

**GLOBAL
FOREST
& TRADE
NETWORK**



CELEBRATING 20 YEARS OF ADVANCING CONSERVATION THROUGH RESPONSIBLE FORESTRY AND TRADE



HOW DO YOU BUY SOMETHING THAT DOES NOT EXIST?

This was the fundamental question facing the companies that came together, with WWF, in 1991 to start what would become the Global Forest & Trade Network. Confronted with widespread media reports of run-away deforestation – and with mounting public scrutiny of their role in driving such forest loss – they decided to become part of the solution. These UK retailers publicly committed to purchasing wood and wood products sourced only from “well-managed forests” – and yet there existed no credible means of determining what that meant.

To make such a commitment was rather like “build it and they will come” – a leap of faith. But we ploughed ahead, seeking answers: where did our wood come from? Was it responsibly harvested? I say “we” because I was part of the original group, although as a Sainsbury’s employee, on the corporate side of the table. At that time, it was slightly radical for corporations to even sit down with environmental NGOs to discuss business practices. But revolution was in the air. We wanted wood to be valued in an entirely different way; for illegal products to be revealed to carry hidden costs that hurt forests, wildlife, people and ultimately business. And so our group adopted a decidedly revolutionary concept that would guide our collaboration: to harness the power of the market – simple demand and supply – to stem deforestation, halt illegal logging and advance systemic change throughout the forest products industry.

With the founding two years later of the Forest Stewardship Council (FSC), thanks in great part to GFTN participants’ demand, we finally had the missing link in our model: the world’s first credible forest certification system. FSC would help differentiate good from bad in the industry, and could pass along that promise to businesses and consumers. It was the game-changer.

By 2002, GFTN participants had built up enormous market demand for certified products, but FSC supply wasn’t there to match it. And in the forests that WWF cared most about – especially in the Congo Basin, the Amazon and the Heart of Borneo – we weren’t achieving certification. It was going to be tough to make certification work in these places, plagued as they were by corruption and poverty and lacking rule of law. Clear land title, good governance, financial and technical capacity, incentives for reward – these are necessary to certify a forestry operation.

And so the GFTN refashioned itself into the GFTN of today: one focused on buyers *and* producers, one that would help forest managers and primary processors anywhere earn FSC certification through GFTN’s Stepwise Approach. With support from USAID and other far-sighted donors, we set out to work with producers from Cameroon to Indonesia to Russia to give them a workable model and the technical assistance to implement it. We also relied on our GFTN buyers’ ability to reach down through their supply chains to support their suppliers’ efforts toward certification.

As a result, we now have more than 100 producers in the GFTN, and together they manage 21.7 million hectares of FSC-certified forest, with more than 5 million hectares in the pipeline toward certification. We have demonstrated that the complete supply chain approach is fundamental in driving and delivering certification and responsible forest management.

We weren’t naïve when we started this effort. We knew there would be critics. Many believed it would be impossible to certify the troubled forests of the Russian Far East and the tropics, and they criticized us for even trying. Others attacked us for working with industry and for reaching out to uncertified companies to bring them into the fold.

A revolution is never without risk. An unproven model is never without trial and error.

But in 1991, it was clear that the former way of doing business was not acceptable. And so, for us at the GFTN, the path we chose was worth the risk. In demonstrating that you can conduct business in a manner that’s environmentally sound and socially beneficial, we’ve transformed the marketplace for forest products.

Great thanks to those of you who have been such a vital part of this revolution. Thank you for inspiring us, rising to meet challenges and exceeding your commitments. By daring to join the GFTN and commit to responsible forest management and trade, you are part of an audacious, world-changing and forward-thinking community.

