

REGIONAL OVERVIEW

Forest Certification in Latin America

Janette Bulkan, M.A.
Doctoral Candidate
Yale School of Forestry & Environmental Studies
New Haven, CT USA
janette.bulkan@yale.edu

Deanna Newsom, M.Sc.
Program Associate
TREES/Rainforest Alliance
Richmond, VT USA
dnewsom@ra.org

Peter May, Ph.D.
Executive Secretary, Brazilian
Agroforestry Network – REBRAF
Professor, Graduate Program in Development,
Agriculture and Society
at the Federal Rural University
of Rio de Janeiro
peter@rebraf.org.br

Dietmar Stoian, Ph.D.
Tropical Agricultural Research &
Higher Education Center (CATIE)
Turrialba, Costa Rica
dstoian@catie.ac.cr

Salvador Anta Fonseca, Ph.D.
Consejo Civil Mexicano para la Silvicultura
Sustentable A.C. Calle del Kinder
236 San Felipe del Agua, Oaxaca,
Oaxaca, Mexico
salvanta@yahoo.com.mx

José Joaquín Campos, Ph.D.
Tropical Agricultural Research & Higher
Education Center (CATIE)
Turrialba, Costa Rica
jcampos@catie.ac.cr

Fernando Carrera Gambetta, M.Sc.
Tropical Agricultural Research & Higher
Education Center (CATIE)
Turrialba, Costa Rica
fcarrera@catie.ac.cr

Julio Morales Cancino, M.Sc.
Tropical Agricultural Research & Higher
Education Center (CATIE)
Turrialba, Costa Rica
jmoral@catie.ac.cr

Gustavo Pinelo, B.Sc.
Coordinator, TREES/Rainforest Alliance
Petén, Guatemala
gpinelo@ra.org

Lincoln Quevedo, M.Sc.
President, FSC Bolivian Initiative
Lecturer, Gabriel Rene Moreno University
UAGRM-FOMABO Project Universidad
Autonoma Gabriel Rene Moreno Casilla 4749,
Santa Cruz, Bolivia
lquevedo@ufl.edu

INTRODUCTION

This section presents case studies of forest certification in four Latin American countries – Guatemala, Mexico, Brazil and Bolivia. By 2005, 170 forest management units covering 6.4 million hectares in Latin America had become Forest Stewardship Council (FSC) certified. In addition, 283 chain of custody certificates were issued in 15 Latin American countries. Although less than one percent of the forest land base in Latin America has third party certification, the certification process since 1992 has been important both for on the ground forest management and as an arena in which to discuss ideas surrounding sustainable forestry. Eight FSC-affiliated national initiatives and working groups in a number of other Latin American countries have opened up spaces for national dialogue on forestry policies and practices among diverse stakeholder groups, including local and indigenous communities. However, as the case studies also caution, issues exist that challenge the long-term viability of certification in the region, in particular as regards its economic basis and the involvement of community-based entities.

These four case studies provide fine-grained detail of the trajectory of forest certification from the 1990s to the present. Certification got an early start in Bolivia with government, international NGO and industry support. In 1994, the BOLFOR forest project was funded by USAID, which stimulated national dialogue regarding the formulation of the new forest law and provided technical assistance, research and training for sustainable forest management (SFM). A few years later, in 1997, USAID provided similar support for SFM in the Maya Biosphere Reserve, which had been created in the Peten region of Guatemala in 1990. International support also proved critical in Mexico where forest certification was promoted among communally owned forests (*ejidos*) by a civil society alliance (CCMSS) with the Rainforest Alliance's SmartWood program, beginning in 1994. Mexico's new forest law, created in 2002, promotes and provides support for forest certification.

The first FSC national initiative in Latin America began in Bolivia in 1995. Bolivia's new forest law of 1996 indirectly facilitated certification by, among other things, changing the formula for taxation of timber concessions to a per area basis rather than a per harvested volume basis, discouraging the selective harvest of valuable but endangered tree species such as mahogany. In addition, it grants a 20% discount on the concession fees for certified operations, in recognition of reduced monitoring costs on the part of the state. The strong move toward sustainable forest management resulted in a reduction of the concession area by three-quarters, as many companies felt they could not comply with stricter rules and regulations. In 1998, Bolivia created a strong Forest Service, to administer the new regulations, and one year later Bolivia's National FSC Standard was approved after four years of work. In neighboring Brazil, an FSC working group was formed in 1997 that developed standards for tropical and plantation forests. CERFLOR, an alternative Brazilian certification standard with strong industry support, was provisionally recognized by the Programme for the Endorsement of Forest Certification schemes (PEFC) in 2002, although discussions of the CERFLOR standard began as early as 1991. In contrast to Bolivia, where all the

certified forests are native, close to 70 percent of certified forests in Brazil are plantation forests. In Guatemala, the national certification initiative (CONESFORGUA) came into existence in 2002 and is yet to be endorsed by FSC. Likewise, Mexico has no endorsed FSC standard, despite multiple initiatives to create one since 1997.

