

Faculty of Natural Resources and Agricultural Sciences  
Department of Urban and Rural Development  
Rural Development and Natural Resource Management



Forest Stewardship  
Council's (FSC)  
certification dispute in  
Sweden: A case study  
involving the Swedish  
Society for Nature  
Conservation (SSNC) and  
Svenska Cellulosa  
Aktiebolaget (SCA)

Humphery Agblede

Uppsala 2010  
EX0681 Master Thesis 30 hp  
Swedish University of Agricultural Sciences

Forest Stewardship Council's  
(FSC) certification dispute  
in Sweden: A case study  
involving the Swedish Society  
for Nature Conservation  
(SSNC) and Svenska Cellulosa  
Aktiebolaget (SCA).

Humphery Agblede

Thesis no. xxx

Swedish University of Agricultural Sciences  
Department of Urban and Rural Development  
Rural Development and Natural Resource  
Management

**Keywords:** Sweden, forest certification, dispute,  
FSC, SSNC, SCA, ENGO's, Policy. Thesis No xx

EX0681 Master Thesis in Rural Development and Natural Resource Management, 30 hp, Master E,  
Uppsala, 2010

© Humphery Agblede

Supervisor: Kaisa Raitio, Department of Urban and Rural Development, SLU, Sweden

Examiner: Yvonne Gunnarsdotters, Department of Urban and Rural Development, SLU, Sweden

agblede@yahoo.com

[http //epsilon.slu](http://epsilon.slu).

## **Abstract**

Deforestation and biodiversity loss have become an issue of international concern and all stakeholders of environmental protection are concerned in finding a lasting solution to this problem. One tool that has received a lot of attention among environmental non-governmental organizations is forest certification with the Forest Stewardship Council (FSC) being the frontrunner. In Sweden, majority of the industrial forestland holding is FSC certified and the state sees forest certification as an important tool in contributing to the realization of the government's environmental protection goals. Notwithstanding this, FSC certification has recently been criticized by some environmental non-governmental organizations as not being effective and efficient in ensuring responsible forestry practices and protection of biological diversity because of the violations of the FSC standard by forest companies among others.

This study looked at FSC certification dispute in Sweden by focusing on a case study involving the Swedish Society for Nature Conservation (SSNC) and Svenska Cellulosa Aktiebolaget (SCA). It was established that the main causes of this certification dispute in Sweden include unspecific nature of some criteria in the 1998 Swedish FSC forest management standard, non identification of all the woodland key habitats, time and frequency of SCA's logging operations and entrenchment to the core interests of the stakeholders. The study also analyzed how the FSC system responds to this dispute as enshrined in its policy document and also in reality. It was concluded that the systematic infringements of the FSC standards by forest companies cast doubts on the ability of forest certification in guaranteeing responsible forestry practices and safeguarding of biodiversity. The study called on the Swedish state to enhance its environmental protection tools through the adoption of broad based tools with broad based actors that are complementary and synergistic in effect to compensate for the lapses and failures of FSC certification in order to ensure optimal policy mix and protection of the environment.

**Key words:** Sweden, forest certification, dispute, FSC, SSNC, SCA, ENGOs, Policy

## **Table of content**

Abstract	3
Acknowledgement	6
Abbreviations and Acronyms	7
1. Introduction	8
1.1.Problem statement	9
1.2.Objectives	10
2. Theoretical and contextual framework	11
2.1.Smart regulation and optimal policy mix	11
2.2.Smart regulation design principles	12
2.3.Forest certification as a non- state market driven policy instrument	14
2.4.The role of certification in Swedish forest policy mix	15
2.5.FSC as a policy tool	17
2.5.1. Emergence of the concept of forest certification	17
2.5.2. Emergence of FSC forest certification	18
2.5.3. The FSC standard setting process	18
2.5.4. FSC certification bodies	18
2.5.5. FSC Sweden	19
3. Materials and Methods	20
3.1.Brief description about SSNC and SCA	20
3.1.1. SCA in brief	20
3.1.2. SSNC in brief	21
3.2.Methodology	22
3.3.Illustrative cases	23
3.3.1. The Lill-Gravberget case	23
3.3.2. The Lill-Klumpvattnet case	24
3.4.Data collection	25
3.4.1. Semi-structured interviews	25
3.4.2. Documents	26
3.5.Data analysis	26

3.6.Validity	27
4. Finding and discussion	27
4.1 Aspects of the FSC standard at the centre of the certification dispute	27
4.2.Identified main causes of the certification dispute based on the case study	28
4.2.1. Unspecific criteria in the 1998 FSC standards	28
4.2.2 Non identification of all the woodland key habitats in Sweden and difficulty in classifying areas as woodland key habitat by SCA	30
4.2.3 Time and frequency of SCA’s logging operation	31
4.2.4. Entrenchment to the core interest of stakeholders (SSNC and SCA)	32
4.3. FSC system and noncompliance of forest management standards	34
4.4 FSC complaint procedure	35
4.5 The Swedish FSC system: reality check	38
4.5.1. FSC system and non compliance in reality based on the case study	38
4.5.2. FSC complaint procedure in reality based on the case study	40
4.6 .Lessons from the case study: Forest certification in forest policy mix	40
5. Conclusion and recommendation	42
References	44
Appendices	47
Appendix 1.interview questions with SSNC	47
Appendix 2.interview questions with SCA	48
Appendix 3.Interview questions with FSC	48
Appendix 4.Interview questions with SGS	49

## Acknowledgements

I extend my profound gratitude to almighty God for his guidance throughout this study and my stay in Sweden. I would also like to thank the Swedish government and the people of Sweden for making it possible for me to pursue my Master's degree. Special thanks also go to Kaisa Raitio for her excellent supervisory role in writing this thesis.

I also express my sincere gratitude to all my key informants who provided me with excellent information during my interview period which gave me a lot of valuable insight about the study. Finally, I would like to thank my friends, family and all lecturers and non-lecturers who in one way or the other contributed to my master studies.

### Figures and table.

Figure 1: Regulatory pyramid- expanded model	14
Figure 2: The forest districts of SCA in Sweden	21
Figure 3: Forestland holdings of SCA in Sweden showing the illustrative cases	23
Figure 4: Enforcement triangle within FSC system	35
Figure 5: Diagrammatic representation of FSC's levels of compliant procedure	36
Figure 6: Diagrammatic representation of what happens at the basic level of FSC Complaint procedure	37
Figure 7: Diagrammatic representation of what happens at the mid level of FSC Complaint procedure	37
Figure 8: Diagrammatic representation of what happens at the top level of FSC Complaint procedure	38
Figure 9: FSC enforcement triangle in reality based on the case study	40
Table 1: Workplace and position of interviewees	26

## **Abbreviations and Acronyms**

**ASI**-Accreditation Service International

**BV**-Bureau Veritas Certification

**CAR**-Corrective action request

**CB**- Certification Body

**CU**-Control Union Certification

**DNV**-Det Norske Veritas Certification

**ENGO**- Environmental non-governmental organization

**FAO** – Food and Agriculture Organisation

**FSC**- Forest Stewardship Council

**GFMCs**- Ghana forest management certification standard.

**NSMDP**- Non-state market driven policy instrument.

**PEFC**- Programme for the endorsement of forest certification.

**SA**- Soil Association Woodmark

**SCA**- Svenska Cellulosa Aktiebolaget

**SCB**-Statistics Sweden

**SCS**- Scientific Certification System

**SGS**-Societe Generale de la Surveillance

**SSNC**- Swedish Society for Nature Conservation

**SW**- Smartwood Rainforest Alliance program

**UNCED**- United Nations Conference on Environment and Development

**WWF**- World Wide Fund for Nature

# CHAPTER ONE

## 1. Introduction

Over the last four decades deforestation and biodiversity loss have assumed an alarming proportion. According to FAO (2006), global deforestation stands at 13 million hectares per year. Also in the north there are many problems associated with forestry, not primarily in terms of deforestation but of loss of biological diversity (Bostrom, 2003). This has culminated in increased or widespread international concern over the world's remaining forest with particular emphasis on how the world's forest resources can be sustainably managed. This has led to the emergence of several mechanisms around the globe aimed at ensuring sustainable management of the world's forest. At the same time, environmental regulatory policy is in transition from reliance on command and control requirements to a more voluntary regime that primarily utilizes economical, market-based and informative instruments (Walker et al 2000, Winfield 2007). Of these, forest certification has been recognized for some time now as a potential tool to promote responsible forestry towards sustainable forest management (Barklund and Teketay, 2004).

Forest certification is the process of inspecting a particular forests or woodland to ensure that it is managed according to an agreed set of standards (Bass *et al.*, 2001). It is a market based tool that testifies to consumers that a forest product is from a sustainably managed forest. In line with this commitment, a number of forest certification schemes have emerged in several parts of the world. Out of these, the Forest Stewardship Council (FSC) is the only forest certification scheme in the world that is currently operating at the global level and supported by the environmental movement (Fern, 2001). In Sweden, forest certification is being used by the government as one of the voluntary measures towards achieving its forest protection goals and FSC is among the major certification schemes currently in operation. This is necessary because forest certification can provide supplementary mechanism by which states can achieve its environmental protection goals (Keskitalo *et al*, 2009).

## **1.1 Problem statement**

Despite FSC's aim of promoting environmentally responsible, socially beneficial and economically viable management of the world's forest, its credibility and integrity in safeguarding the world's forest from destruction has been criticized by some environmental non-governmental organizations. FSC has been criticized for its "greenwashing" of unsustainable forest management practices. These criticisms include certification of monoculture plantations (eg. the eucalyptus plantations owned by Veracel in Brazil), certification of old growth logging, poor monitoring of FSC certification bodies audits, falsification claims by some companies that their products had been FSC certified (eg. Kybotech Ltd and Yourpricefurniture.com in Southeast Asia based on environmental inventory agency and Telepak report on illegal logging), depletion of water resources and the destruction of soil and ecosystem by logging activities of FSC certified companies (Hance, 2008).