George White
Head of WWF Global Forest & Trade Network



BOLD ROAD

TWO DECADES ON THE JOURNEY TO RESPONSIBLE FOREST MANAGEMENT AND TRADE

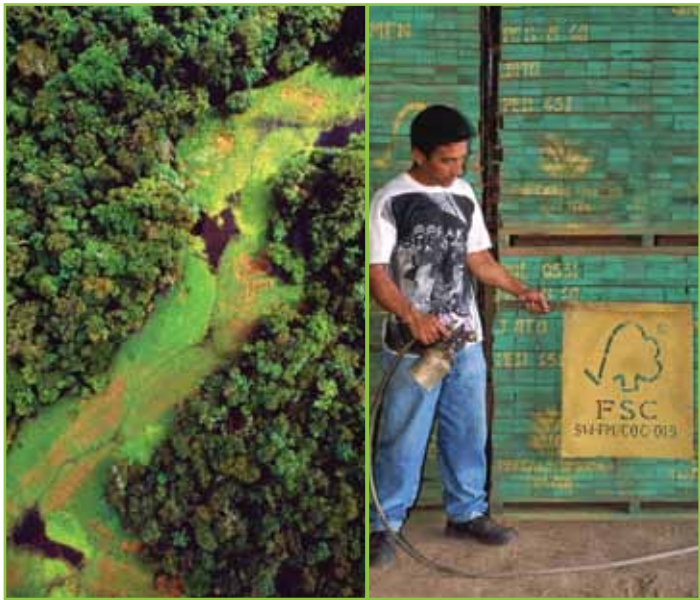


LATE 1980S Controversy erupts around the world over escalating deforestation, illegal logging and the harvest of tropical hardwoods bound for North America, Europe and other consumer markets.

LATE 1980S Civil disobedience and public crises break out around the world over forests: outrage over furniture made of tropical wood; uproar over the burning of the Amazon and felling of trees in Tanzania and Queensland; pitched battles over old-growth logging and spotted owl habitat in the Pacific Northwest.



1991 Twenty UK companies buying and selling forest products band together to create the WWF 1995 Group, the precursor of the GFTN. They pledge to phase out all forest products not sourced from “well-managed forests” by the end of 1995.



1993 The Forest Stewardship Council is founded, in part with the support of the WWF 1995 Group, as an independent and credible means to certify wood from responsibly managed forests.



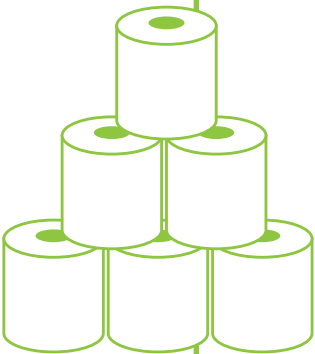
1996 The first FSC-certified forest product – a wooden spatula – is sold in the marketplace.



1998 First FSC-certified toilet tissue is sold in the UK, along with an increasing variety of FSC-certified products across European markets.

1997 The expanded WWF 95+ Group launches the Forests for Life Campaign, with support from the new World Bank/WWF Global Alliance, to protect 10% of the world’s forests by 2000 and certify 20 million hectares. Both goals are exceeded.

GLOBAL FOREST & TRADE NETWORK



1999 The collection of “Buyers Groups” known as the WWF 95+ Group is formally chartered as the Global Forest & Trade Network.

1999 GFTN moves into Russia. A year later, a tract of Siberian forest, vital habitat for the endangered snow leopard, receives the first FSC certificate issued in Russia.

1999 The first FSC-certified non-timber product – chewing gum made from Mexican chicle – and the first complete book to be printed on FSC-certified paper are released into the market.

