

One step at last in the long walk towards legality in the forestry industry.

Forestry has 'legality' problem

Big in the news recently was the announcement that the PNG Forest Industries Association (PNGFIA) finally recognised that there is a problem with the legality of the PNG forest industry. We welcome the step they have taken to trial a verification of legality for PNG forest exports. NGOs have been working for years on legality verification so it is great to have PNGFIA come on board with this at last.

But let's have a closer look at what they have proposed.

PNGFIA say they want to constructively engage with civil society and NGOs. Great! Then let's see a plan for developing the PNG national legality standard that involves the participation of all key parties such as landowners, civil society, NGOs, National Forest Service and the Forest Research Institute. It will not be credible if it is dominated by the foreign logging companies and the Government.

Key components of legality will be compliance with national laws and regulations including landowner informed consent, due process for issuing permits and timber authorities, and compliance with the logging code of practice. Legality standards developed across the border in Indonesia and other parts of the world clearly show that a credible standard must be comprehensive and not a narrow "rubber stamping" exercise.

We also look forward to a commitment from the PNGFIA to develop robust track and trace systems that can physically identify timber through the supply chain, and have a credible Chain-of-Custody (CoC) certification process, otherwise the legality verification is meaningless and a sham.

Secondly, the PNGFIA proposal is a deal with the Swiss-based multinational SGS who already do log export monitoring for the PNG government. To have a credible legality verification process, whoever is doing the checking must be truly independent of whom they are checking. The question needs to be asked whether SGS is truly independent. It has for the last decade been paid several million kina per year to carry out export monitoring. In short, in PNG, SGS are widely viewed to be part of the logging industry.

SGS's very close relationship with the PNG Government and the forest industry may therefore hamper their ability to be independent and objective. Internationally there is a well known phenomenon called the "Stockholm Syndrome", which, when related to verification bodies like SGS, means they have a tendency to identify with the company they are monitoring over time due to friendship with staff, economic self interest and cultural affinity.

This tendency can lead to biased assessments and audits – giving weak results and a loss of their credibility. We believe SGS are very much at risk from Stockholm Syndrome.

However, SGS is a huge international company that has their reputation to consider so we hope and expect that they will do a good job. But to strengthen the process any legality verification scheme should be transparent and contestable, not an "in house" deal stitched up by PNGFIA with SGS. Other credible international certification or verification bodies should be able to also provide legality evaluations, such as Smartwood or Tropical Forest Trust.

With the PNGFIA only committing to a 12 month trial, the question has to be asked are they really committed to legality verification and what is the industry vision for the future?

How much supply security can they offer to their buyers? To develop a credible national legality standard and then evaluate it in the field is going to take more than one year.

Further, the SGS Timber Legality and Traceability Verification (TLTV) scheme states that it "can prepare for certification of sustainable forest management". Legality verification is a big step on

the road to full certification, but where is the forest industry on committing to certification of sustainable forest management? Will the PNGFIA take the further steps needed towards certification?

The world's most credible certification scheme is the Forest Stewardship Council (FSC). FSC certified companies last year recorded an annual turnover of Euro 246 billion, creating a substantial market pull and demand, including in the developing markets such as China. Buyers all over the world are demanding credibly certified forest products but where is the PNG forest industry on this?

Currently the small-scale forestry sector in PNG is leading the way with FSC certification under FORCERT, giving them access to high-value export markets. It is vital for the future of the PNG forest industry that it heeds the new global demand for properly certified timber and puts in place a strong certification scheme that is independent, transparent and inclusive of all stakeholders.