In Sweden these criticisms have also been echoed by the Swedish Society for Nature Conservation (SSNC) on the grounds that some forest companies in Sweden that are knowingly abusing the FSC standards through unsustainable logging practices are being issued with the FSC label. Some of these criticisms stem from logging in areas of high biodiversity value, logging of old-growth forest, destruction of dead wood on the forest floor as a result of trucks running over them and soil compaction or destruction caused by deep wheel tracks made by forest machines. According to the Swedish Forest Agency (2008), in 2007 about 20% of final fellings by forest companies in Sweden didn't meet the environmental requirements of the Swedish Forestry Act. This in itself amounted to violation of the Swedish FSC-standard (criterion 3.1.1.) (Greenpeace 2009). One forest company at the centre of this criticism is Svenska Cellulosa Aktiebolaget (SCA). SCA has been criticized for its systematic logging of high conservation biodiversity areas of their productive forest (see press release of Protect the Forest, 25-05-2009). According to Mikael Karlsson, Secretary General of SSNC, SCA continues to log remnants of high nature value forests in northern Sweden and SSNC has called on FSC to withdraw SCA's certificate to use the FSC label (SSNC, 2008). To improve the situation, there is the need

to study the import of these criticisms and also what can be done to ensure that the aim for which the concept of forest certification was adopted in Sweden is not defeated. Hence the need for this study using a case study involving SSNC and SCA.

My motivation for carrying out this research is based on the fact that forest certification is a new concept being embraced in my home country (Ghana) as a tool to ensure sustainable forest management. This has culminated in the development of the Ghana Forest Management Certification standard (GFMCs) based on the FSC international principles and criteria (though yet to be approved by FSC International). Based on this study, the lessons that will be learnt from the certification dispute between SCA and SSNC will serve as a reference guide to provide lessons for effective implementation and compliance of the standards by timber companies that will subscribe to it in Ghana when it becomes fully operational.

I chose to investigate criticisms against FSC-certified company in Sweden because the majority of forest companies in Sweden are FSC- certified and also about 30% of the world's FSC certified forestland is found in Sweden (Bostrom, 2003). SCA is also the focus of the case study because it is currently the largest private industrial forest owner in Europe with a productive forestland holding of about 2 million hectares in northern part of Sweden and for such a large company to be among the forest companies being criticized for breach of FSC standards, it is worth using it as a case study in the certification dispute in Sweden. SSNC was also chosen for two reasons. The first one is that it is among the environmental actors that initiated the Swedish FSC process. The second reason is that it has of late become very critical of FSC and FSC-certified companies for violating the Swedish FSC standards and has even pulled out of the FSC – Sweden Board of Directors membership.

## **1.2 Objectives**

The objectives of the study are to:

1. Identify the main causes of the certification dispute involving FSC-certified companies and some environmental nongovernmental organizations in Sweden by using a case study involving SCA and SSNC

2. Analyze how the FSC system responds to the disputes or critiques by environmental nongovernmental organizations in Sweden.
3. Assess the role of forest certification in Swedish forest policy mix based on this study.

The study seeks to answer the following questions:

1. What are the main causes of the certification dispute between SCA and SSNC?
2. How does the FSC system respond to these criticisms or disputes?
3. What does the case study teach us about the role of forest certification in Swedish forest policy mix?

## **CHAPTER TWO**

### **2. THEORETICAL AND CONTEXTUAL FRAMEWORK**

#### **2.1 Smart regulation and optimal policy mix**

Environmental problems are multi-dimensional in nature. In other words, to address environmental problems, a single environmental protection instrument or policy tool cannot be a panacea to satisfactorily addressing the complex and serious environmental problems in all situations or contexts. This is due to the fact that, all the environmental protection instruments from command and control to deregulation have its own strengths and weaknesses when employed as a ‘stand alone’ regulatory instrument (Gunningham and Grabosky, 1998). In view of this, solutions to environmental problems should also be multi-dimensional in nature. “Smart regulation” which is the use of broad based environmental protection instruments and institutions or actors (i.e. government, business and commercial and non-commercial third parties) in a synergistic and complementary manner is seen as providing multi-dimensional solutions to environmental problems. This approach will help optimize the policy mix, ensure efficient and effective environmental protection outcome since in most cases, the use of multiple instruments with broad based regulatory actors produce better regulation and help overcome the shortfalls of the individual instruments in order to optimize the policy mix ( Gunningham and Grabosky, 1998 : 4). In adopting smart regulatory design, care should also be taken of policy mixes

that will result in administrative burden or regulatory overload on both regulatees and regulators to prevent the policy mix from being counter-productive to its goal (Gunningham and Grabosky, 1998: 16). Some of the environmental regulatory instruments that can be adopted in the policy mix include command and control, self regulation, voluntarism, educational and information instruments, free market environmentalism and economic instruments (categorization by Gunningham and Grabosky, 1998: 125). In smart regulatory design, the interactions among instruments and institutions can be categorized as complementary, neutral and counter-productive. Aside these three broad categories, some interactions may be described based on the context (Gunningham and Grabosky, 1998).

## **2.2 Smart Regulation Design Principles**

In smart regulatory design, preference should be given to policy mixes that incorporate a broader range of instruments and institutions. Furthermore, less interventionist measures in the enforcement of the policy mixes should also be preferred or adopted since that is likely to ensure efficiency, effectiveness and political acceptability of the policy mixes or instruments (Gunningham and Grabosky, 1998). Based on the response from regulatees to a particular policy mix, or regulatory instruments, there is a need to adopt an escalating degree of interventions with the required instrument or instrument combination where necessary (ibid). There is also the need to ascend a dynamic instrument pyramid to an extent necessary to achieve the policy goals. This is possible through regulatory instrument sequencing up the enforcement pyramid from less interventionist measure to high (punitive) interventionist measure to ensure compliance. This will ensure that the regulatory mix or policy is responsive to the different behaviours of different regulatees and as such will result in optimal policy outcome, increase dependability, efficiency and effectiveness of the regulatory policy mix (Gunningham and Grabosky, 1998). Thus the enforcement pyramid depicts increased level of coercion by regulators through the use of broad based instruments and parties that are complementary in dealing with different responsive behaviours by regulatees. One employs instrument sequencing up the enforcement pyramid (from less coercive to highly coercive instrument) with broad based complementary actors based on how regulatees respond to a particular policy mix or

regulatory instrument. This is only possible where instruments in question lend themselves to a graduated responsive and interactive enforcement strategy and where regulators have access to credible instruments (Gunningham and Grabosky, 1998:402). The graduated response up the enforcement pyramid may not be appropriate in situations where responses from regulatees may result in a serious risk of irreversible loss or catastrophic damage and also in situations where regulators have only one opportunity to influence the behaviour of the regulatee in question. The regulatory enforcement pyramid can be conceived of as having three faces made up of first party (Government), second party (Business) and third party (Commercial and non commercial third parties) such that escalation (increase in coercion to ensure compliance) is possible on any face of the enforcement pyramid (Gunningham and Grabosky, 1998). Below depicts regulatory enforcement pyramid for smart regulation.

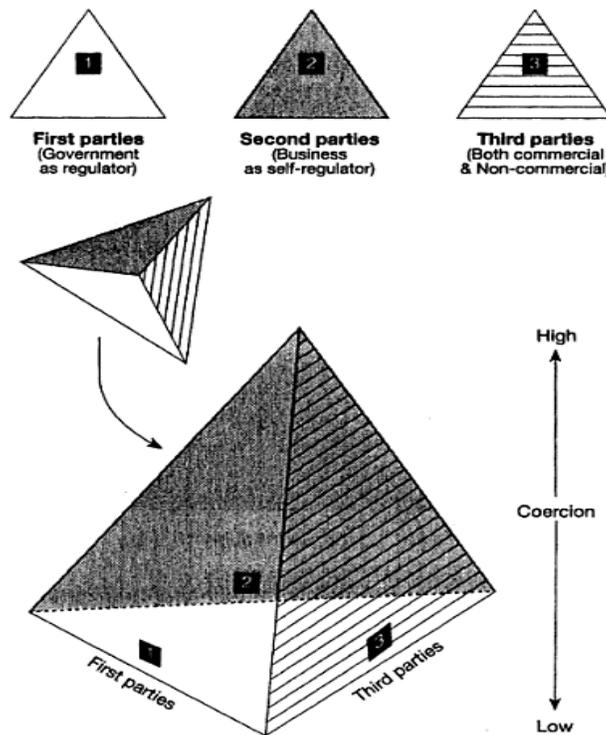


Figure 1: Regulatory pyramid-expanded model

Source: Gunningham and Grabosky, 1998.

### **2.3 Forest certification as a non-state market driven policy instrument (NSMDP)**

In line with Cashore and Bernstein (2007) definition, non-state market driven policy instrument (NSMDP) can be defined as a deliberative and adaptive instrument designed to embed social and environmental norms in the global market place that derive authority directly from interested audiences including those they seek to regulate but not from the government or state. Cashore (2002) also identified the following as being the main characteristics of any non state market driven policy instrument (NSMDP).

1. Authority is granted through the market supply chain as a result of an internal evaluative process by companies and forest owners.
2. Compliance must be verified when it comes to enforcement of the rules. (This is usually done through an independent third party in the case of FSC forest certification process)
3. The state does not use its sovereign authority to directly require adherence to rules.
4. Products being regulated are demanded by purchasers further down the supply chain.

He also asserts that authority granted to NSMDP instruments is grounded in market transactions and granted by external audience evaluations based on economic material benefit, moral persuasion and an accepted and understandable practice. Cashore (2002) drawing more on Suchmans (1995) work further develops a framework under which NSMDP instrument like forest certification scheme can gain legitimacy and also looks at the strategies used by NSMDP instruments like Forest certification schemes to gain legitimacy. According to Cashore (2002) this achieving strategies include, conforming (designing the instrument to be very attractive to a wider audience), informing (making unaware audiences to be aware of the instrument with the hope that once aware, their support will be gained) and manipulation (Gaining support through leverages such as campaigns, moral persuasions and the market). Cashore (2002) also identifies three types of legitimacy or approval external audiences such as forest companies, environmental organizations etc may grant to an organization in NSMDP instrument to enable the NSMDP instrument win a rule making authority. These are:

1. **Pragmatic Legitimacy:** support is granted to a particular NSMDP instrument such as forest certification scheme, based on one's self interest in the bodies pursuing the certification. That is what one stands to gain by approving or accepting a particular certification scheme (eg. Improvement in market access, market premiums, good cooperate image etc.). Shuman (1995) also stressed that this kind of legitimacy is very easy to be granted by external audiences to a particular NSMDP instrument but it is also the least durable. In the case of forest certification, the decision to adopt a particular certification scheme based on pragmatic legitimacy will be short-lived in the absence of economic benefits or incentives.
2. **Moral Legitimacy:** Here support is gained from the external audience such as forest companies, retailers, environmental organizations etc, because they see the management according to the certification systems standard as the "right thing to do". That is the activities of a particular organization (certification scheme) are seen as accurate or appropriate or the "right thing to do". This is usually based on the belief that the activity promotes welfare of society as a result of a socially constructed value system.
3. **Cognitive legitimacy:** This type of legitimacy is neither interest based nor morally based but it is rather based on "comprehensibility" (Cashore, 2002). Here the NSMDP instrument like forest certification gain support from external audience because they are well convinced by the certification system's legitimacy and associated standard that, anything done otherwise is deemed "unthinkable". (even if it will be against their interest). It is very difficult to attain but also most durable when attained by an organization.