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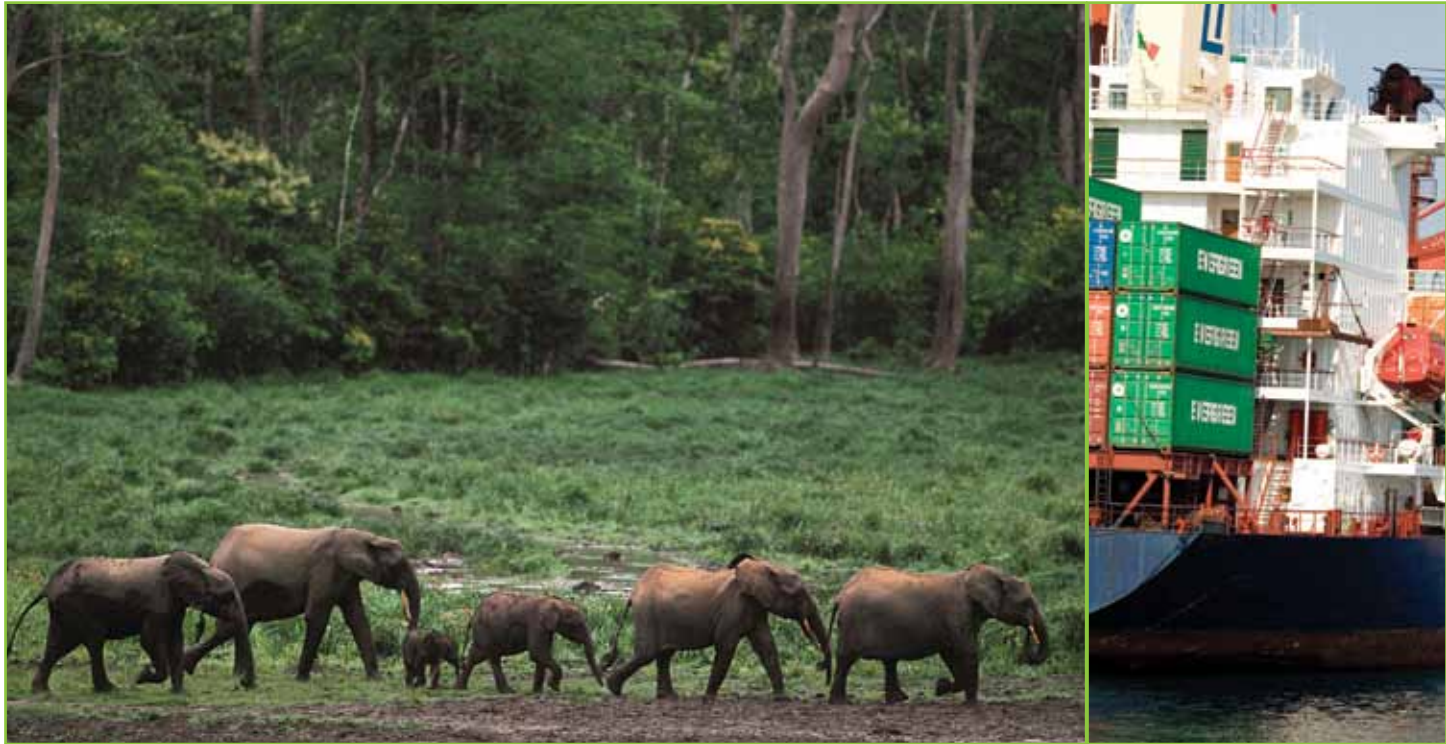
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BOLD ROAD

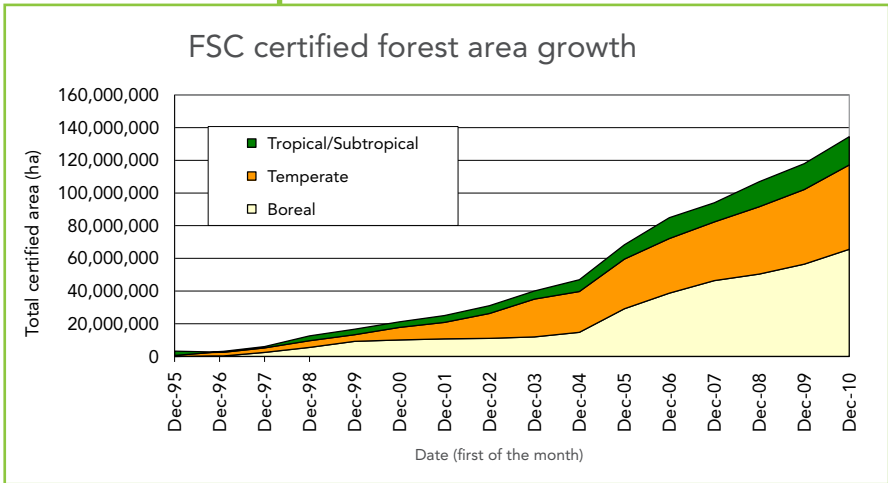
TWO DECADES ON THE JOURNEY TO RESPONSIBLE FOREST MANAGEMENT AND TRADE

2002 GFTN grows to encompass participants from across the forest products supply chain, including forest managers and processors, expanding into Central Africa, Malaysia, Indonesia, Central America, Brazil, Peru and Bolivia.

