similar to those required both by FSC and PEFC.<sup>42</sup> The development of national standards was started in the International Institute of Forestry under the supervision of academician A. Isaev, who is currently chairing the National Council. On May 22, 2005, the Council signed an agreement on cooperation with FSC International on standard development. FSC International is providing the Council with materials on auditor accreditation and other logistical support free of charge.<sup>43</sup> Thus, this initiative has an important, but still evolving relationship to the FSC, the main difference being that it intends to use auditors from Russia.

Part of the funding for the national system of forest certification came from the World Bank pilot project on sustainable forest use. Additional funding was provided by a grant from the Finnish government.<sup>44</sup> The World Bank lent \$US60 million to the Russian Ministry of Natural Resources in order to promote sustainable forestry, of which \$400,000-450,000 will go to promote forest certification and to create a “certification climate” and infrastructure.<sup>45</sup> The head of the World Bank project in Washington D.C., Gerh Dieterich, is a specialist in forest certification and is involved in projects not only in Russia, but also in other countries with transitional economies, such as Romania, Bulgaria, and Albania. He pays a great deal of attention to the promotion of forest certification in Russia. In the framework of the World Bank project, there is a special sub-project called “Forest Certification and Sustainable Forest Management.” The Finnish firm INDUFOR<sup>46</sup> won the tender on the certification part of the World Bank project.<sup>47</sup> INDUFOR is currently assessing all systems of certification in the Russian context and developing recommendations on what system is most appropriate.

The national initiative is planning to rely on FSC certification centers, which were set up by WWF. WWF hopes that this national initiative will facilitate promotion of FSC. Thus, this national voluntary forest certification initiative is not necessarily competitive with the FSC and is drawing upon FSC institutions and experts. The main difference is likely to be the accreditation bodies, which are expected to be independent from the FSC.<sup>48</sup>

Experts from the World Bank project have also created a list of pilot *leskhoz*es that will be guided toward national certification in the framework of World Bank project. The World Bank project is also designed to facilitate industry in the certification

<sup>40</sup> Interview with Nefediev, head of the Department of Forest Use of the Ministry for Natural Resources, March 2004.

<sup>41</sup> Interview with academician Isaev, responsible for standards development March 2004.

<sup>42</sup> Interview with Isaev, May 22, 2005.

<sup>43</sup> Participant observation, May 22, 2005, Zvenigorod.

<sup>44</sup> Interview with Pitovranov, World Bank consultant, March 2004.

<sup>45</sup> Interview with Pitovranov, World Bank consultant in Russia, March 2004.

<sup>46</sup> When the field research for this paper was underway (Spring 2004) INDUFOR could not sign its contract with the Ministry for Natural Resources because Putin changed the Minister and the new Minister was not familiar with the situation with certification.

<sup>47</sup> INDUFOR was competing with WWF for this tender. WWF did not win the tender because formal documents were filled out incorrectly (interview with the World Bank consultant, February 2004).

<sup>48</sup> Phone interview with Dmitriev, WWF staff, March, 2004.

process and assist firms with any type of certification they choose – national, PEFC or FSC.<sup>49</sup>

<sup>49</sup> Interview with Ptichnikov, WWF staff, February 2004.

### *Second Voluntary National Initiative*

The Union of Timber Merchants and Timber Exporters of Russia, which consists predominantly of exporters of round wood to Finland and China, is the source of the second national initiative of voluntary forest certification. They call it “The National System of Voluntary Forest Management Certification in Russia.” The Central Research and Development Project and Design Institute of Mechanization and Energy of the Timber Industry (TSNIIME), with participation of the All-Russia Research and Development Institute of Forestry and Mechanization of Forest Industry and the Moscow State Forest University, has developed and tested a set of national forest standards. The developers of this system drew on the Finnish experience of developing a Forest Management Certification System, and the system is close to the Helsinki criteria. “The Concept of Sustainable Forest Management in the Russian Federation,” approved by the Federal Forestry Service in 1998, was also used.

In August 2002, the system was tested at two enterprises in the Vladimir region. The developers claim that the system was efficient and that its criteria almost completely reflect the activities of timber industry enterprises with respect to the certification requirements. The system was also discussed by timber exporters of the Russian Federation, whose recommendations were taken into account when the final standards were developed (2003). Final testing took place in January 2004 in Voziagales, and the auditors are currently working on assessing results. The initiative is oriented toward PEFC forest certification. The Union of Forest Owners of Land and the Ministry of Industrial Science<sup>50</sup> financed it. NGOs and the forest processing industry were not involved in this process and do not support this initiative.<sup>51</sup> Although the initiative was not a reaction to the World Bank funded initiative, its developers are upset that it was not financed by the World Bank.

<sup>50</sup> The Ministry of Industrial Science was closed by Putin in March 2004. At the time of my interviews in February 2004 it was functioning normally.

<sup>51</sup> Interview with Ptichnikov, WWF staff, February 2004.

This initiative also established the Russian National Council for Voluntary Forest Certification, responsible for standards development and building certification institutions. The principles, criteria, and indicators were developed and published in the Journal *Forest Certification in Russia* (2003). This initiative’s developers see FSC, but not the first national initiative, as a competitor.<sup>52</sup> This system is currently collapsing in the context of Putin’s new Prime Minister Fradkov and further restructuring of Russian governmental agencies. The ex-Prime Minister Kasianov supported the Union of Timber Merchants and Timber Exporters and was assessing the needs of forestry in Russia based on the needs of round wood exporters. Now governmental support for this initiative is gone. However, the initiative is seeking accreditation of its standards by the PEFC.

<sup>52</sup> One of WWF representatives claims that unification of two initiatives is impossible due to personal issues among key personnel.

### *FSC Certification Initiatives*

The first FSC certifications in Russia came via market relationships. Three enterprises – (1) Kosikhinski Forest, Altai Region with their processing enterprise Timber

Production Pricebatch Ltd.,<sup>53</sup> (2) Koverninskiy Leskhoz, Nizniy Novgorod oblast,<sup>54</sup> and (3) Holz Dammers GmbH in Arhangelsk oblast<sup>55</sup> – received their certificates without any help from WWF or forest certification centers. They were certified privately in response to requests for FSC certification from their western co-owners and partners. Only after they had received forest management and chain of custody certificates did they begin to share their experiences, interact with FSC institutional designers in Russia, and participate in conferences on certification. In 1996, the Paper Mill Volga started working on FSC certification, which it finally received in 2000. In 1997, the enterprise Kozikhinsky Leshoz in Altay Region received an FSC certificate.<sup>56</sup>

Also in 1997, at a meeting in Finland, environmental NGO representatives decided to start promoting the FSC system in Russia. The TESIS project in Karelia, called “Sustainable Governance of Natural Resources in North-Western Russia,” was started in the framework of the Finnish consulting unit Sakhalitus of the Finnish Forestry Service. The Finnish Forestry Service under the NGO pressure initiated a feasibility study on the need for certification in Russia. Andrey Ptichnikov (currently director of the national FSC office) worked at TESIS and was responsible for the feasibility study. However, when he tried to report on the results of his study to the Russian-Finnish commission on forest use, the Russian representatives to the commission did not allow him to present his findings. At that time, the Russian Forest Service was concerned about Russia’s international image and did not allow disclosure of information that would show the international community what was going on in the Russian forest sector. Mr. Ptichnikov resigned and took a new job at WWF and started promoting forest certification on behalf of WWF.<sup>57</sup>