#### **2.4 The role of certification in Swedish forest policy mix**

The total land area of Sweden is estimated to be about 40.8 million hectares out of which 22.7 million hectares is classified as productive forest land (Swedish Forest Agency, 2009). Ecologically, the country is divided into eight vegetation zones with the boreal zone and its sub-zones covering larger part of the land area and dominated by forests rich in coniferous such as Scots pine (*Pinus sylvestris*) and Norway spruce (*Picea abies*). The southern part has a small zone of mainly deciduous forest and this is called the Nemoral

zone (Swedish Forest Agency, 2009). About half of the Swedish forest is privately owned with an average size holding of about 45 hectares. The forest companies own about 25 % of the forest land whilst the state and other public and non public organizations own the rest (Swedish Forest Agency, 2009). According to the Swedish Forest Agency (2009), national parks and nature reserves comprise about 4.2 million hectares making about 10% of the total land area. Out of these 684,000 hectares consist of legally protected forest land. Habitat protection areas and nature conservation agreements account for nearly 48,000 hectares out of which more than 43,000 are productive forestland. Voluntary conservation areas also account for about 1.2 million hectares.

In 1994, the prescriptive forestry act of 1979 which placed environmental requirements second to production of timber was replaced with the 1994 Swedish Forestry Act. This new Forestry Act puts equal emphasis, weight or importance on the production of timber and the conservation of biological diversity. It aims at ensuring sustainable and valuable yield from the forest whilst at the same time ensuring the protection of gene, species and habitats of the forest (Swedish Forest Agency, 2006). This forest policy deregulated the Swedish forestry sector and entrusted the main responsibility of achieving the environmental goals to the forest owners with the state providing among other things training and advice to build the capacity of forest owners in sustainable forest management (Swedish Forest Agency, 2006). This means that greater freedom was given to the forestry industry to develop measures of attaining the targets of the new forestry policy (Gulbrandsen, 2005). This motivated the forestry industries to search for new alternatives of environmental protection and also assume greater responsibility of protecting the forest. With the large industrial forest owners, forest certification- especially FSC certification - is very key to meeting the environmental goals of the 1994 forestry policy as a result of the requirement of the Swedish FSC forest management standard to set aside at least 5% of its productive forest for protection. Also more than half (about 500,000 hectares) of the Swedish state's sustainable forest interim targets are to be achieved through voluntary allocation by forest owners (Skogsstyrelsen, 2010). This makes forest certification to be a compliment and very vital to the achievement of the environmental goals of the 1994 Swedish Forestry Act. According to the Swedish Forest

Agency (2006), certification through FSC or PEFC are vital tools to increase the preservation or protection of biological diversity in Swedish forest.

## **2.5 FSC AS A POLICY TOOL**

### **2.5.1 Emergence of the concept of forest certification**

Maser and Smith (2002) assert that the concept of forest certification was driven based on “concern over the elimination of rainforest with no plan for replacement, concern for the net total impact of major disruptions of large ecosystems and watersheds that can result from conversion of natural forest to agricultural or urban expansion, concern for the social needs of indigenous people in developing countries and finally a recognition by concerned professionals of the benefits of wood as a renewable product of nature that can be processed with far less overall environmental impact than that will result from making steel, plastic, aluminium and cement”.

These concerns were deepened as a result of the United Nations conference on environment and development’s failure to establish an international binding forest convention in Rio in 1992. This unproductive forest- making policy process at the intergovernmental level left many civil society actors frustrated and this led to their pursuit of a market based tool in ensuring sustainable forest management globally hence the concept of forest certification. This concept was then institutionalized overarchingly in 1993 through the formation of the Forest Stewardship Council (Bartley, 2003; Schlyter *et al*, 2009; Bostrom, 2003)

### **2.5.2 Emergence of FSC forest certification**

The Forest Stewardship Council was formed by different stakeholders representing social, economic and ecological interest. These included ENGOs such as Friends of the Earth, World Wide Fund for Nature, Rainforest Alliance and Greenpeace; professional foresters, forest companies , wood retailers and indigenous people. The main aim of FSC is to ensure environmentally responsible, socially beneficial and economically viable of the world’s forest (FSC International, 2010). This aim is to be achieved through the development of standards upon which good forest management practices will be judged.

This is made known to consumers through the use of a labeling system which testifies that a particular wood product is from a sustainably managed forest. FSC has 10 principles and 56 criteria upon which all FSC forest management standards are based (FSC International, 2010). These principles and criteria serve as a framework upon which all FSC national and sub-national standards developments are based. The FSC membership is categorized into three chambers representing the social, economic and ecological interest with each chamber having equal powers.

### **2.5.3 The FSC standard setting process**

The International forest management standard of FSC consisting of principles and criteria, serve as a framework upon which all national, sub-national and regional standards are developed to meet local ecological, social and economic conditions. This is usually done through a lengthy multistakeholder consensus- based decision making process among actors representing economic, social and ecological interests. FSC international board approves the national standards that adequately conform to the global principles and criteria though it must be suitable to the local conditions. In approving the standards, proof that all actors of the different chambers (economic, social and ecological) have participated in the national standard setting process and are in support of the standard is required, although not all representatives of all interest group have to support it (Fern, 2001). A forest company's forestland get certified when its management and forest operations conforms to all applicable FSC requirements (FSC International, 2010).

### **2.5.4 FSC Certification Bodies**

FSC certificates are issued by independent organizations called certification bodies (CBs). These bodies are accredited by Accreditation Service International (ASI) which monitors and evaluates the operations of the CBs. The certification bodies assess a company's suitability to forest management and chain of custody certification through audits based on the national, sub-national or regional FSC standard which has been developed for a particular country or region. Where there is no approved national or regional standard, the CBs are mandated to use adapted 'generic' standards based on the

FSC ten core principles but when national or regional standards are approved, all operations that were certified using the adapted 'generic' standard have to be re-audited using the approved national or regional standards in order to maintain its certified status (FSC International, 2010).

As of January, 2010 about twenty three (23) certification bodies had been accredited by the Accreditation Service International (ASI) with about eight(8) operating in Sweden namely Scientific Certification System (SCS), Societe Generale de la Surveillance (SGS), Det Norske Veritas Certification (DNV), Bureau Veritas Certification (BV), Control Union Certification (CU), GFA Consulting Group (GFA), Smartwood Rainforest Alliance Program (SW), Soil Association Woodmark (SA) (FSC international, 2010).

### **2.5.5 FSC Sweden**

Sweden was the first country to adopt an FSC national standard in 1998 (Schlyter *et al*, 2009). This was initiated by environmental nongovernmental organisations like the World Wide Fund for Nature (WWF) and the Swedish Society for Nature Conservation (SSNC) (which was later joined by Friends of the Earth-Sweden and Greenpeace) and in May, 1995 a preliminary criteria for FSC standard was announced (Bostrom, 2003). A national Swedish FSC working group was established in February, 1996 and this included the Swedish Church, the non-industrial private forest owners association, the Swedish Forest Industries Association, the Sami, two trade unions and furniture retailers like IKEA and Kinnarps (Bostrom, 2003). State actors or agencies were excluded from being members of the working group though expert advice was sought from them where necessary. In 1998, the Swedish FSC national standard was approved by FSC international board. Two Organizations, namely Greenpeace and the association of private forest owners which had earlier engaged in the negotiation process withdrew from the standard setting process due to lack of compromise on certain aspects of the standard.

## CHAPTER THREE

### 3. MATERIAL AND METHODS

#### 3.1 Brief description of SSNC and SCA.

##### 3.1.1 SCA in brief

SCA was founded in 1929 as a result of a merger of ten Swedish forest companies. It is currently the largest industrial private forest owner in Europe with a forestland holding of about 2.6 million hectares of which 2 million hectares is under production of timber. It has a workforce of about 52,000 in about 60 countries and in 2008, its annual sales amounted to about 11.5 billion Euros (11.4) (SCA, 2010). The company has transformed from a pure forest company to a company that also deals in personal care products, tissues and packaging products. It is also listed on the Stockholm and the New York stock exchange. In Sweden, the forestland holdings of the company are located in five districts namely, Norrbotten (Piteå), Västerbotten (Lycksele), Ångermanland ( Bollstabruk), Jämtland (Östersund) and Medelpad,( Sundsvall). About 5% of its productive forestland below the montane regions has been set aside for nature conservation and also about 10% of the wood products it supplies are made up of lodgepole (*Pinus contorta*). Its annual harvest is about 4.3 million cubic metres (SCA, 2010). SCA has its largest market in Europe but also sells its products in North America, Latin America, Asia and Australasia. SCAs eight largest market in descending order include Germany, United Kingdom, France, United States of America, Sweden, Italy Netherlands and Spain (SCA, 2010).

Figure 2 below shows the forest districts of SCA in Sweden.



Source: SCA wood products, 2010

### 3.1.2 SSNC in brief

The Swedish Society for Nature Conservation is a non-governmental and non religious environmental organization founded in 1909 and is committed to the spreading of knowledge, mapping of environmental threats and provision of solutions to it, advocacy to influence both politicians and public authorities at the national and International level (SSNC, 2010). It is the biggest and oldest environmental organization in Sweden. SSNC works with issues relating to climate, oceans, forests, environmental toxins and Agriculture. Its national office is in Stockholm and responsible for the co-ordination of activities and provision of services to its members (SSNC, 2010). As at 2008, SSNC had about 180,000 individual members, 24 county federations and 270 local branches across Sweden (SSNC, 2008). The governance of SSNC is done by its members through the granting of voice to each member in its affairs at the local branches. The local branches

embark on a number of activities such as excursion and conservation works aim at improving the knowledge base of its members about nature conservation. They also embark on national campaigns and advocacy work to lobby decision makers on environmental issues at both the local and the regional level (SSNC, 2010).