2002 With support from the US Agency for International Development and Metafore, the GFTN develops the Stepwise Approach to help companies take manageable, reachable steps toward certification and transparency in their supply chains.



2004 – 2007 GFTN networks take root in West Africa, Australia and China, and the GFTN relaunches in North America.



2009 The U.S. government amends the Lacey Act of 1900, enacting new laws to prevent the illegal trade of plant and plant products, including wood, into the United States.

2009 GFTN launches a programme in Iberia, covering Spain and Portugal, and relaunches in France.

2010 The European Union passes the Timber Regulation, to be implemented in 2012, to help prevent illegal trade of forest products in Europe.

2010 GFTN expands into Colombia, Ecuador, Panama and Venezuela. The Northern Amazon and Chocó Darién programme engages the Colombian government in efforts to stop illegal timber traffic.

MAY 2010 Two community leaders who had battled illegal logging are murdered in Brazil's Para state. The work to end illegal logging and implement responsible forest management continues.



2007 GFTN publishes two important guides for companies to use in implementing responsible purchasing policies: “Keep It Legal” and the revised “Responsible Purchasing of Forest Products.”

2008 GFTN expands into India and relaunches in Vietnam.



2011 GFTN's Stepwise Approach to FSC certification has been adopted by nearly 300 participants in 32 countries. Collectively, they manage 21.7 million hectares of FSC-certified forest and trade approximately 19% of the global supply of forest products.



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WORLD-CHANGING

GFTN'S IMPACT ON MARKETS, FORESTS, POLICY AND PEOPLE

The GFTN set out to prove that businesses and consumers have the power to stop illegal logging and drive improvements in forest management through what they choose to buy and trade. The GFTN sparked not only markets, but a movement. The following are four GFTN achievements of which participants should be particularly proud.

1. GFTN transformed the global marketplace for forest products.

Twenty years ago, no market existed for environmentally and socially responsible forest products. Key concepts such as traceability, verification, chain of custody and due diligence were largely theoretical. In helping to define and implement these ideas, the GFTN has been a primary force in transforming the global forest products marketplace and industry toward one that values environmental and social responsibility. Beginning in the 1990s with the WWF “Buyers Groups” — aggregations of companies committed to leveraging their purchasing power to gain forest protections — GFTN participant companies helped generate high demand for FSC certification by the time it emerged in 1993. Their public declarations of intentions to buy and trade only legal and responsibly sourced products sent shock waves through the industry, generating a growing demand for supply-chain transparency and credible forest certification. The GFTN was the engine that powered the markets that FSC needed.

Today, more than half of the global market for FSC material is traded by GFTN participants. As a direct result of their commitments, other companies have been compelled to certify their forests or adopt FSC Chain of Custody certification — exponentially expanding the market for FSC-certified products.

- **The proportion of all timber and panel products produced in and imported to the UK that is FSC-certified surpassed the 50% mark in 2008, according to a recent report by the Timber Trade Federation.**
- **Within three years of launching the GFTN in India, FSC Chain of Custody grew from three certificates to more than 190.**
- **Since 2005, when the GFTN launched in China, FSC Chain of Custody has risen dramatically in China and Hong Kong, from 127 certificates to more than 2,000 today.**
- **In Switzerland, 69% of private consumers recognize the FSC logo.**



2. GFTN has driven forest conservation through FSC certification.

At its core, the GFTN was created as a market-based means of protecting at-risk forests and the endangered species that depend on them for survival — places such as the Congo and Amazon basins and the rapidly disappearing forests of the Heart of Borneo. Marked by high rates of land conversion and deforestation, illegal logging, poverty, social inequality, corruption and poor governance, these are places where implementing certification can be extremely difficult. There are big barriers to overcome, among them, the high costs of certification, limited market signals and in-country resistance to international influence.

Through the development of the Stepwise Approach to certification, the GFTN has played a pivotal role in enabling the uptake of FSC certification everywhere, in both developing and developed countries. By breaking down what is a complex process into manageable components, the Stepwise Approach has enabled the spread of FSC certification into forests managed under some of the most difficult of conditions.