In 1998 the environmental organizations<sup>58</sup> World Wildlife Fund (WWF), Greenpeace, Social Ecological Union (SEU), and the Biodiversity Conservation Center (BCC) began to promote FSC certification in Russia (Tysiachniouk 2003). Each of these organizations worked with European partners and was familiar with the FSC process in Europe. In 1998, WWF sent information regarding FSC forest certification to 5,000 forest producers and forest enterprises. At that time the interest of forest companies in certification was still low. Only 10 of the 5,000 companies requested more information.<sup>59</sup> Still, in 1998, WWF organized a conference on FSC certification in Petrozavodsk, Karelia Republic. The goal was to start a dialogue with business and show the government that Russia needed both compulsory and voluntary certification. The conference was sponsored by the MacArthur Foundation. It was the first time that business representatives were invited to discuss issues with NGO representatives. Only a few forest companies attended the conference, which was dominated by scientists and NGO representatives. This can be explained by the existence of big conflicts between the forest industry in Karelia and environmental NGOs such as those involved in the Forest Club due to Greenpeace’s direct action and consumer boycotts. In addition, forest companies in Karelia are interested predominantly in exports to Finland, where interest in FSC is low. At that time, the Russian government was still committed to compulsory certification and opposed to voluntary approaches, while environmental NGOs opposed compulsory systems and promoted the FSC. As a result of the conference, the Federal Forest

<sup>53</sup> Trading with the Body Shop, UK; received the certificate in 2000.

<sup>54</sup> Russian mother company- Pulp and Paper Mill Volga; received the certificate in 2000.

<sup>55</sup> Co-owned by Dammers Mers, Germany, received its certificate in 2000.

<sup>56</sup> Interview with Ptichnikov, WWF staff, February 2004.

<sup>57</sup> In 2004 Mr. Ptichnikov worked for INDUFOR on an assessment of FSC potential in Russia and in February 2005 became a director of the Russian National FSC office.

<sup>58</sup> Members of these organizations are generally highly educated and longtime members of the movement. Most of the current staff participated in nature protection activities during socialism.

<sup>59</sup> Interview with Ptichnikov, WWF staff, February 2004.

Service became informed about the FSC and started to pay attention to it. Within the government the first respondents were scientists, typically the most progressive people, and they started to educate governmental officials.<sup>60</sup> Despite conflicts, governmental representatives participated and the conference can be considered the first intersectoral dialogue on forest certification in Russia.

<sup>60</sup> Interview with Ptichnikov, WWF staff, February 2004.

In 1999, a second conference took place in Pushkino, Moscow oblast, where a working group was created comprised of participants from business, representatives on social issues and environmental NGOs. Later WWF formed an organization that eventually became the FSC National Working Group to promote the FSC system; it used a Coordination Council as a governance body. At that time forest companies did not feel comfortable enough to openly work with NGOs, but rather preferred to interact informally. They participated in the events as private individuals and not as representatives of their companies.<sup>61</sup>

<sup>61</sup> Interview with WWF representative, March 2004.

The interest of the majority of forest companies in certification at that time remained very low. SEU activists went to Krasnoyarsky Kray to talk to the biggest export-oriented forest producers, the New Enisy Forest Combine and the Novosibirsk plant, but neither company expressed interest.<sup>62</sup> The Federal Forest Service was still promoting compulsory certification and created a regional center for compulsory certification within the Novgorod Center for Forest Protection. WWF awarded a grant to this center to develop an FSC model in parallel with governmental compulsory forest certification. As indicated in the terms of this grant, the Novgorod Certification Center began to work with companies and three became interested in FSC certification. One, Madok, was certified in 2001. The Novorod Center also co-sponsored a conference with WWF in 1999. Participants included several forest companies, NGOs, and governmental representatives. Three international auditing companies came to Russia to explain the FSC process.<sup>63</sup>

<sup>62</sup> Interview with Korpachevsky, BCC staff, February 2004.

Today, the most active forest certification center is in Arghangelsk. Forest companies in that region are very interested in the FSC because they trade with Europe and there is a market demand for FSC certified products. There are similar centers in Krasnoyarsk and Moscow, while the weakest and the most conflictive is in Khabarovsk. The Krasnoyarsk initiative successfully guided a company in Novo Eniseysk to FSC certification in 2004.<sup>64</sup> The Novgorod Center has lost its effectiveness.

<sup>63</sup> Interview with Ptichnikov, WWF staff, February 2004.

In 2000 a conference took place on FSC certification in Komi Republic. At that time the first set of FSC standards was developed and field-tested at the Model Forest Priluzie.<sup>65</sup>

<sup>64</sup> Forest news, May 17th, 2004, [www.wwf.ru](http://www.wwf.ru)

<sup>65</sup> Interview with Ptichnikov, WWF staff, February 2004.

### Institutional Design

The Forest Club (SEU, Greenpeace, CBC) and WWF are the primary promoters of forest certification in Russia. WWF is by far the most active in the institutional design of forest certification, but the contact person of the Russian national initiative, Vladimir Chuprov, is a Greenpeace activist.

FSC forest certification has been promoted through a series of WWF institutional initiatives. WWF disseminated information about FSC through a series of

conferences as described above. It first promoted intersectoral dialogue among governments, forest users, and environmental NGOs. It also initiated the national and regional working groups on standards development and as well as model-demonstration projects. WWF started the Association of Ecologically Responsible Forest Companies in 2000, a forest producer group. In 2002, WWF together with Greenpeace, IUCN, BBC, and SEU developed criteria for ecologically responsible forest businesses. These criteria were used to develop “step-wise” ecological policies for forest companies. They were adopted by the Global Forest Trade Network (GFTN) as wood procurement and membership principles. The principles of membership in the Russian Producers were adopted by its current members: Ilim Pulp PPM, Archngelsk PPM (Pulp and Paper Mill), Volga PPM, Kartontara PPM, Solombala LDK, and Onega LDK. Altogether, producer group members control up to 35-40 percent of Russian wood consumption, (Ptichnikov 2003) but still very little is sold through GFTN. Still, the Association of Ecologically Responsible Forest Companies serves as a conduit through which WWF connects forest producers with responsible buyers groups in the West.<sup>66</sup> Promotion of FSC certification by WWF was implemented through partnerships with IKEA, with Stora Enso in the Pscov Model Forest, and cooperation with regional forest business associations (forest companies of Pomorie in Arhangelsk and PALEX in the Russian Far East).

One mechanism for promoting responsible forest management by WWF is eco-rating. In 2002, WWF conducted an eco-rating of 29 leading Russian timber processing companies. The eco-rating was based on self evaluation. Companies filled out a questionnaire related to their environmental practices and NGOs ground-truthed the information.<sup>67</sup> It turned out that self-evaluation<sup>68</sup> did not exactly reflect the true level of ecological responsibility of the company.<sup>69</sup> The results were disseminated to buyers around the world and posted on the Internet.<sup>70</sup>

To help companies make the often difficult changes necessary to achieve FSC certification, the WWF has developed a “step-wise” approach for Russian companies and is guiding them through this process. The first step involves adoption of an environmental policy and preparation of an eco-action plan. The second step requires the company to control wood legality, establish a chain of custody system, and conduct an internal audit. The third step involves landscape planning and high conservation value forest protection. The last step involves reaching good forest management and certification.<sup>71</sup> WWF publishes materials with examples of good environmental policy done by the companies, such as Svetogorsk, Arkhangelsk, Volda, and Onega Pulp and Paper Mills. They also publish examples of environmental policy of international companies operating in Russia, such as Stora Enso, UPM-Kymmene, Metsaliito, and IKEA, and explain how appropriate environmental policy facilitates the process of certification (Ptichnikov 2003).