SIMILARITIES

The Latin American case studies share a number of characteristics that have influenced the development of certification in that region. Some of these similarities aided and encouraged the development of FSC certification, such as the active role of international development agencies and non-governmental organizations, and generally high levels of government support for the certification process (with the exception of Brazil, which has played a more neutral or even negative role). Other similarities – such as the species-rich forest ecosystems with relatively low abundance of valuable timber species and high levels of illegal logging – present distinct challenges for forest certification, requiring a more careful benefit-cost analysis along with the formulation and monitoring of many more indicators of sustainability than in the more homogeneous forests of the global north, which also benefits from a longer tradition of forestry and forest administration.

International non-governmental organizations and donors have played a large role in the introduction and evolution of certification in each of our case study countries. Interventions have included capacity building, such as the sponsoring of certification workshops and assessor trainings by the Rainforest Alliance's SmartWood program in Guatemala and Bolivia, and the provision of funds by the Worldwide Fund for Nature (WWF) to cover the direct costs of certification in Mexico. The international NGOs have tended to favor FSC third party forest certification, which explains why FSC became the dominant certification program in each country with relatively little competition from alternative accreditation and certification bodies, save for Brazil's CERFLOR program, a national standard that is industry-driven and is more engaged with governmental forestry agencies than the FSC.

The NGOs' and donors' financial and technical support of community forestry operations also helps explain why such a large number of community forests have been certified in Mexico and Guatemala. This support, however, has proved to be a double-edged sword, as economic benefits for communities have been sporadic and there has been a lack of local internalization of the value of certification that, in view of the often unfavorable benefit-cost ratio, poses challenges to the future of the certification process involving community-based entities. Creating a sense of ownership and a sound economic basis for both sustainable forest management and certification is a major challenge in Latin America and is one of the important questions facing the region, as discussed below.

Governments have played a major role in promoting forest certification in all these Latin American case study countries, with the exception of Brazil. In Guatemala, after

initial resistance against forest management in the Maya Biosphere Reserve (MBR), the government made the attainment and maintenance of FSC forest certification mandatory for all forestry concessions in the multiple use zone of the reserve within three years of their establishment. One result of this policy is that the overwhelming majority of certified concessions in Guatemala are located in the multiple use zone of the MBR. Between 1999 and 2002, Mexico registered a large increase in the number of FSC-certified forestry operations, with support and incentives provided by federal agencies and some state governments. In Bolivia, government policy states that FSC-certified companies do not have to undergo both national and third party certification audits: the award of FSC certification is accepted by the state as a basis for contract renewal. In contrast, in Brazil, national forest regulatory agencies have been cautious in embracing third party certification, and in fact, may in some cases actively discourage it. In the Brazil case study, May reports that “in some localities, regulators have imposed additional burdens on those who have adopted certified natural forest management. . . . Such restrictions have sometimes extended to small-scale community-based forest management efforts, despite supportive official rhetoric and donor support.” These barriers may have been partially leveled by the Lula administration, but are still daunting.

While government support for certification generally facilitated the certification process in Latin America, in all four case study countries, oversight and administration of forests and forest-based initiatives (protected areas, production forests) was divided among separate institutions, which often translated in practice into a lack of a coherent policy for the forest sector. The case studies also highlight common issues like weak institutions at national and local levels and limited technical capacity at all levels to manage forests sustainably.

Ecologically, most of the natural forests in the Latin American case study countries contain the high species diversity that is typical of tropical ecosystems (with the exception of the areas of Mexico that are covered in drier scrubland forests). This diversity of tree species has practical implications for forestry and forest certification: it means that a large amount of the wood that is logged is made up of “commercially lesser known species,” which are often difficult to sell, especially to international buyers who may only be familiar with a narrow range of well-known species, such as mahogany and tropical cedar. This adds an additional marketing challenge for certified operations, which are required to make efforts to add value to and find markets for more than just the most well-known species.

Illegal logging is an intractable problem across the region, affecting both industrial and community-based operations. In Guatemala, illegal logging was said to be responsible for the logging of an additional 30 to 50 percent of the total volume reported. In Bolivia, about 50 percent of the volume of timber per annum was reported to be illegally harvested. In Brazil, May describes the relatively faster growth in certification of plantation forests as “reflect[ing] the continued state of disorganization reigning in the wood industry in the Amazon, where even recent expansion in certified area represent a drop in an ocean of illegal and nominally legal extraction from deforestation.” These high rates of illegal logging have put high

volumes of low-cost wood in competition with certified forest products, and made the economic viability of certification even more tenuous.