- **In the Congo basin, where an estimated 70% of productive forest could be heavily degraded by 2040, GFTN participants have achieved FSC certification of more than 1.7 million hectares, essential habitat for western lowland gorillas and other endangered great apes.**

- **With support from the GFTN, more than 610,000 hectares of Borneo forest — home to endangered orang-utans and pygmy elephants — have been FSC-certified through the leadership of GFTN participants.**
- **In Russia, nearly one-quarter of all commercial forests are now FSC-certified. GFTN-Russia participants manage 15.9 million hectares of FSC-certified forest — more than 80% of the total amount. Russia's forests have the highest biodiversity and endemism found among the world's boreal forests.**

3. GFTN has helped enact policies that combat illegal logging.

Too often GFTN participants and other companies striving to operate responsibly have been forced to compete on an uneven playing field against less scrupulous operators, such as those who continue to ignore illegal practices in their sourcing from troubled regions. But legality is quickly becoming the new baseline for timber products in many of the world's major markets. In 2008, the Lacey Act Amendment gave the US government the authority to fine, and even jail, individuals and companies that traffic in illegally harvested wood products in or into the United States. In 2010, the European Union followed suit with a regulation, to be implemented in 2012, banning illegal timber from entering the EU market.



WWF and the GFTN supported the US and EU governments in the development of these two pieces of legislation, which are now having a significant impact on the global forest products industry as companies must learn how to establish traceability for their supply chains to avoid penalties. GFTN participant companies are well-positioned with regard to compliance, as they have committed to the Stepwise Approach toward FSC certification.

- The GFTN, together with TRAFFIC, the wildlife trade monitoring network, has held more than 16 Lacey Act Training Workshops in China, Indonesia, Malaysia and Vietnam to help processors, manufacturers and others, even beyond the GFTN, understand what is required to ensure compliance with the Lacey Act. More than 950 people have been trained so far.
- In 2008, with support from the GFTN, Ghana became the first country to sign the EU-initiated Voluntary Partnership Agreement, part of the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan to comprehensively address illegal logging and trade by establishing a licensing system to identify legal products.

- The GFTN has been working with local governments in Spain to evaluate the measures that they are taking to avoid buying products coming from illegal timber sources and to help them indicate a preference for FSC-certified products in their purchasing policies. All cities in Spain with a population greater than 20,000 have been evaluated and their performance ranked.

4. GFTN has helped develop sustainable livelihoods.

The future of the world's forests will be determined largely by the well-being of people. More than 400 million people, including 60 million indigenous people, live in or near forests, depending on them for subsistence and income. Many are impoverished. Their timber is often stolen, or they receive below the market rate in payment. Markets for certified legal, well-managed forest products are essential to their future ability to sustain themselves economically while sustaining the health of their forests.

FSC certification is the leading means of verifying environmentally and socially responsible forest management practices – those that respect the rights of forest workers

and communities. It also gives communities a tangible means of generating jobs, income and other economic benefits through the careful management of their forests over the long term. By engaging forest managers and primary processors in FSC certification, the GFTN is helping secure improved and sustainable livelihoods among more than 750 forest-dependent communities.

- In Panama's Darién rainforest, the Emberá-Wounaan people were often cheated of the true value of their timber. As the profits of timber merchants grew, the Emberá-Wounaan became more impoverished. With support and extensive training in forest management and business practices from WWF and the GFTN, the Emberá-Wounaan were able to secure a 10-year contract with a Franco-Panamanian group that will market the wood from their forests, which are in progress toward FSC certification, to international buyers. Community revenue is estimated at US\$2 million, with an additional US\$400,000 in wages for

forest employees. This agreement provides the community with a fair price for timber from a dedicated buyer as well access to the international market.