WWF-Model demonstration projects serve as educational grounds upon which to show how intensive and sustainable forest management schemes can work. The Pscov Model Forest developed a new system of forest management planning, using economic norms and a scenario approach with optimization techniques. Some model forest management techniques have been incorporated into current forest norms (for

<sup>66</sup> The percentage of Russian trade by producer group members in GFTN is still very low, but WWF hopes it will increase.

<sup>67</sup> Interview with Dmitriev, WWF staff, February 2002.

<sup>68</sup> Among the companies with high ratings are: Arhangelsk Pulp and Paper Mill, Baykal Pulp and Paper Mill, Dallesprom, Kotlass Pulp and Paper Mill, Plitspsychprom, Solikambumprom, Solombala LDK, Terneyles, Tyndales, Chudovo-RWS, and National Timber Company. Some FSC-certified companies evaluated themselves lower than those who are not (for example, Volga Paper (FSC) and Oneghskiy LDK (Malashuika Les has FSC)).

<sup>69</sup> Personal communication with WWF staff person, 2002. This list of companies is not equivalent to the list of the members of the Russian Producers Group. In the Russian Producers Group, the practices of the company are carefully checked. Interview with Rizhkov, February 2004.

<sup>70</sup> [http://www.wwf.ru/about/what\\_we\\_do/forests/ratings/eng](http://www.wwf.ru/about/what_we_do/forests/ratings/eng)

<sup>71</sup> WWF 2003, report and powerpoint presentation.

example, leaving wetland areas not logged, leaving old growth plots untouched)<sup>72</sup> and are being disseminated into three different areas. Approximately 100 forest companies and 1000 forest service people have received training at the Pscov Model Forest.

The project of WWF-IKEA (covering Russia, China, Romania, Bulgaria, Lithuania, Latvia and Estonia) also contributes to FSC's institutional design. IKEA has step-by-step requirements for their suppliers and through a partnership with WWF tries to support greening processes for forest businesses. The last step is equivalent to FSC standards. The project began in 2002 and focuses on four regions of Russia: Arhangelsky region, Vologda region, Irkutsk, and Krasnoyarsk. There are four key elements in the WWF-IKEA project.<sup>73</sup> The first is development of mechanisms for the High Conservation Value Forests (HCVF). This element is developing in Arhangelsk. The World Bank-WWF alliance is also interested in preserving critical forests, the concept of which is relatively close to HCVF, so WWF-IKEA and WWF-World Bank Alliance collaborate on this issue. The HCVF element is tied to FSC Principle 9, and focuses on designating such forests and supporting them.

By working on HVCF, the WWF-IKEA project extends Principle 9 to the regional level. They work with regional scientific institutions in an effort to create a methodology for designating HCVF (which is not equivalent to intact forests<sup>74</sup>), field-test this methodology, and suggest amendments to regional legislation, taking into account the HVCF. Development of mechanisms for their use and conservation is concentrated in Arhangelsk region, because, on one hand, there are big plots of HCVF and, on the other hand, forestry is intense and export-oriented in this region. Forest producers were frightened by Greenpeace's threat to their European markets, and so are now ready to work with environmental organizations. WWF-IKEA created a working group with all stakeholders involved, such as administration, forest industry, science, a forest inventory team, representatives of Model Forests, and NGOs including Greenpeace. In addition, they have a technical group that tests the methodology in the field, and reports to the working group. In 2004, WWF-IKEA is planning to start working in Krasnoyarsk on the same issue.<sup>75</sup>

The second component focuses on illegal logging. The WWF-IKEA project prepared an in-depth analysis and made recommendations to regional administrations on what can be done to stop illegal logging.<sup>76</sup>

The third component involves strengthening the Association of Responsible Forest Producers by involving new members, including IKEA suppliers, helping companies to formulate environmental policies, and strengthening contacts with the Global Trade Network. WWF-IKEA works with current and potential members of the Association. Their efforts include education of top company managers, connecting them with Swedish and Canadian producers, as well as organizing study tours to Sweden and Canada.

The fourth component is the creation of certification centers for education and training. The project prepares staff for existing and newly established certification centers. These staff members are trained to be qualified as auditors or can work as consultants for *leskhoz*es or the forest industry. In Arhangelska and Krasnoyarsk, there are already qualified staff that can be teachers, and there are young people who

<sup>72</sup> Norms are used by companies seeking FSC. These norms are not included in the forest legislation yet, but are commonly used and *leskhoz*es give special permission to the companies seeking FSC.

<sup>73</sup> Interview with WWF-IKEA project coordinator E. Kulikova, March 2004.

<sup>74</sup> Intact forests are virgin forests, while HVCF includes social, religious, cultural heritage places.

<sup>75</sup> Interview with WWF-IKEA project coordinator E. Kulikova, March 2004.

<sup>76</sup> As WWF is a partnership builder, at the moment they do not make this information public, according to my personal communication with WWF staff. A decision on publicity of the information will be made later.

need education. In Vologda, there are no specialists in certification, but there is interest in attaining these qualifications. In Irkutsk, there are no specialists and no interest in specialization. For this reason, the WWF-IKEA project took trainees not only from their priority regions, but from others as well. They educate not only representatives of certification centers, but university staff and Forest Inventory Agencies. They conduct a series of seminars and workshops, some of which take place in Model Forests.<sup>77</sup>

In addition, WWF-IKEA is working to educate forest industry staff about certification. They conduct seminars for different enterprises throughout Russia. There is a huge interest in studying FSC forest management and chain of custody certificates.<sup>78</sup>

### *FSC National Initiatives*

Russia has one FSC National Working Group<sup>79</sup> and two regional working groups (in Komi Republic and Krasnoyarsk). The National Working Group was by FSC in June 2006.<sup>80</sup> The National Group consists of three chambers: social, economic and environmental.<sup>81</sup> Its membership consists of more than thirty people. They have a coordination council of nine people with one representative of the Komi indigenous people.<sup>82</sup>

The national FSC office was established in February 2005 with initial funding provided by the European Union grant program. The FSC office will link clients with auditors and facilitate certification processes. Chuprov of Greenpeace is the FSC contact person. He is an information channel between FSC International and the situation in Russia. He informs the FSC about both successes and failures. The fourth possible initiative is a national FSC Board, which exists in the bylaws but has yet to be implemented.<sup>83</sup>

FSC centers sometimes serve as precursors for the auditing firms. Representatives of the Novgorod certification center became representatives of SGS (auditing company), which has a representative in St. Petersburg. They certified Madok in Novgorod. Russia does not have yet auditors accredited by FSC International, but the firm Europartner based in St. Petersburg is seeking accreditation.<sup>84</sup>

### **Standards**

In May 1998, the national working group on certification was formed. The major task of the national working group was to develop framework standards, which, on the one hand, would be consistent with FSC international standards and, on the other, would reflect Russian particularities and solve Russian forestry problems. In the early stages the working group had multiple internal conflicts due to the difference between the radical participating environmental NGO and business. Despite these conflicts, the radical group Greenpeace has participated in the group since the early stages of certification.<sup>85</sup> In 1998, the national working group representative of FSC wrote a letter to the government of Komi Republic in order to promote the development of regional FSC standards. In parallel, regional working groups were also created. The most active and efficient group was formed around the WWF

<sup>77</sup> Interview with WWF-IKEA project coordinator E. Kulikova, March 2004.