DIFFERENCES

Our Latin American case study countries differ in important ways. Forest tenure and level of industrialization of the forest sector range across a continuum among the four case studies. In Bolivia, all natural forests belong to the state, and a number of large industrial forest companies with government concessions have achieved FSC certification. In neighboring Brazil, land tenure is often unclear, with overlapping tenures and the widespread forgery of land titles, particularly in the Amazon region, leading to difficulties in the regularization of land tenure and certification. Industrial plantation forestry is, however, an important land use outside of the Amazon. The relatively high levels of industrial forestry in these two countries has meant that pro-FSC pressure from international buyers became a strong driver of FSC certification, with operations scrambling to use certification to maintain their access to U.S. and European markets.

At the same time, in both of these countries, on-going national processes to recognize and/or extend indigenous land rights and strengthen protected areas have reduced the privileged access to forest lands formerly enjoyed by large companies. In Brazil, it should be made clear that this privileged access is by default, since there is no concession system in place as yet. Economic and political power are the avenues used by such firms to dominate the forest estate, nominally still in public hands.

In comparison, small-scale community forestry plays a more important role in Guatemala and Mexico. In Mexico 80 percent of forestlands belong to *ejidos* and communities, 15 percent is private property belonging to small scale landowners, and the remaining 5 percent is government property. In Guatemala, 38 percent of forests are privately owned, 34 percent owned by the state and 23 percent owned by municipalities or communities. The high percentages of certified community operations in the Guatemala and Mexico cases therefore come as no surprise; nor do the challenges that these operations face, which include difficulty accessing international markets, lack of business experience, low product quality, low economies of scale, and inefficient production. In the northern region of Mexico, however, where processing industries sell into North American markets, we do see examples of market preference for wood and wood products certified under the FSC system providing economic incentives to community-based operations.

Finally, the status of FSC standard development and approval differs in our case study countries. Brazil and Bolivia each have FSC-approved national standards. The process of national standard development continues in Guatemala and Mexico; it is suggested in the case studies that the lack of approved standards in these countries is a hindrance to the further development of certification there, and that the completion of FSC standards should be a high priority. Lack of agreement on FSC standards for plantations, despite the adoption of national standards in Brazil, remains a complicating factor.

IMPORTANT QUESTIONS FACING THE REGION

The major issues and challenges facing certification in Latin America in the future involve the long-term economic viability of certification, in particular as regards the widening gap between industrial and community-based operations, and the ability of certification to raise the forest practices bar on an industry-wide level.

In terms of economic viability, it is inevitable that donor funding supporting certification will eventually be reduced, and critical that operations that were certified with donor support – in particular, community-based entities – receive assistance to develop their technical and business skills and become financially self-sufficient. The case studies suggest that few of these community-based operations will be in a position to maintain their FSC certificate once donor funding is gone. The Mexico and Guatemala case studies in particular emphasize the need to find creative ways to help these operations access certified markets and otherwise increase economic viability, and, perhaps more importantly, to determine whether the community-level benefits of certification, which often include improved management systems and efficiencies but rarely include tangible monetary benefits, outweigh the financial costs. The Guatemalan case study suggests that one direction is to develop integrated supply chains of certified forest and wood products, involving alliances between community-based entities and industrial companies. While such an approach will not eliminate all disadvantages the former face in comparison with the latter, the increased value added along the supply chain would generate higher monetary benefits to be distributed between the community-based entities and the industrial companies in a more equitable fashion.

Economic viability of certification is made even more difficult because certified operations are forced to compete in the marketplace with forest products stemming from illegal forestry activities. These products are much cheaper to produce and flood international and domestic markets with a low-cost alternative to certified forest products. This competition threatens the economic viability of certification in the region and must be addressed by domestic and international governments and forest product buyers. Two examples of northern countries taking action – even if not as vigorously as NGOs and some southern countries would hope – are furnished by the EU Action Plan for control of international trade in illegally harvested timber and the upcoming EC Regulation on the same subject.

Finally, many of the Latin American case studies describe the need to move certification up a notch and reach those operations that are not yet “certifiable.” How can certification better raise the bar for industry-wide practices? What are the best ways to bring in more players in an equitable process towards sustainable forest management and certification? Which policies and market tools can foster this process, and what is the role that public and private sector representatives, donors, development agencies, and NGOs should play in this regard? Appropriate answers to these questions will ensure that forest certification in Latin America and elsewhere can contribute to major development goals based on the sustainable management of natural resources.