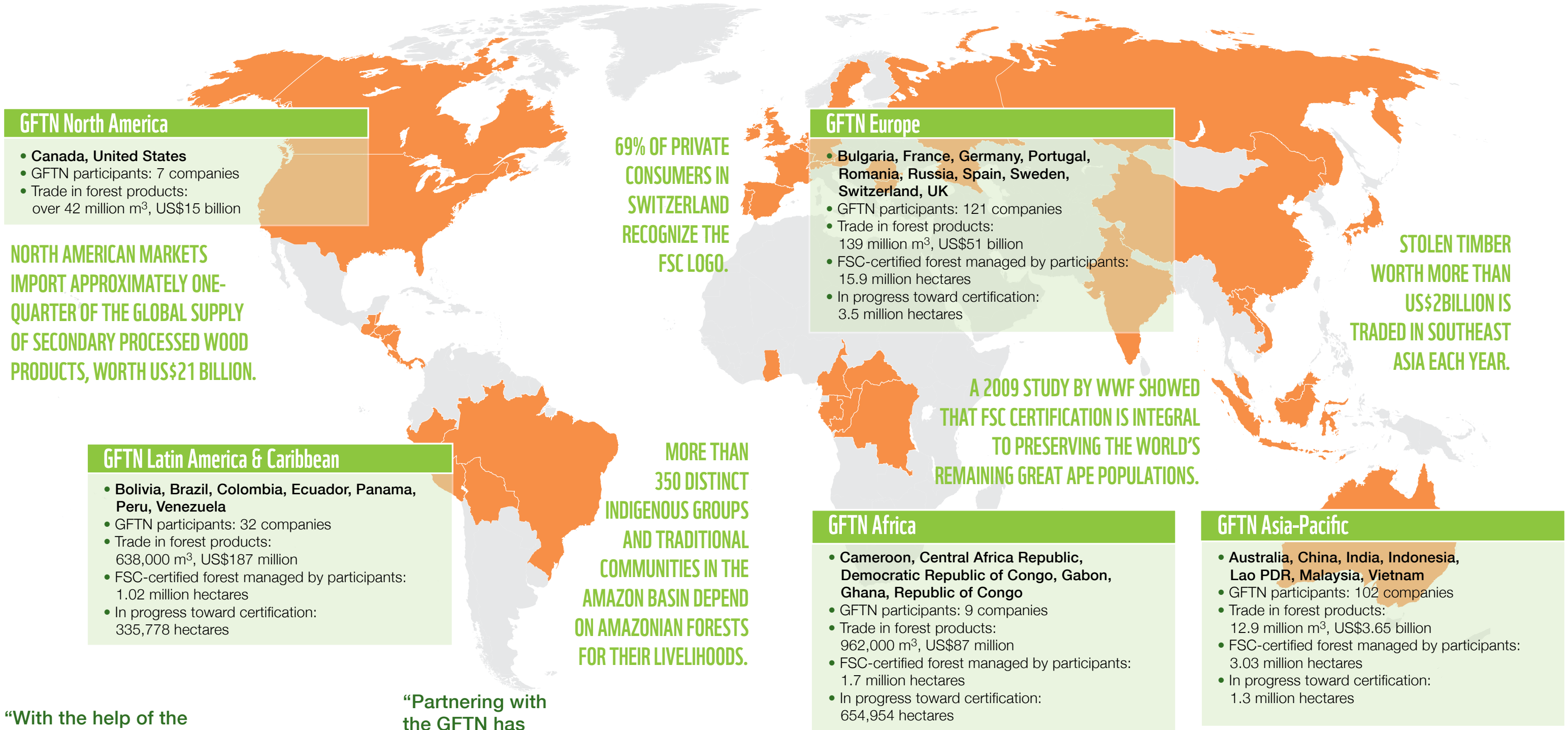
- In September 2009, GFTN participant B&Q became the first retailer to gain FSC certification for its entire supply of tropical plywood, which is sourced from forests in Brazil's western state of Acre – including from many community-managed forests. With support from WWF, Acre communities formed a forest cooperative to help them achieve FSC certification and establish market links to sell the community's timber – providing an economically viable alternative to cattle ranching, which has been a driver in deforestation. Historically, local families earned roughly US\$1,000 a year from cattle and Brazil nuts. By responsibly managing the surrounding forest, they have quadrupled their annual income to more than US\$4,000.