<sup>78</sup> Interview with WWF-IKEA project coordinator E. Kulikova, March 2004.

<sup>79</sup> The head of the National Working Group is Vladimir Chuprov, Greenpeace staff.

<sup>80</sup> Interview with the head of the National Working Group Korpachevsky, May 21 2005.

<sup>81</sup> There is no chamber representing indigenous people.

<sup>82</sup> Phone interview with Chuprov, FSC contact person, May 2004.

<sup>83</sup> Interview with Chuprov, contact person of the national FSC initiative, February 2004.

<sup>84</sup> Interview with Europartner representative, June 3, 2004.

<sup>85</sup> Interview with NGO activist, March 2004.

project Preluzie Model Forest in the Komi Republic. They developed and tested regional standards, and the project was well organized. The second group worked in Krasnoyarsk and the third in the Far East. The working group in the Komi Republic and in Krasnoyarsk developed regional standards, but the group in the Far East was eventually dissolved, largely as a result of multiple conflicts within the group.<sup>86</sup>

In October 2003, the framework for national FSC standards in Russia was finalized. The criteria are very close to the ones approved by the Ministry of Natural Resources in 1998; however, the technical indicators are much better developed than they were before (Shvidenko and N. Isson 2003). The FSC national standards include stronger protections for the rights of indigenous people than does Russian governmental policy. The national FSC standards have been tested in five different places. Currently work is underway to harmonize the national standards with the regional (sub-national) ones developed in the Komi Republic and Krasnoyarsk.

Accreditation and registration of the Russian national standards by FSC International is a goal. Until the Russian national standards are registered, auditing companies accredited by FSC apply the general standards of FSC.<sup>87</sup> When the standards receive FSC approval, they will be the official standards for Russia and will govern all auditors.

Certification was designed to address preservation of HCVE, but many contradictions and conflicts still occur around Principle 9. Russian legislation provides that old growth virgin forests should be preserved only when they belong to the first category of forests (those that are close to waterways or contain valuable species or are in the specially protected areas). When forest companies rent territories to do commercial forestry, these territories often contain old growth forests, especially in the Arhangelsk region. The company has the right to cut this forest under Russian legislation. But environmental organizations such as Greenpeace, BCC, SEU and WWF consider virgin forests to be as high conservation value forests that need to be preserved, or at least subject to a special policy. Greenpeace and their partners published a map of all virgin forests in Russia and distributed this map to both Russian forest producers and Western buyers. Environmentalists argue that FSC must help preserve virgin forests, and a great deal of attention needs to be paid to the standards related to their preservation. Because the criteria and indicators of HCVE are very different for different regions of Russia, much work is still required to harmonize the standards (Chaprov 2003).

Several forested regions of Russia are populated by indigenous peoples. Indigenous cultures throughout Russia – the Komi, Koryak, Itelmen, Udegeis, Chukchi in the north, and many others – have suffered much since the advent of Russia. In Tsarist times, the Russian Empire's eastward expansion brought Christianity, as well as marauding Cossacks demanding tributes in fur from the native peoples.

Later, Soviet policy toward indigenous peoples brought even more far-reaching changes to their cultures and ways of life. The State Committee for Numerically-Small Peoples of the North, Siberia, and the Far East oversaw this policy, operating with the primary goal of turning the native people from aboriginal semi-nomads into full place-tied citizens of modern Soviet society. The policy of “centralization” moved

<sup>86</sup> Interview with Ptichnikov, WWF staff, February 2004.

<sup>87</sup> Interview with Chuprov, Greenpeace staff, and a contact person of Russian national initiative, February 2004.

small subsistence-based community clans into more centralized villages. This allowed the state to more efficiently deliver subsidies, which included bread, coffee, tea, sugar, and other basics. Native people were put to work on collective farms, and children of the reindeer herders were sent to boarding schools for education. After *perestroika*, subsidies halted abruptly, rural economies soured, and indigenous people became even more disempowered. The Komi people from the Komi Republic live in timber producing regions in the European part of Russia. In the Far East, forest conflicts and tensions occur with Udegeis populations. Since the early 1990s there has been new legislation and a policy process to create “Territories of Traditional Nature Use” for indigenous people, also called ethno-ecological refuges (Zaporodsky and Morashko 2000). This policy is applicable to Indigenous Low-Numbered Populations of the North.<sup>88</sup> The absence of appropriate norms inhibits the designation of such territories. Many native communities, such as Komi and Udegeis, are not considered low-numbered and there is no government policy to incorporate them in the forest decision-making process. FSC certification has the potential to clarify and protect the rights of these people.

<sup>88</sup> Ethnicities are considered low populated indigenous peoples in case their numbers do not exceed 50,000.

<sup>89</sup> Interview with the head of administration, Obiatchevo, March 2002.

<sup>90</sup> Interview with the head of administration, Obiatchevo, March 2002.

<sup>91</sup> Interview with chair of Forest Service of Komi Department of Natural Resources, March, 2002.

<sup>92</sup> Interview with coordinator of the working group on regional certification standards, March 2002.

## THE REACTION TO CERTIFICATION

### Forest Policy Community and Stakeholders

The attitude toward FSC certification of the State Forest Service under the Ministry for Natural Resources has changed from negative to positive. Although the Ministry of Natural Resources remains more interested in promoting national forest certification, it currently supports the FSC process as well.

WWF’s Preluzie Model Forest has received extensive support from local, regional, and national levels of government. Government officials have shown themselves to be quite passionate about Preluzie Model Forest and its potential for bettering the region’s economy.<sup>89</sup> They are also expressing a sense of ownership. The head of administration in the Preluzye region said, “We look at the project like our child,”<sup>90</sup> while officials on the republic level claim that the Model Forest is a government initiative. Another official said, “In this project, everything started with the power structure, with the government.”<sup>91</sup> This attitude may reflect WWF’s strategy of cooperating with many departments of the government, including the Ministry of Economy, the Judicial Department, the Forest Committee, and the Ministry of Transport and Connections. Several of these departments have representatives working closely with Model Forest employees to develop FSC standards for Komi. One respondent felt that these government officials are very dedicated to the project. He said, “I sometimes wonder what their interest is, besides scientific interest. There can’t be much material interest. We usually meet in the working group for 2-6 hours, sometimes the whole day. Everybody is listening, adding, suggesting, and arguing.”<sup>92</sup> Other than as small grant recipients, government officials receive no pay for this work. Government officials in Komi have shown much more excitement about the project than those in Pskov.

WWF's small grant program has helped to build government support for the model forests. Several republic-level officials received grants for forestry research and expressed deep appreciation for the opportunity. The Model Forest also took some government officials to Sweden to view FSC-certified operations. Such efforts quickly brought government support in the form of scientific knowledge, leniency with forestry norms, and participation in the Model Forest's strategy development and planning group.