### **3.2 Methodology**

This research was based on qualitative methods with a focus on a case involving SSNC and SCA. This was done because, due to the timeframe allocated for the conduct of this research, it was practically difficult if not impossible to investigate all the criticisms against all FSC certified forest companies in Sweden by different ENGOs. Hence the focus on a case involving SSNC and SCA as a preferred method to enable me have a deeper understanding of the issues being investigated. This study was based solely on the review of relevant literatures and key informant interviews and no field visit to any of the harvesting sites of SCA at the centre of these criticisms were done. The certification dispute was based on the 1998 Swedish FSC forest management standard and as such analysis of this study was also based on that.

### **3.3 Illustrative cases**

Below is a description of two cases (Lill-Klumpvattnet and Lill-Gravberget) that are illustrative of some of the numerous criticisms that SSNC has leveled against SCA.



Figure 3 above depicts the forestland holdings of SCA in Sweden showing the illustrative cases. Source: SCAskog, 2010.

### 3.3.1 The Lill-Gravberget case

This is an SCA forest located in the municipality of Ånge and the county of Västernorrland in Sweden. Ånge has a land area of about 3,065square kilometers and as at January 1<sup>st</sup> 2008, had a population of about 10442 (SCB, 2008). Lill-Gravberget is a coniferous forest consisting of both spruce and spine and mixed with deciduous trees. In this forest, SSNC criticized SCA’s logging practices for infringing on the following sections of the FSC standards (Criteria):

**6.1.1(a)** :Pronounced uneven-aged, multi-layered natural forest with a great abundance of old trees and large dead wood in different stages of degradation should be preserved.

**6.1.1(b)** :Preservation of key habitats according to the definitions and methodology of the Natural Board of Forestry.

According to SSNC, these sections of the standard (criteria) were violated because they observed lots of dead wood and old wood with fire scars standing and fallen at different levels of decay that has been damaged or left exposed. They also observed a lot of red-listed species about 400 that had been clearcut or damaged as a result of the logging activities of SCA in that forest (SSNC official complaint document, 2009).

**6.5.7.** Dead wood, except for Smallwood felling residue, is to be protected from forestry measures, unless there is a documented risk of the mass reproduction of pest insects.

According to SSNC, during their field visit they found lying dead wood of different diameters and states of decay had been run over by machines, harmed or left exposed whilst felling. SSNC also claims, a remarkable large number of standing dead wood were also found to have been cut. It was also found that less consideration was given to fire damaged dead wood (SSNC official complaint document, 2009).

**6.7.5.** In areas in which red-listed species are known to occur, outside demarcated key habitats, proper considerations shall be given to the living conditions for these species.

SSNC asserts that during their field visit, about 455 findings of 24 different red listed species were observed exposed and the area was also clear cut or felled and this amounted to infringement of section **6.7.5** of the standard (SSNC official complaint document,2009).

This infringement of the above standards (criteria) resulted in SCA being issued with a minor corrective action request by its auditors SGS (the certification body) for not prioritizing the right areas in their ecological landscape plan or selecting the right area for harvesting.

### **3.3.2. Lill-Klumpvattnet case**

This is a spruce dominated SCA forest holding located in the municipality of Strömsund which is in the county of Jämtland. With this case, SSNC accused SCA of infringing on sections **6.1.1(a)** , **6.1.1(b)** , **6.7.5** and **6.5.7** of the FSC standard (criteria) as stated above. SSNC asserted that SCA logged key woodland habitat which amounted to the violation of section 6.1.1(a) and 6.1.1(b) of the standard. With respect to section 6.5.7 of the

standard, SSNC accused SCA of violating it because they established during their field visit that coarse dead wood had been run over and dead standing wood had also been cut and this violated provisions of section 6.5.7 of the standard (SSNC official complaint document, 2009).

Section 6.7.5 was also violated by SCA because SSNC asserts that they found numerous red listed species that had been exposed because the forest protecting them had been logged by SCA. In this case, SCA was also accused of violating section 6.5.5 of the standard which calls for the protection of trees with high biodiversity value in all measures. SCA violated this because SSNC assert that, they found spruce trees of high biodiversity value had been felled (SSNC official complaint document, 2009).

This case also resulted in SCA being issued with a minor corrective action request (CAR) by its auditor, SGS.

### **3.4 Data collection**

Semi-structured interviews with key informants and analysis of primary and secondary documents were the main sources of information upon which this research relied for its data collection. Below is a brief description of how these methods were used.

#### **3.4.1 Semi-structured Interviews**

A total of four key informants being representatives of actors involve in the certification dispute were interviewed. The interviewees were drawn from the Swedish Society for Nature Conservation, SCASkog-Sweden, SGS-Sweden and FSC-Sweden. Selection of individual representatives of these organizations was done through snowballing effect through SSNC based on the role played by the individual within forest certification and hence the certification dispute. The interviews run from February, 2010 until March, 2010. Semi-structured interview technique with open ended questions was adopted to make it possible for the interviewer to ask follow up questions on issues that seem interesting in the course of the interview. The questions were designed based on knowledge gained by the author as a result of relevant literatures reviewed and also responses from some of the interviewees. Four different questions were designed for

different actors or interviewees. See appendix one to four. The interviews were documented using transcribed audio recordings. Below is a table that depicts the interviewee’s workplaces and their positions.

Organization	Position
Swedish Society for Nature Conservation	Forest campaigner
SGS-Sweden	Forest certification project leader.
Forest Stewardship Council(FSC)-Sweden	Standard Development Officer
SCA-Sweden	Ecologist

Table 1: Workplace and position of interviewees

### 3.4.2 Documents

A key aspect of this research was to identify the main causes of the certification dispute and how FSC-Sweden system responds to this. In view of that, a lot of documents from primary sources were reviewed. This included SSNC report and official complaint document on the certification dispute, audit reports (public summary report) on SCA from SGS, SCA reports and literatures on its logging activities and also documents from FSC-Sweden. Also a lot of literature in the area of forest certification and environmental governance were reviewed. For complete list of reference see pages 45 to 47

### 3.5 Data Analysis

The data was analyzed by first transcribing all the interviews conducted. The data was then categorized into themes relevant to providing answers to my research questions. These themes are: main causes of the certification dispute, the FSC complaint procedure in reality and the FSC system and non compliance in reality. With these themes

subcategories were generated under each. It was then explained in relation to existing literatures and relevant theories.

### **3.6 Validity**

To ensure validity of the data obtained, triangulation was done on information collected from the FSC policy documents, written data on the certification dispute cases and the key informant interviews. This was done because most of the existing literature on the certification dispute in Sweden involving FSC certified forest companies and some ENGOs failed to capture the views of all the main actors involve through an interview and hence was necessary to do triangulation to enhance the validity of data obtained. This was necessary because according to Hammersely and Atkinson (2001) triangulation does not only provide validity check but it also gives added depth to the description of the social meanings involve in a setting. They also asserts that in social research if one relies on a single piece of data, there is a danger that undetected error in our inferences may render our analysis incorrect and that if diverse kind of data leads to the same conclusion, then we can be a little bit confident in that conclusions.

## **CHAPTER FOUR**

### **4. FINDINGS AND DISCUSSIONS**

#### **4.1 Aspects of the FSC standard at the centre of the certification dispute.**

Below are aspects of the 1998 Swedish FSC environmental standards (criteria) that are usually at the centre of the certification dispute in Sweden and particularly with this case study. This was adapted from the 1998 FSC forest management certification standard handbook (2000).

- **6.1.1(b)** Preservation of key habitats according to the definitions and methodology of the Natural Board of Forestry
- **6.1.1(a)**.Pronounced uneven-aged, multi-layered natural forest with a great abundance of old trees and large dead wood in different stages of degradation should be preserved

- **6.5.5.** Trees with high biodiversity value (large old deciduous trees or trees with fire-induced bole scars or similar or trees of cultural significance) should be protected in all measures, and not felled

- **6.5.7.** Dead wood, except for Smallwood felling residues is to be protected from forestry measures unless there is a documented risk of mass pest infestations and some fresh windfall may be removed.

- **6.7.5.** In areas in which red-listed species are known to occur, outside demarcated key habitats, proper consideration shall be given to the living conditions for these species when planning and carrying out forestry work.

## **4.2 IDENTIFIED MAIN CAUSES OF THE CERTIFICATION DISPUTE BASED ON THE CASE STUDY.**

### **4.2.1 Unspecific criteria in the 1998 FSC standard**

The study revealed that, certain aspects of the 1998 environmental standards of FSC-Sweden do not give clear guidelines or specifications on how certain criteria of the standard should be achieved. As asserted by Rametsteiner and Simula (2002) the Swedish FSC standard allows for a large degree of freedom in its interpretation and application. This has made room for different interpretations by different stakeholders (SSNC and SCA). Prominent among such standard are criterion 6.5.7. which states that, dead wood is to be protected from forestry measures unless there is a documented risk of mass pest infestations and criterion 6.7.5 which also states that, in areas in which red-listed species are known to occur in areas outside demarcated key habitats, proper consideration shall be given to the living conditions of these species.