GFTNs GLOBAL REACH

GFTN’s global-to-local, on-the-ground presence mirrors the global forest products industry itself. By maintaining a global network of GFTN offices, which provide knowledge and technical assistance

to committed companies throughout Europe, the Americas, Africa and Asia, the GFTN is able to harness the power of markets to help conserve the world’s most valuable and threatened forests.



“With the help of the GFTN, we were able to certify our forests and sawmills – and because of this, even during the last economic crisis, our demand for FSC-certified lumber has remained constant.”

- Victor Espinoza, CEO, Asseradero Espinoza, Peru



“Partnering with the GFTN has positively impacted our business by proving that forest certification works for the benefit of both forests and business.”

- Lewis Fix, VP of Sustainable Product Development, Domtar, Canada



“With the help of WWF-GFTN, we’ve moved on in leaps and bounds to encourage the awareness of legal and well-managed sources of timber.”

- Julia Griffin, SR Timber Coordinator, B&Q, UK



“So far, joining the GFTN has increased our market accessibility to many big chain stores in Europe and the United States.”

- Amir Sunarko, President, PT Sumalindo Lestari Jaya, Indonesia



From the beginning, the participants in the GFTN knew that they were buying into a visionary goal and long-term process. Bringing systemic change to a huge global industry would be neither quick nor easy. Twenty years into the GFTN, and despite all our successes, the problems of deforestation, illegal logging and poor forest management are still with us.

The next decade is going to be critical as demand is rising for all forms of wood and fibre, even in our current global economic straits. The planet is getting hungrier for forest products as its population stretches toward 9 billion and newly emergent economies such as China and India strive to meet the demands of their growing domestic markets. Other markets, including the on-again-off-again forest carbon market, as well as the market in wood energy, are big factors in forest demand. Such growth is already placing great stress on natural forests and leading to the development of more forest plantations.

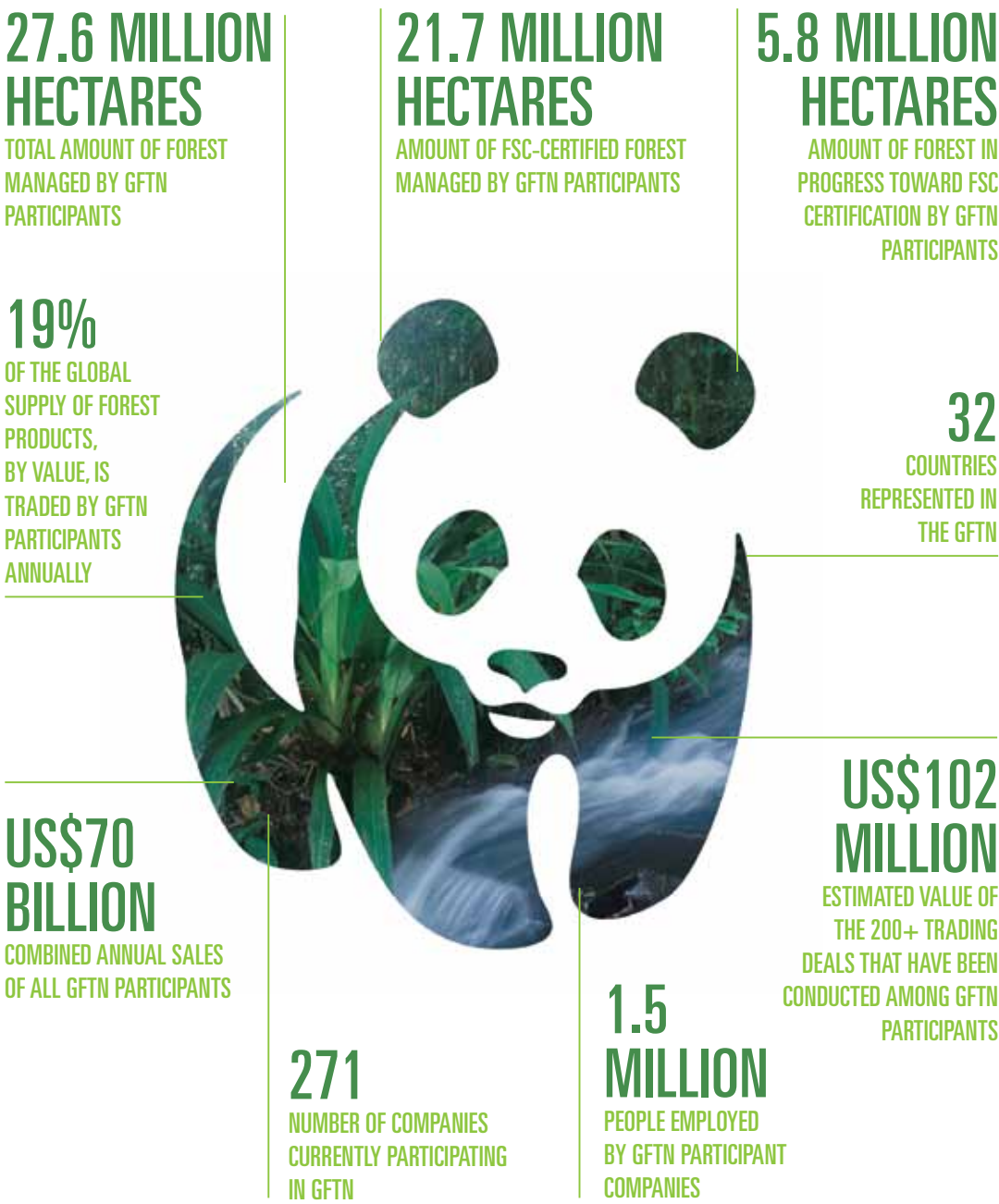
The GFTN's goal over the coming decade is to ensure that responsible forest management and trade become mainstream practices among the forest-related sectors, contributing to zero net deforestation and degradation in the world's most valuable and threatened forests. Responsible forest management and trade cannot be on the fringes of the market, occupying a special niche. It must be the norm. Only by making FSC strong, functional, widely accessible and mainstream do we stand a chance of reversing the troubling trends in demand.