Reactions to certification vary more in the local forest management units, *leskhoz*s. In territories that are already certified, the reaction is usually positive. However, in places that remain distant from the process, certification is perceived as foreign intervention into sovereign forest governance. In less successful cases, such as in the territory of Holz Dammers, the attitude of the *leskhoz* did not change from negative to positive. The head of the *leskhoz* perceives that the company gets benefits it does not deserve. Some tensions occur because those seeking the FSC certification need to receive special permission to change forest practices and to be exempted from certain requirements of existing Russian forest law. Companies typically change practices even before special permissions are issued and are therefore often fined by *leskhoz*s, although the amounts are frequently nominal. They try to hide those fines from the FSC auditors.<sup>93</sup>

*Leskhoz*s do not receive direct benefits from certification; most benefits of certification go to private firms. At the same time, *leskhoz*s must administer forest operations in the certified territory, often with increased complications and responsibilities. Nonetheless, the attitudes of *leskhoz* officials sometimes change from negative to positive in the course of the certification process, as happened in Preluzie Model Forest.

FSC certification is known by almost all forest businesses in Russia. Many of them are considering pursuing certification in the future, especially those situated close to the European border. Companies conducting forestry in the areas distant from the borders are usually not interested in certification. Smaller companies are also not interested or cannot afford to become certified.

All environmental organizations currently support forest certification. Social NGOs and workers' trade unions are usually not familiar with the FSC process.

### Current Status of Forestland Certification

Currently Russia has only FSC-certified forestland. As of January 1, 2005 there were approximately 4 million ha of land under FSC-certified forestry operations. Certification has boomed since 2003 and interest in it continues to grow.<sup>94</sup>

<sup>93</sup> Interview with the director of Emetski leskhoz, June 2003.

<sup>94</sup> Interview with Korpachevsky, May 2005.

**Table 1 FSC forest management and chain-of-custody certificates in Russia**

Company	Region	Mother (partner) company	Number, type and duration of the certificate	Area certified, in thousands of ha	Auditor
Kosikhinskiy Agricultural Leskhoz	Altay Kray	Timber Production Pricebatch Ltd., Kosikha and Nalobikha Sawmills	SA-FM/COC-1181 2000-2005	32,712	Soil Association
a) Holz Dammers Gmbh Arkhangelsk, b) HDM Holz Dammers Moers	Arkhangelsk Oblast	Dammers Moers (Germany)	IMO-FM/COC-2099, 2000-2005	65,905	IMO
Madok	Novgorod Oblast	Leitinger (Austria)	SGS-FM/COC-0849, 2001-2006	31,200	SGS Qualifor
Priluzje Leskhoz Model Forest	Komi Republic	Priluzje Model Forest	SW-FM/COC-242 2003-2008	794,409	Smartwood
Maloshuykales	Arkhangelsk Oblast	Orimi Wood, Onega Sawmill	GFA-FM/COC-1078, 2003-2008	336,445	GFA TerraSystems
STF-Strug	Pskov Oblast	StoraEnso, Pskov Model Forest	SW-FM-283F, 2003-2008	18,440	Smartwood
Novoyenisey Forest Chemical Complex	Krasnoyarsk Kray	–	SA-FM/COC-1357, 2004-2009	49,333	Soil Association
Belozersky Lespromkhoz	Vologda Oblast	Cherepovetsles	SGS-FM/COC-1828, 2004-2009	221,492	SGS Qualifor
Bely Ruchey	Vologda Oblast	Cherepovetsles	GFA-FM/COC-1120, 2004-2009	398	GFA TerraSystems
Svetlozersk	Arkhangelsk Oblast	Solombala Sawmill, Timbex	GFA-FM/COC-1114, 2004-2009	171,900	GFA TerraSystems
Kai	Kirov Oblast	Domostroitel, IKEA TORG	SW-FM/COC-1379, 2004-2009	124,203	Smartwood
Terneyles	Primorskiy Kray	Sumitomo	SGS-FM/COC-1925, 2004-2009	1,394,488	SGS Qualifor
Lesosibirsk Sawmill No.1	Krasnoyarsk Kray, Motyginiski Leskhoz, Leskhoz	Basic Element Group	SGS-FM/COC-1987, 2004-2009	219,155	SGS Qualifor

**Table 2 FSC chain-of-custody certificates in Russia**

<b>Company</b>	<b>Region</b>	<b>Mother (partner) company</b>	<b>Number, type and duration of the certificate</b>	<b>Auditor</b>
Kosikha and Nalobikha Sawmills	Altay Kray	Timber Production Pricebatch Ltd., Kosikhinskiy Agricultural Leskhoz	SA-COC-1137, 2000-2005	Soil Association
Timber Production Pricebatch Ltd.	Altay Kray	Kosikha and Nalobikha Sawmills, Kosikhinskiy Agricultural Leskhoz	SA-COC-1138, 2000-2005	Soil Association
Luzales	Komi Republic, Priluzye Model Forest	Chovyules, Priluzye Model Forest	SW-COC-1040, 2003-2008	Smartwood
Noshulskiy LZK	Komi Republic, Priluzye Model Forest	Priluzye Model Forest	SW-COC-1073, 2003-2008	Smartwood
Syktyvkar Plywood Mill	Komi Republic, Priluzye Model Forest	Priluzye Model Forest	SW-COC-1254, 2004-2009	Smartwood
Kustyshev NM	Komi Republic, Priluzye Model Forest	Priluzye Model Forest	SW-COC-1267, 2004-2009	Smartwood
Novoyenisey Forest Chemical Complex (NE Russia FCC)	Krasnoyarsk Kray	–	SA-COC-1357, 2004-2009	Soil Association
Sibirskaya sosna	Irkutsk Oblast	Pristina Pine	SW-COC-1312, 2004-2009	Smartwood

## EFFECTS OF CERTIFICATION

### Power

The FSC certification system has influenced the distribution of power on the regional level. This is especially evident in the Arghangelsk region, where the majority of forest companies are interested in certification. The working group formed to develop regional standards included not only forestry specialists, but also environmental NGOs, business representatives, and administrative officials. Before certification emerged, only experts and governmental agencies were involved in the decision-making process. No intersectoral dialogue existed in society, especially around the issue of HCVE. The certification process allowed stakeholders to learn to participate in dialogue and find consensus. Thus, forest certification has led to significant change in the formerly non-inclusive regional public policy-making process.<sup>95</sup>

The impacts of certification on power relations vary among cases. Where certification was guided by WWF, as in the model forests,<sup>96</sup> impacts on local community power structure are much more significant than in cases where NGO involvement was minimal, as in the Holz Dammers case. Power impacts of FSC-certified model forests also differ from one another. WWF created the Preluzie Model Forest in a region built on forestry, but not in the border region. The Komi Republic is much further to the east than Pscov Oblast, and this one factor results in a disparity between the two Model Forests. Pscov is close to Russia's European border and so it attracts the export-oriented subsidiaries of multinational European logging firms, such as STF-Srugy, daughter firm of Stora Enso. Preluzie's *leskhoz* rents land mostly to smaller Russian companies oriented toward domestic markets. Because Russian markets lack the environmental sensitivity and higher prices of European markets, these companies see little reason to invest in creating a green image. While Pscov represents an exception, the Komi Republic represents the more common situation of forestry in Russia's vast interior. The companies working in Peluzye *leskhoz* do not feel the influence of European markets as strongly. For this reason, partnership with industry remains undeveloped.<sup>97</sup> Thus far, the effects of FSC certification processes appear not to have spread beyond the areas in which certification has actually occurred.