With respect to criterion 6.5.7.it does not clearly state which size of dead wood should be protected, which volume of dead wood per hectare of the forestland should be protected and also which form the protection of the dead wood should take (That is, is the dead wood to be protected by leaving other trees around it? or is it to be protected by not cutting it or running over it with the harvesting machines? etc.). This vacuum created in the standard has made it possible for stakeholders (SCA and SSNC) to do different interpretations. SSNC interpret criterion 6.5.7. as all dead wood, not being run over by

the machines, crushed or dead log that is a habitat for a lot of red-listed species shouldn't be exposed and that if there are many dead wood on the forest floor that SCA cannot avoid running over, then the forest shouldn't be logged because it is important part of the natural forest. On the other hand SCA also interpret this criterion as only large logs not being felled or run over since they claim it is absolutely impossible not to run over dead wood with the current harvesting system they have. Moreover for, criterion 6.7.5., it doesn't clearly state the kind of consideration that should be given to the red-listed species and also which consideration should be considered proper. Is it that no silvicultural activities should go on in such areas or small scale silvicultural activities are allowed? Should buffer zones be created for such areas or not? If they should be created, what volume of forest should be left as a buffer zone for which hectare or number of red-listed species? Which category of red listed species should be given which consideration? These unanswered questions make it possible for different interpretations of this criterion by SSNC and SCA. With this criterion, SSNC thinks that enough forest should be left around the red-listed species or appreciable buffer zone should be created around the red-listed species whilst SCA thinks that few trees should be left around those red-listed species when identified. When SCA was asked how they provide consideration to the red-listed species, they said

*“If we know it is a red-listed species, we protect. For example if we find fungi on a deciduous tree, we leave the tree and some trees around it but SSNC thinks we should leave the whole forestland” (SCA)*

This lack of specific requirements of certain aspects of the standard has made it difficult for SSNC and SCA to come to compromise on certain criteria of the environmental standard of FSC and hence such a dispute. This has also made SSNC lose the moral legitimacy (see sub-chapter 2.3) it granted to FSC because SSNC claim the environmental standards of FSC are not strictly enforced by the CB and hence such criticisms of the FSC certification.

#### **4.2.2 Non identification of all woodland key habitats in Sweden and difficulty in classifying areas as woodland key habitat by SCA**

A woodland key habitat is defined as an area where there is occurrence of one or more red listed species or where the nature of the forest itself indicates a strong likelihood of finding a red listed species (National Board of Forestry, 1998). In Sweden, inventory of woodland key habitats have been carried out by the Forestry Administration but most of it is still unknown. According to the National Board of Forestry (1998), as at 1998 less than 1% of the total productive forestland has been identified as woodland key habitat. Based on the 1998 Swedish FSC standard (criterion 6.1.1b) woodland key habitats are to be identified based on the definition and methodology of the National Board of Forestry. This gives the National Board of Forestry the sole responsibility of classifying areas as woodland key habitat. This study identified that, most of the woodland key habitat are still unidentified by the National Board of Forestry especially on the forestland of most of the forest companies in Sweden. Since these woodland key habitats also form part of the productive forestland holdings of the forest companies like SCA, SCA tries to sometimes use indicator species or structural elements (such as amount of dead wood available, quantity of old trees present etc) to identify the woodland key habitats on forestland areas that have not been inventoried yet as rich in woodland key habitat by the National Forestry Board during harvesting or logging operations. SCA sometimes lack the capacity to do so resulting in felling activities in such areas and hence infringement of the FSC standard. As stated in an interview with SCA

*“Its complex to measure whether an area is a woodland key habitat or not because sometimes you have to collapse the trunk of the tree and creep under it and even use a microscope before you can identify the redlisted species. I am a forest ecologist and can't identify all the redlisted species”*(SCA).

This view was also supported by SSNC when it was interviewed by saying that

*“Not all the woodland key habitats have been found and identified by the National Forestry Board which is a problem because we find that, the companies fail to identify the key habitats themselves”*(SSNC)

The above views were supported by FSC-Sweden as well when it was asked whether the non-identification of all the woodland key habitats could be a cause of this dispute. It stated that

*“If you put all the forest stands in Sweden and you put them in a line and you should classify all these whether it is a key habitat or not, you will find some of the stands difficult to classify, that’s natural”*(FSC)

The difficulty in the identification of woodland key habitat has led to different focus and mechanism by SCA and SSNC on how they identify areas (SCA forestland holding) not inventoried by the National Forestry Board as a woodland key habitat. The study established that whilst SCA most at times uses key structural elements (substrate) to classify its forestland areas as a woodland key habitat during felling operations, SSNC most at times employs the use of species like fungi and lichens and that has been the majority of its findings. As stated by SCA:

*“We are working with the key elements that identifies that probably an area will be good for red listed species but not species”* (SCA).

This difficulties in identifying the red listed species by SCA and different focus or mechanism employ by SSNC and SCA for identifying these areas amount to logging in these areas by SCA and hence the infringement of the environmental standard of FSC.

#### **4.2.3 Time and frequency of SCA’s logging operations.**

It was established that due to the high demand of SCA’s products coupled with high cost of the logging machines, logging operations of SCA are mostly carried out both during the day and in the night during winter and summer seasons. It was found that during the winter period where there are a lot of snow on the forest floor and also darkness, the loggers of SCA sometimes find it difficult in identifying dead wood on the forest floor covered with snow and this result in the machines running over them. It was also established that during winter periods when there is darkness and also most of the nature value trees or red listed species in non-inventoried areas of the forestland are covered with snow, it creates a lot of difficulty for the loggers in identifying them for protection

hence resulting in such trees being felled. When SCA was asked about its recommendation to end this dispute it said

*“They (SSNC) have to understand that in practice when you work during winter times where there is darkness, you cannot be 100% perfect. We will always have between 5-10% that will not be perfect because the condition they (loggers) work under is difficult. They (SSNC) should understand that forestry is so practical but not theoretical. When there is -25 degree Celsius cold, snow and bad conditions present, there will always be some kind of mistake” (SCA).*

The time and frequency of the logging operations of SCA has made it possible for certain violations of the standards to occur and hence such dispute.

#### **4.2.4 Entrenchment to core interest of stakeholders of FSC (SCA and SSNC)**

Gulbrandsen (2005) asserts that, before forest certification process in Sweden there were mainly two opposing coalitions namely the environmental coalition and the forestry coalition and that as a result of the forest certification process, the two coalitions merged into a “sustainable forestry coalition” due to the reaching of an agreement on the 1998 Swedish FSC standard. These different coalitions really show different stakeholders with different interest or core goals among the FSC membership in Sweden. However the FSC certification program aims at ensuring harmony or a balance between different interest groups or stakeholders and this is enshrined in its objective of ensuring environmentally responsible, socially beneficial and economically viable management of the world's forest (FSC, international, 2010). This study revealed that, in reality, the different interest groups (SSNC and SCA) are so much entrenched in achieving the core interest held before joining the FSC membership and this has made them to interpret the standard differently and also have different expectations on what FSC can deliver. It was established that SSNC wanted FSC certification to protect more of the forest (with no logging in old growth forestlands) in order to maximize ecological benefit from the forest. SCA on the other hand also wanted to run a profitable business within minimum ecological limitations thereby making them see the FSC certification as more of an economically valuable tool because of their core interest. Based on this entrenchment to

core interest, SSNC and SCA also have different views on whether some of the forestland being logged by SCA are old growth forest or not. Whilst SSNC assert that most of the forestland of SCA are old growth forest rich in high biological values and as such shouldn't be logged as stated in FSC international principle 9<sup>1</sup>, SCA also thinks that most of their forestland are made up of semi-natural forest. When SSNC was asked about their recommendations to end the certification dispute, its representative said

*“Its hard because if you look at the forestry of Sweden today, there is a really harsh debate now between the environmental groups and the forest companies, that we (the environmental group) want so much of the forest protected whilst the forest companies also want to log” (SSNC)*

This statement clearly shows how SSNC (the environmental group) of FSC in Sweden are so much entrenched to their core interest of forest protection despite FSC aiming at the different stakeholders or interest groups reaching a compromise by ensuring a balance between the different interests. On the other hand, when SCA was also asked why they were being criticized by SSNC, it responded by saying that

*“The big difference between us and SSNC is that they want us to protect much more than we want, we will follow the FSC standard, its 5% on logging areas and 5% on ecological landscape level” (SCA).*

This quote also shows how SCA is bent on meeting the minimum requirements set by FSC in order to get the FSC label to enhance its market access to achieve their economic goals of profit making. The 1998 Swedish FSC environmental standard clearly stipulates that at least 5% of the productive forestland should be protected, but due to the forest company's entrenchment to their economic interest, most protect 5% which is the least requirement according to the FSC standard or a little bit above the 5% minimum threshold of preservation. According to Greenpeace (2009) many FSC-certified forest companies in Sweden are unwilling to protect more than 5 % of its productive forestland as a result of the negative implications that will have on the company's profit. These

---

<sup>1</sup> Maintenance of High Conservation Value Forests (HCVFs) defined as environmental and social values that are considered to be of outstanding significance or critical importance

entrenchments to core interest of different stakeholders have lead to cleavages and hence such certification dispute. According to Gulbrandsen (2005) forest certification has the capacity to facilitate dialogue among antagonist and conflict resolution, but at the same time it could also bring about shift in alliances to cleavages.

#### **4.3 FSC system and non compliance of forest management standards**

According to FSC (2007), in the case of non –compliance of an FSC standard by a forest company, the certification body (CB) is expected to either make observations or issue a corrective action request (CAR) to the forest company concern. An observation is a concern raised by the CB on any activity of the forest company that doesn't currently amount to non-compliance but has the potential to result in non-compliance of the FSC standard if that activity is not improved. The observations can be made on a very minor problem or at early stages of a problem which doesn't currently amount to non-compliance. It can also be raised onto a CAR if additional evidence warrants it. These observations are documented by the CB in the audit report about the forest company concerned. CAR is a complaint by the CB to FSC –certified forest companies on infringements of certain aspects of the FSC standard and the request to take actions to rectify those infringements within certain stipulated period. Based on FSC system, two types of CARs can be issued by a CB. These are minor CAR and major CAR. A minor CAR is issued in response to infringements or violations that are usually non systematic and on a very small area of the forest management unit of the forest company (FSC, 2007). If a minor CAR is issued, the FSC-certified forest company usually has to take action to correct the non-compliance within 12 months or two years in exceptional cases. If no corrective action is done by the FSC certified company within the allotted timeframe, the minor CAR can be upgraded into a major CAR (FSC, 2007). A major CAR is also issued usually as a response to a systematic violation of the FSC standard that usually covers a wide area of the forest management unit of the certified forest company. When a certified forest company is issued with a major CAR, it is expected to take corrective actions within 3 months and in exceptional cases within 6 months. Under the FSC system, failure to respond to a major CAR could result in the suspension or withdrawal of a company's certificate, however if the action taken by the forest company

in correcting the infringements is found sufficient by the CB in its surveillance audit, the CAR is closed in the case of a minor CAR or non-compliance and in the case of a major CAR or non-compliance it is not possible to downgrade it (FSC, 2007). With regards to the FSC system's response to non compliance of its standards, the enforcement triangle of Gunningham and Grabosky (1998) can be modified as follows.