To address these and other challenges, the GFTN is adapting and evolving in several directions:

- We are increasing our focus on those emerging markets, expanding to reach large players that can leverage and radiate transformation throughout their regions and supply chains. We are cultivating innovative collaborations with a wide range of instrumental local organizations and partners, and engaging on key policy initiatives to close loopholes for illegal wood.
- We are working to increase the recognition of and value placed on standing forests. We must create synergy in the forest-management standards surrounding a variety of markets – from forest carbon to wood energy to traditional products – to prevent competing needs and standards from undermining our progress in responsible forest management for global trade.
- We are expanding efforts to promote efficiency in practices, encourage recycling to reduce demand and ensure that responsible management practices are in place before natural forests are opened up for production or new plantations are established.

The GFTN calls on existing partners to redouble their efforts and commitments. We ask prospective partners to join our work to spread responsible forest management and trade to markets around the globe.

With collaboration, dedication and innovation, we will end illegal logging and bring environmentally and socially responsible management to the world's forests and the people and species that depend upon them.



ACKNOWLEDGEMENTS

Generous contributions from the following have made possible the GFTN's work around the world. WWF and the GFTN are grateful for their support and commitment to the cause of ending illegal logging and driving improvements in forest management.

- Blue Moon Fund

Citigroup

Coop Switzerland

Directorate-General for International Cooperation of the Netherlands (DGIS)

Department for International Development (DFID)

European Commission
- IKEA

International Finance Corporation (IFC)

Migros

Sveaskog (former Assi Doman)

TetraPak

United States Agency for International Development

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Why we are here
To stop the degradation of the planet's natural environment and
to build a future in which humans live in harmony with nature.
gftn.panda.org

The Global Forest & Trade Network (GFTN)

The Global Forest & Trade Network (GFTN) is WWF's initiative to eliminate illegal logging and drive improvements in forest management. GFTN is the longest-running programme of its kind, aiming to transform the global marketplace into a force for safeguarding the world's valuable and threatened forests while ensuring that these forests continue to provide economic and social benefits for the businesses and people who depend on them.

GFTN's goal for 2020: Mainstream responsible forest management and trade practices so that they become the market standard in the global forest products industry, contributing to zero net deforestation and degradation of the world's most valuable and threatened forests.

Join GFTN. Join the movement. Be part of the solution.

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