In both the Pscov and Preluzie model forests, WWF launched a campaign to network with all stakeholders in the forest and to educate them about sustainable forestry. In each case WWF established a small grant program to pay for research and creative projects pertaining to the Model Forests. The small grant programs have focused on scientists, teachers, educators, a museum curator, and librarians. Teachers and educators, especially, help to spread knowledge and ideas, and shape the mindset of succeeding generations. The grant programs also provided unique opportunities for government officials in the Ministry of Natural Resources, several of whom carried out forestry research funded by WWF. The programs also funded Ph.D. research on forest economics for local students in Siktivkar and revitalized old Soviet structures for producing non-wood forest products (Tysiachniouk and Reisman 2004).

Throughout the country, Russian citizens are directly dependent on forests, including the wild mushrooms and berries found therein. For this reason, there exists

<sup>95</sup> Interview with Ptichnikov, WWF staff, February 2004.

<sup>96</sup> Model forests Pscov and Preluzie both received FSC certificates in the summer of 2003.

<sup>97</sup> An exception is Luza Les, which is situated in Priluzie and received a COC certificate.

a general public mistrust of logging operations. In addition, community members have been especially suspicious of foreign companies, whom they felt would simply send their forests abroad. In working with the communities, it became WWF's job to soothe public opposition to forestry by illustrating the difference between conventional Russian forestry and FSC sustainable forestry. In all projects requiring public involvement, WWF uses the local intelligentsia (the educated class) to construct links with the rest of the population.

FSC criteria demand that the local communities and indigenous peoples have a voice in forestry decisions. Raising public interest in the Model Forest, which WWF accomplished, laid the groundwork for official public participation. Both the Pscov and Priluzie Model Forests created Forest Clubs that bring a broad array of forest stakeholders together in productive dialogue. The Forest Clubs meet regularly, and attendees include company officials, *leskhoz* workers, administrators, forest scientists, WWF staffers, and interested local citizens. WWF bills the Forest Clubs as models of democracy and citizen involvement in forestry, as it ideally, although perhaps not practically, happens in the West. In Priluzie, special attention was given to participation of the Komi people in decision-making processes.

The Pscov Model Forest also illustrates the importance of NGO legwork for western commercial interests in Russian natural resources. By acquiring partners and support for the Pscov Model Forest, WWF laid the foundation for popular acceptance of STF-Strugy's foreign logging practices and FSC in general. The Preluzie Model Forest illustrates the converse – that the cooperation of industry can be extremely valuable for NGOs seeking to bring western practices into Russian forestry. Although the Preluzie Model Forest received FSC certification in 2003, this does not mean that wood produced by renting companies in the *leskhoz* will bear the FSC mark. For this to happen, individual companies must certify the entire chain-of-custody. The forest management certification gives these companies a head start and may promote their interest. One of the companies on the certified territory, Luza Les, has taken this opportunity and obtained a chain of custody certificate.

Companies seeking FSC certification are typically not very sophisticated, and do not have the capacity to work with communities and governments that WWF has with its extensive resources (\$US3 million invested in stakeholder involvement in Pscov Model forest and \$US6 million in Preluzie Model Forest).

The weakest certification case was Holz Dammers, where no stakeholder consultation occurred and local power relations remain unchanged. The community remains disempowered and unfamiliar with FSC process. In other cases, communities were informed about FSC procedures, but did not use their opportunity to become true stakeholders.

## Social

Forest certification has had significant social effects in Russia. Some of the most notable have occurred in the Pscov and Preluzie Model Forests. In both cases, mechanisms for public participation have been created that have strengthened not only workers' but also villagers' rights. Certification allowed villagers to participate in

discussions of what plots should be left untouched because they were sites for collecting mushrooms and berries. Overall, the projects enhanced existing civil society institutions and brought new energy into communities.

In most other certified territories, worker protections increased and salary delays decreased. Workers came to understand that certification can be used as a social protection tool. For example, in Malashuika Les, the public received information about certification through newspapers and radio. Forest workers there were traditionally disempowered and did not know how to request better working conditions and salaries. FSC brought them benefits, which they would never request themselves. Currently they strongly appreciate their benefits.<sup>98</sup>

The Timber Production enterprise Kozikhinski Leskhoz was one of the first to receive FSC certification, and since 2000 has spurred significant improvements in social conditions in the region. It has contributed money to the program “Life without Drugs” and financed equipment for the Center for Rehabilitation of Drug Addicts. It also financed the hospice in Barnaul. In 2004 it reconstructed and equipped the local kindergarten. In 2005 planned to contribute to the Center for Ameliorating of Early Pathologies, which will be the first such center in the region. The Prays Betch enterprise accumulates money for social issues at the special community Social Fund and uses it for charitable contributions to social problems.<sup>99</sup>

On the other hand, very few positive consequences occurred in the FSC-certified settlement Dvinskoy (enterprise Holz Dammers), where both workers and villagers still suffer salary delays and the social infrastructure continues to be quite poor. The Arghangelski region provides a direct contrast to Dvinskoy. As a result of certification, the local public is included in the dialogue about the use of virgin forests. Without FSC, the negotiations would occur only between Greenpeace and forest companies and the needs of the population would not be taken into account.<sup>100</sup>

Terney Les in the Far East<sup>101</sup> provides an interesting case for FSC’s social criteria. The main settlement near the company’s operations is Plastun, and its inhabitants are all employees of Terney Les or one of its daughter firms. This simplified the certification process considerably. Turney Les’ residents do not appear to need additional programs to better their lives because of the social programs the company is already providing to its employees. Here, the company’s and the public’s wellbeing go hand-in-hand. A more conflictive situation arose because Terney Les rented forests on the Samarga River and encroached on an indigenous Udegeis settlement. The area also contains a large section of unique, virgin forests. The Udegeis community was split over the question of whether or not to allow Terney Les’ operations in their forests.<sup>102</sup> The company plans to build a logging road through the forest, which would also serve the Udegeis settlement. A representative of Terney Les pitched this idea to a group of people in the community and received praise for the access this road would bring. Critics claim, however, that this representative came to the Udegeis village while the men were away on a hunting trip, and used presents for the women as bribes.<sup>103</sup> Thus, the social implications of the certification process remain debatable.

WWF hired a professional ethnologist to research the situation of Udegeis natives in Samarga and elsewhere in the Far East, in order to ascertain what is best for them

<sup>98</sup> Participant observation in Malashuika Les, March 2004.

<sup>99</sup> Interview with Nadezda Strachova, member of social chamber of national coordination council, May 22, 2005.

<sup>100</sup> Interview with Ptichnikov, WWF staff, February 2004.

<sup>101</sup> Not certified, only seeking certification.

<sup>102</sup> Interview with M. Korpachevsky, CBC, July 6th, 2004.

<sup>103</sup> Interview with BROCK staff Lebedev, December 2002.

and what they want. This ethnologist also happens to be an activist from the radical environmental organization Rainbow Savers. WWF suggested creating a national park with a complete prohibition on logging, but the Udegeis did not support the idea. According to WWF Vladivostok's director, "For [the Udegeis] the most important thing is that nobody touches them. That is all they want."<sup>104</sup> The relationship between WWF and the Association of Indigenous Peoples in Primorie Kray remains to be developed.<sup>105</sup>

<sup>104</sup> Interview with WWF-employed ethnographer expert, December 2002.

<sup>105</sup> Interview with WWF's SPA expert, December 2002.