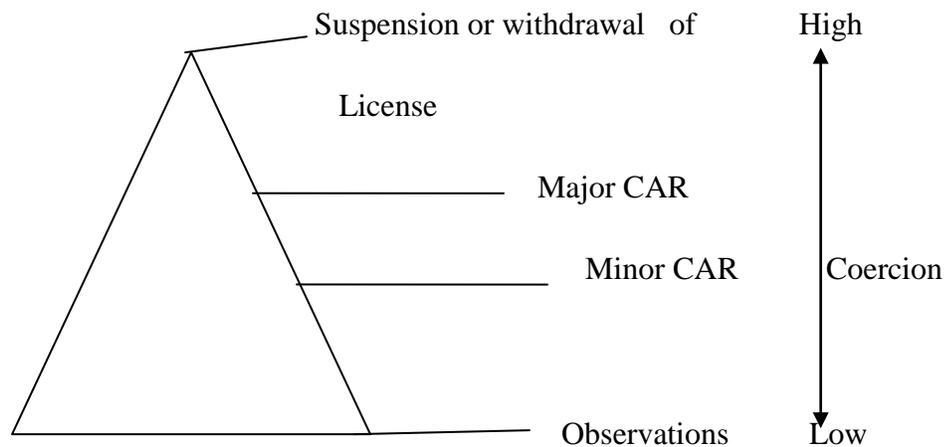


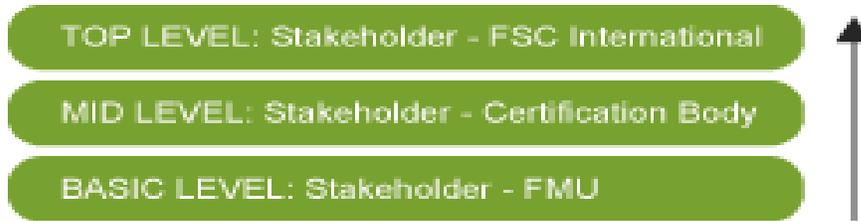
Figure 4.above shows the enforcement triangle within the FSC system

Source: Modified enforcement triangle adapted from Gunningham and Grabosky, 1998

#### 4.4 FSC complaint procedure

Under the FSC system, there are three main levels within which stakeholders' complaints or concerns (eg. Non-compliance of the FSC standard by FSC- certified company) may be addressed. These are basic level, mid level and top level (FSC, 2007). At the basic level, complaints by stakeholders should first be addressed to the complaninee (Figure 6). For instance in the case of the certification dispute involving SSNC and SCA, complaints by SSNC on SCA's forestry operations should first be addressed to SCA. If the complainant (SSNC) is not satisfied with the explanation given by the complaninee (SCA), or if the complaninee fails to respond, then the stakeholder or complainant may move to the mid level by filing a complaints to the certification body (SGS) of the complaninee (SCA) ( Figure 7). At this level the CB has up to four weeks to acknowledge receipt of

the complaint filed against its client and also six months or in exceptional cases one year to let the complainant know of its findings or actions taken against the complaine. If the stakeholder or complainant still feels that the concerns have not been appropriately addressed by the CB, the complaint can be moved to the top level to be addressed either by ASI or FSC international (Figure 8) (FSC,2007). Figure 5.below shows the diagrammatic representation of the FSC levels of complaint procedure.



Source: FSC, 2007(FSC-SERC-0024)

The diagrams below depict what happens at different levels of the FSC complaint procedure

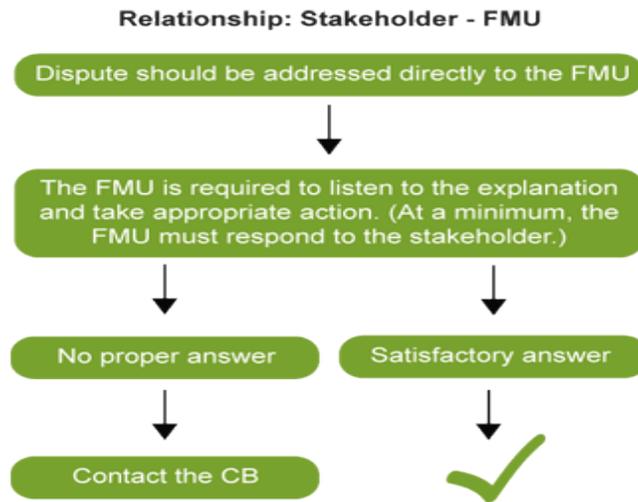


Figure 6: Basic level. Source: FSC, 2007(FSC-SERC-0024)

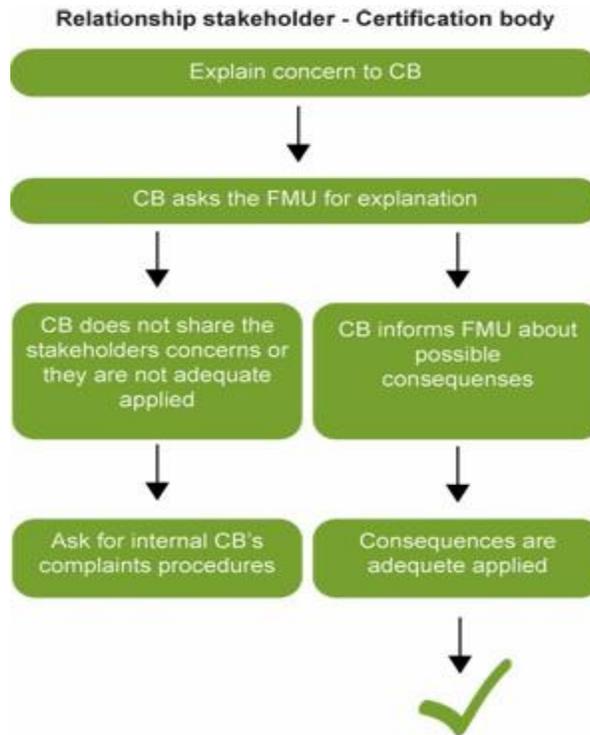


Figure 7: Mid level .Source: FSC, 2007(FSC-SERC-0024)

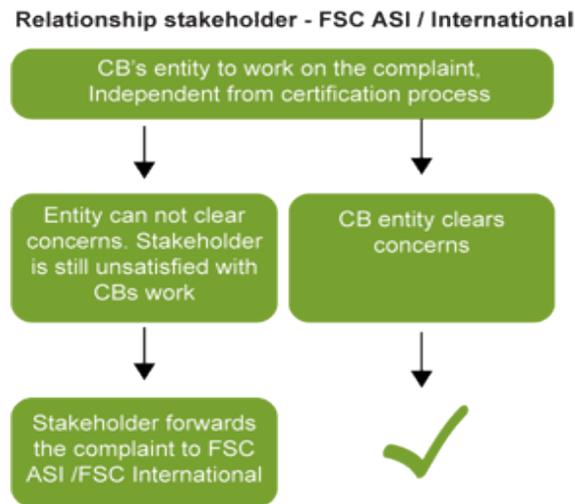


Figure 8. Top level. Source: FSC, 2007(FSC-SERC-0024)

## 4.5 THE SWEDISH FSC SYSTEM: REALITY CHECK

### 4.5.1 FSC system and non compliance in reality based on the case study.

This study established that in case of non-conformance by SCA, observations are either made by its auditors (SGS) or a corrective action request is issued by the auditors. The observations are made where the FSC-certified company (SCA) has agreed with the complainant (SSNC) on non-conformance of a specific aspect of the FSC standard and initiated steps to address it. These observations are made so that the auditor (SGS) can further check during the next surveillance audit whether the corrective actions initiated by the FSC-certified company (SCA) are enough to deal with the non-conformance. When SGS was asked what role it plays or what happens when SCA agrees with SSNC on infringement of the FSC standard, it stated that

*“If SCA agrees with the complaints, the complaint is closed. We then look at what the parties agreed upon and also look at whether corrective actions taken are sufficient to address the issue. If I find that preventive and corrective actions taken by the forest company (SCA) is sufficient, no CAR is raised but will certainly follow up if they have improved their system” (SGS).*

This was also supported by SSNC by saying that

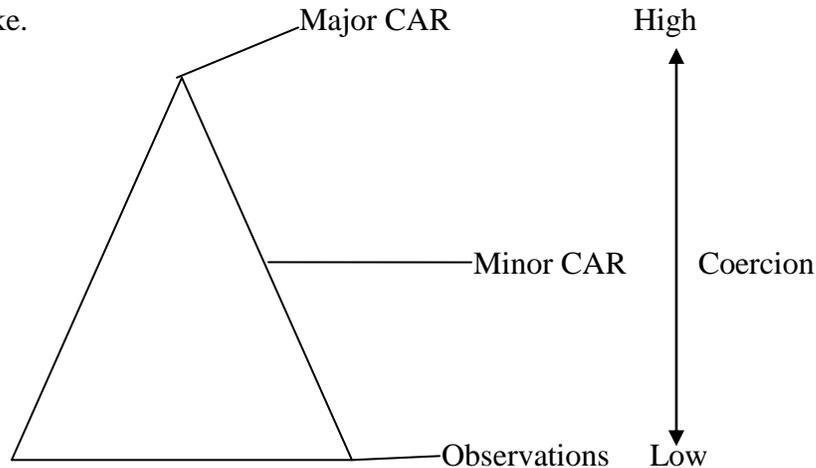
*“Nothing happens when they (the FSC certified forest companies like SCA) say we did it wrong and we have taken actions for correcting what we did wrong. They only get observations” (SSNC).*

It was also revealed that CARs are issued to FSC-certified forest companies (Like SCA) when it is established by the auditor (like SGS) that, complaint of non-conformance of the FSC standard which the forest company disagreed with the complainant (SSNC) proves to be true. With this case study it was found that, during reassessment of SCA over a five year period in 2008 for recertification, there were ten CARs out of which eight were minor with only two being major CARs. Eight observations were also raised and out of the eight minor CARs, only four were closed by SCA. All the major CARs were also closed. (See SGS public summary report on SCA, 2008). It also proved that no

infringement of the FSC standard has resulted in either suspension or withdrawal of the forest company's or certificate holders license in Sweden. According to Greenpeace (2009) in Sweden, the most serious punishment or complaint a CB raises against FSC-certified forest company in case of infringements of the FSC standard is a major CAR. This shows that in Sweden the enforcement triangle as a result of non-conformance of the FSC-standard has never been used to the apex. This may be due to the fact that the infringements of the FSC standard by the forest companies doesn't give enough grounds that warrant for the enforcement of the FSC enforcement triangle to the apex (That's suspension or withdrawal of FSC license), or because the CBs are hired by the forest companies to do the audits they want to continue to be in business by not 'biting hard the hand that feeds it'. On the other hand SSNC thinks that systematic infringements by SCA should result in harder punishment like suspension or withdrawal of the FSC license. As stated by SSNC

*"The NGOs of Sweden have pointed mistakes after mistakes after mistakes on SCA and a major CAR is the hardest that has come out of this. Our criticism against the CB (SGS) is that they don't issue harder punishments" (SSNC).*

Figure 9 below illustrates how the enforcement triangle of the FSC system in Sweden currently looks like.