### Economic

Certification appears to have much potential as an economic instrument for the management of forests allocated to concession or rent. It can help to strengthen forest governance structures because it integrates the interests of producers, consumers, nature protection and effective participation of civil society. Internationalization of forestry and foreign investments may also help the Russian processing industry, which may in turn help address the problems of extensive border-based forestry (Shvarts 2003). Calculations made on the FSC Certified Pscov Model Forest project indicate that the intensive form of forest management has the potential to yield a ten-fold increase in profits over time.<sup>106</sup> Forest certification is a major way of implementing such intensive management practices.

<sup>106</sup> WWF study, 2002.

For the most part, FSC certification has been achieved by companies already operating in the European market. Certification helped to increase their contacts in Europe and to ensure long term contracts.<sup>107</sup> Certification tends to make forest companies feel more secure about the future. In some cases forest companies sought certification in response to demands made by their buyers, thereby protecting future trade with environmentally sensitive consumers.<sup>108</sup> Sales by Holz Dammers increased in Germany as a result of the certificate. Kosikhinsky Forest Enterprise and Madok GmbH increased their sales. These are the only two enterprises that significantly improved their position in the market after receiving FSC certification (Chuprov 2003).

<sup>107</sup> Vladimir Chuprov, contact person of Russian national initiative, interview February 2004.

<sup>108</sup> Interview with Ptichnikov, WWF staff, February 2004.

Another issue that forest certification attempts to address is the rapidly growing market in illegally harvested timber. As noted above, this is a major problem in regions adjacent to the Chinese border, where illegal logging may account for as much as 80 percent of all forest operations.<sup>109</sup> To date it remains questionable whether certification has the power to counter the powerful incentives that have grown up for illegal logging.

<sup>109</sup> Statistics on illegal logging in Far East differ in WWF and Ministry of Natural Resources sources. Data gathered by the Russian government agencies show numbers much less than those collected by WWF (interview with Churilova, Ministry of Natural Resources staff, March 2004).

### Environmental

Perhaps the most significant issue that can be addressed through forest certification in Russia is consumption of wood from pristine and high conservation value forests (HCVFs). Certified companies are required to identify and protect HCVFs, taking into account biodiversity and adopting sustainable forest management.<sup>110</sup> As a consequence, FSC certification has significantly reduced the threats to high conservation value forests on certified lands in the European part of Russia. This is especially true in the Arhangelsk region and in the Komi Republic. Moreover,

<sup>110</sup> Ptichnikov, Voropaev, WWF report 2002.

certification has made it possible to protect forests in territories that are rented to forest companies, and not only in specially protected areas. In the Pscov region and in Altay regions, scientific research on plots with high biodiversity was stimulated, and some plots with high biodiversity were preserved. This would not have occurred without the FSC process.<sup>111</sup> Criteria and indicators for pristine and HCVF were developed and tested in the Model Forests. Currently, criteria and indicators for HCVF are also being developed for Arghangelsk and the Russian Far East. Certification is also likely to help protect them.

The system of landscape-level planning of high value forests was elaborated in both Preluzie and Pscov Model Forests. This system has been adopted by the State Forest inventory companies in their forest management planning process. The certification process in the Komi Republic encouraged the government to conduct and fund an inventory of pristine forests on one million hectares. In Malashuika Les, research has been done on endangered species of animals and plants, and new technological maps were created for forest use, taking into account location of valuable ecosystems. Again, without the FSC process this would not have happened.

Even in the Holz Dammers case, the environmental situation appears to have improved. The company adopted a moratorium for a big plot of virgin forests, significantly reducing overall impacts.<sup>112</sup> The company's certificate was suspended in 2002 but reinstated the next year after the company committed to the moratorium. Thus, the certificate was effectively used as a bargaining tool. Although the environmental improvements in its logging operations were not great, the company could legally have harvested the old growth forests on the territory it rents. Environmental organizations, particularly Greenpeace,<sup>113</sup> considered that it was worth allowing the company to regain its FSC certificate because of the value of old growth forests. If the company has a certificate, environmental organizations can influence its actions, but if not, their leverage is greatly reduced.<sup>114</sup>

<sup>111</sup> Interview with Ptichnikov, WWF staff, February 2004.

<sup>112</sup> Rizkov, auditor, chair of the association of responsible forest producers, interview February 2004.

<sup>113</sup> Interview with Vladimir Chuprov, Greenpeace staff, February 2004.

<sup>114</sup> Chuprov, FSC contact person and Greenpeace staff, interview February 2004.

## CONCLUSION

### Summary

FSC emerged in Russia, on the one hand, because certain buyers in Europe requested certification from their Russian suppliers. On the other hand, FSC emerged because environmental organizations, especially WWF, Greenpeace, SEU, and BCC actively promoted it. WWF demonstration projects, WWF-Stora Enso, and WWF-IKEA partnerships contributed to institutional design. Thus, WWF and Greenpeace have been instrumental in promoting FSC certification.

Greenpeace and WWF employees working in Russia are nearly all Russian, but the money for preservation and the FSC principles of "what needs to be preserved and how" are filtered down from international headquarters into the newly formed Russian institutions. The international networks are essential. However, in Russia, non-governmental sectors cannot operate apart from the government because all land, including forests, is federal property. All NGO certification initiatives

necessarily involve the Russian government as a landowner. This study shows how the NGOs have engaged the Russian government, as well as industry and the public. It also illustrates the barriers they face in persuading stakeholders in the forest and different sectors of Russian society of the desirability of certification and how they have overcome them.

The FSC appears to represent a way of bringing the Russian forest industry into European markets and simultaneously of bringing the European practices and technologies into Russia. Interestingly, much of WWF's promotion of FSC certification in Russia has been funded by western government agencies, including the World Bank, the Swedish International Development Agency, and the Swiss Agency for Development and Collaboration.

In general, certification seeks to increase forest profit, promote reforestation, and improve management and control functions. Certification is a mechanism for developing relevant trade policy, supporting environmentally responsible business, and instituting investment safeguards.

### Roadblocks and Challenges

Inconsistencies between some FSC principles and Russian legislation, as well as internal inconsistencies within Russian legislation, constitute an important challenge to certification. On the one hand, there are regulations mandating that old growth forests should be cut because they are ready to be harvested; on the other hand, there is a law on environmental protection mandating that virgin forests with high biodiversity be preserved. Often forest producers have old growth forests in their territory. To comply with FSC, they need to preserve HCVF. According to standard interpretations of Russian legislation, they do not, although as noted above, there are also countervailing requirements.<sup>115</sup> The legislation needs to be clarified and coordinated with the FSC system if it is to be readily and widely adopted. A similar barrier for forest producers is that some FSC requirements, such as leaving critical habitat areas untouched, contradict Russian legislation. Companies that do not cut all of the wood on their rented territory can be fined. This is a small barrier, however. Usually companies seeking FSC certification receive special permission from the Ministry for Natural Resources to comply with FSC.<sup>116</sup>

Illegal logging is a major roadblock to certification in certain regions of Russia. During socialism, illegal logging was extremely rare due to strict enforcement of the law and severe punishment for stealing from the government. After *perestroika's* privatization laws, a criminal element quickly entered the country's commerce, including the forest sector. The volume of illegal logs began to rise, often with the cooperation of corrupt government officials. In European Russia, illegal logging also remains high, but usually does not occur in certified territories or by those seeking certification.

### Future Development

Although certification appears well underway in northwest Russia, its future in the Russian Far East remains uncertain. Western Europe and northeast Asia represent two

<sup>115</sup> Chuprova Vladimir, contact person of Russian national initiative, interview February 2004

<sup>116</sup> Interview with Ptichnikov, WWF staff, February 2004

very different contexts for certification. In Europe, in general, environmental consciousness is global in outlook, and the environmental movement of the West has begun to infiltrate Russia, greatly affecting its nature protection initiatives. Currently, there are not many barriers to certification in the European part of Russia.

In February 2004, the European Parliament adopted an EU Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT),<sup>177</sup> which mandates transparency on the source of wood in trade in order to stop importation to the EU of illegally logged wood. Both environmental NGOs and industry in Russia see certification as a way to prove wood origin. Indeed, they often interpret FLEGT as an implicit EU demand for certification. FLEGT thus seems to increase the likelihood that certification will thrive in the European part of Russia. On the other hand, it could have the opposite impact, since FLEGT is planning to introduce licenses which would be easier to get than FSC certification. Currently, companies are not familiar with these licenses, so FLEGT continues to promote certification, but it is impossible to predict the long term impact of FLEGT on certification.

In contrast, China's market economy is well-developed but its environmental consciousness remains limited. While European interests are pushing Russia toward ecological modernization and sustainable development, China and the Russian Far East have meshed to create a breeding ground for political corruption, a wild economy, and unchecked environmental degradation. China's deforestation and flooding problems led in the late 1990s to a government ban on logging in most Chinese provinces. Its domestic timber production fell nearly to zero and Russia quickly became a major source of raw materials for China's consumer products industry. High demand for non-certified roundwood in Asian markets and the high level of illegal logging and corruption in eastern Russian trade networks prevent significant growth of certification in eastern Russia. There is some hope for change with the Chinese government commitment to organize a green Olympics in 2008 and the WWF-IKEA project in China, which will promote forest certification. However, the environmental community in Russia does not believe that the change will be significant. Certification works as a tool to promote sustainable forestry when there is demand for certified wood, which does not exist from Chinese buyers. Therefore, improving the prospects for forest certification in eastern Russia will require a growth in demand for certified wood in Asian markets. Governmental intervention and disruption of corrupt networks will also be necessary to make certification in the Far East possible. In Russia overall, international NGOs, governmental agencies and international markets are necessary requirements for certification to gain domestic support.

### Future Research

It is essential to study the role of NGOs and their networks in promoting certification. In future research it will be important to investigate why cross-border NGO networks between Russia and Europe are effective in promoting forest certification and NGO networks between Russia and Asia are ineffective. Understanding the barriers to transboundary NGO networking will facilitate possible network formation and future construction of sensitive markets.

<sup>177</sup> [http://europe.eu.int/common/development/body/the\\_me/forest/initiative/index/en.htm](http://europe.eu.int/common/development/body/the_me/forest/initiative/index/en.htm).

Comparative analysis of certification processes in post Soviet countries is essential for assessing and understanding what governmental policy best promotes certification. Such research can determine what lessons on certification can be learned and transferred to other countries in the region.

Several hypotheses for future research emerge from the research presented in this study:

1. In countries where democratic institutions are underdeveloped, NGO intervention is necessary to build intersectoral dialogue around national standards;
2. NGOs are essential in promoting public participation in forest communities; when NGOs are not involved in working with the public, the public does not participate;
3. Foreign companies opening subsidiaries in Russian territories need NGOs as facilitators in seeking certification, while national companies can more easily meet certification criteria without NGO intervention;
4. The epistemic community of scientists is essential for legitimizing the process of certification;
5. Small companies need NGO intervention in order to seek group certificates.

**LIST OF ORGANISATIONS CONSULTED**

<b>Organization</b>	<b>Date</b>	<b>Location</b>
Russian State Duma, Committee for Ecology	27-29 January 2004 (3 interviews with State Duma Deputies, 2 interviews with staff)	Moscow, Russia
Russian State Duma Committee for Natural Resources	27-29 January 2004 (4 interviews with State Duma Deputies, 2 interviews with staff) March 9, 2 interviews with State Duma Deputies 5 July 2004 (4 interviews with State Duma Deputies, 2 interviews with staff)	Moscow, Russia
Ministry for Natural Resources	3-6 February 2004 (7 interviews)	Moscow, Russia
Ministry for External Economic Development	9 February	Moscow, Russia
Ministry for Industrial Science	10 February 2004	Moscow, Russia
World Bank	11 February 2004, interview with the World Bank consultant	Moscow, Russia
Design Institute of Mechanization and Energy of Timber Industry	12 February 2004	Moscow, Russia
All Russia Research and Development Institute of Forest Industry	12 February 2004	Moscow, Russia
ORIMI Holding	4 March 2004	St. Petersburg, Russia
LEMO Holding	2 March 2004	St. Petersburg, Russia
Arhangelsk Pulp and Paper Mill	6 July 2004	Moscow, Russia
Ilim Pulp Enterprise	2-3 June 2004, 2 interviews	St. Petersburg, Russia
Europartner	3 June 2004	St. Petersburg, Russia
WWF-Moscow	February-March, 2004 –multiple interviews and participant observation	Moscow, Russia
WWF-Far East	26 March 4 interviews	Vladivostok, Russia
WWF-IKEA project	20 February 2004, 3 interviews	Moscow, Russia
Bureau of Regional Public Campaigns	26 March 3 interviews	Vladivostok, Russia
Greenpeace	9 March 2004 21 May 2005	Moscow, Russia

Center for Biodiversity Conservation	13 February 2004 24-25 May 2005	Moscow, Russia
Social Ecological Union	9 March 2004	Moscow, Russia
St. Petersburg State University, Department of Nature Protection	17 May 2004	St. Petersburg, Russia
International Institute of Forestry	6 July 2004 24 May 2005	Moscow, Russia

## ADDITIONAL SOURCES

1. 132 interviews conducted in 2001-2003 with certification stakeholders, including regional and local administrations, regional branches of the Ministry for Natural Resources, Leskhoz representatives, local community representatives, workers, and NGO representatives in field expeditions:
  - a) February 2002, Pscov Model Forest, Strugi Krasnie, Pscov Oblast, Russian Federation;
  - b) March 2002, Preluzie Model Forest, Siktivkar and Obiatchevo, Komi Republic;
  - c) April 2002, field trip to Petrozavodsk, Arhangelsk and Murmansk;
  - d) December 2002, expedition to the Russian Far East;
  - e) May 2003 expedition to Arhangelsk and Dvinskoy settlement, Arhangelsk Region.
2. 15 interviews conducted 7-17 December by Antonina Kulasova, Ivan Kulisov and Svetlana Pchelkina in Arhangelsk, Onega and Malashuika, Arhangelsk Region.
3. 17 interviews with certification stakeholders conducted by Antonina Kulasova and Ivan Kulisov in March 2004 in Arhangelsk Region (Dvinskoy and Malashuika settlements).

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## ACRONYMS

FSC	Forest Stewardship Council
GFTN	Global Forest Trade Network
HCVF	High Conservation Value Forests
IUCN	World Conservation Union
NGOs	Non-Governmental Organizations
PEFC	Pan-European Forest Council/Programme for the Endorsement of Forest Certification
TSNIIME	The Central Research and Development Project and Design Institute of Mechanization and Energy of the Timber Industry
SEU	Social Ecological Union
WWF	World Wide Fund for Nature