Source: Modified enforcement triangle adapted from Gunningham and Grabosky, 1998

#### **4.5.2 FSC Complaint procedure in reality based on the case study.**

The study established that main actors involved in this certification dispute conform to the FSC complaint procedure. Complaints by SSNC against SCA are first addressed to SCA though most at times the CB (SGS) is copied to be aware of what is happening. If SSNC is not happy with the response it gets from SCA, then it channels its complaint to the CB. It was found that most of the complaints filed by SSNC against SCA are within the basic and the mid level of the FSC complaint procedure as no official complaint has yet been filed to the top level (That's to ASI or FSC international). It was also found that, the FSC complaint procedure in reality is time consuming, slow and complicated for some stakeholders. When SSNC was asked its view about the FSC complaint procedure, it said:

*“It's a slow and long process. It's very complicated and time consuming” (SSNC).*

This view was also supported by SGS. This could be due to the fact that, the complaint procedure at the basic level doesn't give clear deadlines or periods within which complainees must respond to complaints meanwhile the mid level is clear on this. This makes it difficult for most complainants ( like SSNC) to know when exactly to file official complaints to the CB since most of the CBs react differently when complaints are sent directly to them as some accepts it whilst others do not.

#### **4.6 LESSONS FROM THE CASE STUDY: THE ROLE OF FOREST CERTIFICATION IN SWEDISH FOREST POLICY MIX**

One of the main drivers of FSC certification was that strict adherence to the forest management standard on the production forest of certified companies would lead to responsible forestry and hence the protection of the environment. Gullison (2003) asserts that the rigorous nature of the FSC standard place it above all other certification schemes in achieving biodiversity conservation. This shows that the FSC certification has the potential of playing an important complementary role in the achievement of biodiversity conservation and hence the protection of the environment if only the FSC principles and criteria are adequately complied with by the forest companies.

On the other hand, based on this study, the systematic infringements of the 1998 Swedish FSC standard by certified forest companies as a result of unspecific standards, non identification of all the woodland key habitats among others illustrated in this study, coupled with lack of harsher punishment with regards to non-compliance of the standard, threatens the ability of FSC certification in fully delivering this goals. According to Greenpeace (2009) FSC certification cannot guarantee the permanent protection of woodland key habitats. In 2007, the Swedish government in its budget announced for a reduction in the amount allocated to forest protection by about 47.8 million Euros for the next three years with much emphasis now shifted to voluntary protected areas in achieving its environmental protection goals in a cost effective manner (Protect the forest, 2009). Also more than half of the interim targets of the sustainable forest environmental objective of the Swedish government is to be achieved through voluntary means by the year 2010 (Skogsstyrelsen, 2010). This means there is a lot of reliance on forest certification in achieving this goal since most of the forest owners voluntarily set aside forest lands because of the requirements of the forest certification standards.

However the Swedish National Environmental Objectives Council's assessment in 2008, stipulated that the interim targets of the Swedish government's sustainable forest objective would be difficult to realize if not impossible within the projected timeframe. (Johansson and Lidestav, 2010). This calls for the Swedish state in having a second look at its reliance on voluntary measures in achieving its interim environmental protection goals by re-considering the role of forest certification in achieving the environmental goals of its forest policy. This is necessary because the majority of the Swedish forest owners unto whose hands major responsibility of achieving this goal is entrusted depend mostly on forest certification in delivering on such responsibility. The Swedish state is a signatory to the Convention on Biological Diversity and as such authorized or obliged to meet the targets set in such convention hence it should not entrust the key responsibility in achieving its environmental goals unto the hands of the forest owners who mostly rely on forest certification in meeting this.

Aside forest certification, the Swedish state could enhance or strengthen its multiplicity of environmental protection tools by adopting tools and actors that are complementary

and synergistic in effect to compensate for the failures and lapses of forest certification identified in this study so that an optimal policy mix that can help the state in realizing its environmental goals can be achieved. Though much research is needed to establish the impact of CBs being hired by the forest companies on strict adherence to the FSC standard, it could be said that the systematic infringements of the standards and lack of harsher punishment could be due in part to the FSC system allowing CBs to be hired by the forest companies or certificate holders and as such are reluctant to strictly enforce the standard to a level that may result in a suspension or withdrawal of its client's license. This is because when the clients are out of business the CBs will also be out of business. As stated by Rametsteiner and Simula (2002) during auditing of certified forest companies against the standards, in many cases a large number of the standard requirement is overlooked, not included in a sample-based check or defined as inapplicable by the CBs.

## **CHAPTER FIVE**

### **5. CONCLUSION AND RECOMMENDATION**

This study has brought to fore some of the main causes of FSC certification dispute in Sweden by touching on stakeholders entrenchment to their core interest, non-identification of some of the woodland key habitats, unspecific criteria and time and frequency of SCA's logging operation. It has also analyzed how the FSC system deals with criticisms or disputes as enshrined in its policy document and also in reality based on this case study. It finally drew lessons from the case study and looked at the role of forest certification in the Swedish forest policy mix.

FSC certification has the potential of ensuring responsible forestry towards the protection of the environment. However, based on this case study, the cause-effect relationship between FSC certification and sustainable forestry is less evident or unclear. This means that the role or impact of FSC certification in ensuring the protection of forest biodiversity when heavily dependent upon in forest policy is also less evident and as such should always be used with other tools and actors that are complementary in effect. This

will make it possible for other tools and actors to compensate for the lapses and failures of the other.

Moreover, whilst I accept that it is practically impossible to write a super specific standard that covers every issue within the 1998 Swedish FSC standard, the standard could be more specific on some criteria which are at the centre of this certification dispute such as which diameter size and length of dead wood should be protected and also what constitutes protection of a dead wood according to FSC definition or standards. This would help mend the current vacuum in the standard by ensuring effective interpretations or by providing clear guidelines to all stakeholders and eventually reduce the level of infringements of the FSC standard.

The new Swedish FSC forest management standard scheduled for implementation in summer 2010 has tried to address some of the lapses in the 1998 Swedish FSC standard that were at the centre of this certification dispute. The inclusion of criterion 9.1 which requests forest managers to conserve and maintain high conservation value forest will in part help in dealing with the problem of FSC-certified forest companies logging in woodland key habitats ( red-listed species) outside defined areas and also contribute to resolving the disagreements on whether FSC certified companies are logging in old-growth forest or not. Also with the addition of criterion 6.1.4 which requires FSC-certified companies to make public their ecological landscape plans, will help other stakeholders (ENGOS) know the set aside protected areas by FSC-certified forest companies and thus help build their confidence in FSC in contributing to forest protection. This will help contribute to reducing Swedish ENGOS criticism against FSC and FSC-certified forest companies. However, the new standard is still silent on certain issues like the diameter size of dead wood to be protected and also what constitute the protection of a dead wood. It is also unspecific on how some criteria should be met. As a result, it is difficult to conclude whether the new standard will be able to minimize the different interpretations of the standards by different stakeholders (SSNC and SCA) and hence end the dispute. With regards to the FSC complaint procedure for non compliance, there is a need for the system to be clear at the basic level regarding the timeframe within which complaints filed against certificate holders should be responded to. This would

help fast track the process and help improve the watchdog role being played by the environmental group in ensuring that the FSC delivers on achieving its objectives. In an effort to reduce infringements of the FSC standard, the forest companies could communicate the standards constructively and well to those involve in the logging operations and also if possible employ the services of the National Forestry Board in identifying woodland key habitats on all forestland slated for harvesting before actual or real logging is done. Whilst this study was only based on interviews and literature review and concentrated on only one case I recommend that a similar study be carried out with multiple cases where harvesting sites at the centre of this dispute will be visited.

## **References**

### **Literatures**

Barklund, E. and Teketay, D., 2004. *Forest certification: A political tool to promote sustainable forest management in Africa: Lessons learnt on sustainable forest management in Africa*

Bartley, Tim (2009). *Certifying forests and factories: states, social movements and the rise of private regulation in the apparel and forest product fields*. Politics society, Vol. 31.No. 3

Bass, S.K, Thornber, M., Marko Poulos, S. Roberts and Grieg-Gran 2001. *Certification's impacts on forests, stakeholders and supply chains. Instruments for sustainable private sector forestry series*. IIED, London

Bernstein, S. and Cashore, B.(2007). *Can non-state global governance be legitimate? An analytical framework*. Blackwell Publishing Asia Pty Ltd. Pg.348

Bostrom, Magnus (2003), *How State-Dependent is a Non-State-Driven Rule-Making Project? The Case of Forest Certification in Sweden*, *Journal of Environmental Policy & Planning*, 5:2, Pg 166-180

Cashore, Benjamin,2002. *Legitimacy and the Privatization of environmental Governance: How non-state market-driven (NSMD) governance systems gain rule-making authority*. *Governance: An international Journal of Policy, Administration and Institutions*, 15, 503-529

FAO 2006, *Global forest Resources Assessment 2005: Progress towards sustainable forest management*. Forestry paper, 147. Pg.XII

Fern, 2001.*Behind the Logo: An environmental and social assessment of forest certification Schemes*. Pg.9

Flyvbjerg, Bent (2001). *Making social science matter. Why social inquiry fails and how it can succeed again*. Cambridge University Press.

Gulbrandsen, H. Lars (2005). *Sustainable forestry in Sweden: The effect of competition among private certification schemes*. *The Journal of Environment and Development* 14; 338

Gullison, R.E. (2003). *Does forest certification conserve biodiversity?* Centre for Biodiversity Research.

Gunningham, N. and Grabosky, P. (1998). *Smart Regulation: Designing Environmental Policy*. Clarendon Press-oxford. Pg.3-134 and 373-453.

Hammersley M. and Atkinson, P. (2009). *Ethnography: Principles in Practice*. Routledge .Taylor and Francis Group. London and New York. Third edition.pg.184.

Hance Jeremy, 2008. *FSC has 'failed the world's forests' say critics*. Available at:[http://news.mongabay.com/2008/0325-hance\\_fsc.html](http://news.mongabay.com/2008/0325-hance_fsc.html). Accessed. 09/04/2010

Johansson, J. and Lidestav, G.(2010) (conference paper). *Can voluntary standards govern?* Assessing the environmental impacts of forest certification in Sweden.

Keskitalo, E.C.H.,C. Sandstorm, M. Tysiachniouk, and J. Johansson.2009. *Local consequences of applying international norms: differences in the application of forest certification in northern Sweden, northern Finland and northwest Russia*. *Ecology and society*14 (2).

Maser, C. and Smith, W. (2001) *Forest Certification in Sustainable Development: Healing the landscape*.CRC Press LLC. Pg.v.

Rameitsteiner, E. and Simula, M. (2002). *Forest certification-an instrument to promote sustainable forest management?* *Journal of Environmental Management*.

Schlyter, P, Stjernquist, I and Backstrand, K. (2009). *Not seeing the forest for the trees? The environmental effectiveness of forest certification in Sweden*. *Forest policy and economics*11. Elsevier.

Statistics Sweden (2008). See.

<http://www.ange.se/download/18.336259c11d09f6598280002012/2260+%C3%85nge+FAKTA+%28Eng%29.pdf> Accessed.22/03/2010

Suchman C.M. 1995, *Managing legitimacy: strategic and institutional approaches*. *The Academy of Management Review*, Vol 20, No. 3

Swedish Forest Agency (2006). *Biodiversity in managed forests: The Swedish model for sustainable forest management*.

Swedish Forest Agency (2008-04-07). Press release: *Miljöhänsyn i skogsbruket på fortsatt låg nivå* (Environmental consideration in the forestry still on a low level).

Available at: <http://www.svo.se/episerver4/templates/SNormalPage.aspx?id=38956&epslanguage=SV>. Accessed. 09/02/2010

Swedish Forest Agency, (2009). *Swedish Statistical Yearbook of Forestry*. Available at <http://www.skogsstyrelsen.se/episerver4/dokument/sks/Statistik/Arsbok/00%20F%C3%B6rord%20och%20Inneh%C3%A5ll%20Preface%20and%20Contents.pdf>. Accessed 23/03/2010

Walker L., Cocklin C. & Le Heron R. (2000). *Regulating for environmental improvement in the New Zealand forestry sector*. *Geoforum*. Vol. 31, p. 281–297.

Windfield, M. (2007). *Governance and the Environment in Canada. From Regulatory Renaissance to “Smart Regulation”*. *Journal of Environmental Law and Practice*. Vol. 17, p. 69–83..

Yin, Robert.K.(2003). *Case study Research. Design and Methods*. Third Edition. Applied social Research Series, Volume 5. Sage Publications. Thousand Oak.

### **Written data**

FSC (2007). *FSC Stakeholder involvement: Guideline for active participation in FSC certification*. Available at: [http://www.stakeholderinvolvement.org/files/resource\\_7/reports/baltic%20brochure\\_en.pdf](http://www.stakeholderinvolvement.org/files/resource_7/reports/baltic%20brochure_en.pdf). Accessed: 15/03/2010

FSC International. 2010. *See. FSC-International Homepage*. Available at: [www.fsc.org](http://www.fsc.org) . Accessed on 20/01/2010

Greenpeace, 2009. *Under the cover of forest certification: how Forest Stewardship Council has failed to prevent the destruction of high conservation value forests in Sweden*.

National Board of Forestry –Sweden (1998). *Woodland Key habitats*. Bratts Tryckeri AB, Jonköping

Protect the forest, 2009. *About Swedish forest-from natural forest to industrial landscapes*. Available at. <http://protecttheforest.se/en/about-swedish-forest>. Accessed.09/05/2010

Protect the forest, 2009. *Swedish old-growth forest destruction: International wood and paper customers deceived*. press release. (25-05-2009). Available at. <http://protecttheforest.se/en/pressmeddelanden/26-pressmeddelanden/516--swedish-old-growth-forest-destruction/> Accessed. 20/04/2010

SCA, 2010. *SCA homepage*. Available at: [www.sca.com](http://www.sca.com). Accessed on 20/02/2010/

SCA-Skog power point presentation 2010(unpublished). About the company.

SGS Qualifor, 2008. *Forest management certification report: Public summary report on SCA Skog AB*. Document number. AD36-A-04

SSNC official complaint document, 2009(unpublished) on Lill-klumpvattenet and Lill-graveberget forest holdings of SCA.

The Swedish FSC-Council, 2000. *Swedish FSC1998 standard for forest certification*. English version.

Swedish Society for Nature Conservation, 2008. *SSNC's Sida Application 2009-2011*

Swedish Society for Nature Conservation, 2008. *Swedish forest company SCA again violates the Forest Certification standard*. Available at: [www.naturskyddsforeningen.se/inenglish/Forest/swedish-company-sca-again-violates-forest-certification-standards](http://www.naturskyddsforeningen.se/inenglish/Forest/swedish-company-sca-again-violates-forest-certification-standards). Accessed on 20/03/2010

Swedish Society for Nature Conservation, 2010: *About us*. Available at: <http://www.naturskyddsforeningen.se/in-english/About-us/>. Accessed on 24/03/2010.

For an english version of the 1998 Swedish FSC standard visit.  
[http://cogent.controlunion.com/cusi\\_production\\_files/SISI\\_files/FL\\_011110082425\\_Swedish\\_FSC\\_standard.pdf](http://cogent.controlunion.com/cusi_production_files/SISI_files/FL_011110082425_Swedish_FSC_standard.pdf)

## **APPENDICES**

### **APPENDIX 1**

#### **Questions for interview with SSNC**

1. What is the import of the certification dispute involving SSNC and some FSC-certified companies in Sweden?
2. Why is SCA also at the centre of this criticism? Any special cases and why?
3. Which aspect of the FSC-Sweden standard is violated?
4. How is SCA responding to these criticisms?
5. How is SGS (CB for SCA) responding to these criticisms?
6. How is FSC-Sweden responding to this certification dispute involving your organization and SCA?
7. Are there any lapses in the FSC system in dealing with the certification dispute and why?
8. What is your organizations stance on FSC official complaint and dispute resolution mechanism or procedure in dealing with the certification dispute in Sweden?
9. Has any FSC certificate been withdrawn in Sweden or internationally because of non-compliance?

10. Any recommendations to improve the situation or end the certification dispute?

## **APPENDIX 2**

### **SCA interview questions**

1. Why is SCA being criticized by SSNC for not meeting its environmental objectives with regards to the FSC-standard? Any cases? (lill graverbet and lill klumpvattnet)
2. Which aspect of the standard do SSNC claim your organization has violated?
3. How has SCA responded to these criticisms?
4. How has your auditor SGS also responded and what was your response or reaction?
5. What measures have you been putting in place to ensure strict compliance of the environmental standards of FSC?
6. How do you identify HCVF and woodland key habitat when logging and how is it protected by your organization?
7. How is the relationship between your company and SGS in terms of strict enforcement of the FSC environmental standards?
8. How is FSC-Sweden responding to these certification disputes involving your company and SSNC?
9. Do you see any lapses in the FSC-system in dealing with the certification dispute between your company and SSNC? If yes why?
10. What are your thoughts on forest certification as a policy tool to ensure responsible forestry in Sweden?
11. Any recommendation to improve the situation or end the certification dispute?

## **APPENDIX 3**

### **FSC Sweden interview questions**

1. Why are some FSC certified forest companies (like SCA) in Sweden being criticized by some ENGOs (like SSNC) for not complying with the environmental standards of FSC?

2. How is FSC-Sweden responding to these criticisms?
3. How does FSC-system in Sweden respond to infringement of its standards? Any cases?
4. How does FSC-Sweden and accreditation service international (ASI) co-ordinate in monitoring the activities of its certification bodies (CBs) in Sweden?
5. Do you see any lapses in the 1998 forest mgt standards of FSC-Sweden which has contributed to the certification dispute involving some ENGOs and FSC certified companies in Sweden? if yes what are they?
6. How does FSC-Sweden see the relationship between the FSC certified companies (like SCA) and their certification bodies (SGS) with regards to the strict enforcement of the FSC standards?
7. Has this criticism put the credibility of FSC-Sweden in trouble? if so what is being done to safeguard the image of FSC in Sweden?
8. what are your thoughts on forest certification as a policy tool to ensure responsible forestry in Sweden?
9. Any recommendation to end the certification dispute or improve the situation?

## **APPENDIX 4**

### **SGS interview questions**

1. Can you tell me a bit about your background and also your position or work at SGS?
2. What are your thoughts on forest certification as a policy tool to ensure responsible forestry in Sweden?
3. I have understood that your client (SCA) is being criticised by SSNC for not meeting its environmental objectives with regards to the FSC-standard. What do you think this criticism is about? any cases(lill gravberget and lill-klumpvattnet)
4. Which aspects of the standard do SSNC criticizes your client (SCA) for violating? Does it really amount to violation of the standards? If yes why, if no why not?
5. How has SGS responded to these violations or complaints against your client (SCA)?

6. When a complaint is filed against your client (SCA) and your client agrees with the complaint, what happens next?
7. What are the mechanisms or process for checking that cars issued to your client (SCA) are corrected in case of violation? What measures do SCA usually put in place to close corrective action request issued to them in case of violation of the standard. eg. lill-klumpvatnnet
8. How does your organization deal with former CARs that have not been closed by an FSC-certified company during a re-certification process?
9. How do you select SCAs forestland to audit in your annual surveillance audit and what do you look out for in your audits?
10. How independent is SGS from in its auditing process?
11. What do you think is the cause of this certification dispute? Do you see any lapses in the 1998 FSC standard that has contributed to this certification dispute?
12. Has any FSC certificates been withdrawn or suspended because of non-compliance in Sweden? Internationally?
13. Any recommendation to end this certification dispute?