

Fostering FSC Forest Certification in Russia: Interplay of State and Non-State Actors

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Abstract

Since the early 1990s, the Russian forest sector has been undergoing profound change determined both by national reforms and patterns of internationalization. Although the newly emerged market economy in Russia has brought challenges to Russian forests, the cross-border influence of market forces has also encouraged the introduction of responsible forestry practices into Russia. Due to the efforts of NGOs, Forest Stewardship Council (FSC) certification has become part of Russian regulatory processes.

Although in Russia non-governmental actors are engaged in international networks and operate independently, they have to take into account governmental policies because Russia is a country with a strongly centralized state and all land, including forests, is federal property. All certification initiatives must to a certain extent involve the Russian government as a landowner and stakeholder. This article shows how NGOs have engaged the Russian government, as well as industry and the public, in FSC certification.

The FSC appears to represent a way of bringing the Russian forest industry into European markets and simultaneously of bringing the global practices of sustainable forest management into Russia. It is a mechanism for developing relevant trade policies, supporting environmentally responsible business, and instituting investment safeguards.

Introduction: FSC Operation

FSC is a new mode of private governance, encouraging sustainability through market incentives. It is assumed to be powerful in promoting responsible forest utilization, fostering preservation of biodiversity, protecting rights of local communities and indigenous people.

FSC represents a voluntary certification system based on the principles of tripartite sustainable development, which presumes a balance of economic, environmental and social aspects in forest management. Companies that operate with FSC certification gain a certain premium and, most importantly, access to socially and environmentally sensitive markets. The FSC has developed several types of standards and has delivered two major types of certificates: the certificate of forest management (FSC-FM) and chain of custody (FSC-COC). The FM certificate guarantees that logging and other forest operations are carried out in compliance with the Principles and Criteria of the FSC Standard, taking into account economic, ecological and social components of sustainable forest utilization. The FSC-COC guarantees timber legality and shows that the path of the wood along the chain of custody has been monitored from the moment of logging through all the stages that lead it to the customer, including transportation, processing, and the manufacturing of goods using this wood.

The FSC includes national and regional offices. National offices have been opened in countries with large forest territories, such as Russia, Canada, USA, Mexico and China. Other countries are coordinated by FSC regional offices. The National Initiatives (national

FSC offices since 2010) are organized in the same way as FSC International and consist of social, environmental and economic chambers with equal representation. Their main purpose is to develop national standards, and together with the national FSC office, to govern the FSC process within nation-states. Principles and criteria are global, but indicators and verifiers are developed nationally. Indicators help to adjust the standard to national contexts.

FSC standards are not prescriptive and straightforward; there is a lot of space for negotiation and interpretation. The flexibility allows interpretations and negotiations on all levels, which helps to adjust the standard to local social, political and ecological environments. It also allows for the creation of a feedback loop to the transnational level and enables changes in the standard in cases where it does not fit the environment.

FSC in Russia

The first FSC certifications in Russia came via market relationships. Three enterprises—Kosikhinski Forest, Altai Region with their processing enterprise Timber Production Pricebatch Ltd.; Koverninskiy Leskhoz, Nizniy Novgorod oblast; and Holz Dammers GmbH in Arhangelsk oblast—received their certificates without any help from the WWF or forest certification centers. Kozikhinsky Leskhoz started preparing for FSC certification in 1997 and received the certificate in 2000. The Paper Mill Volga started working on FSC certification of Koverninski Leskhoz in 1996 and received it in 2002. All three enterprises were certified privately in response

to requests for FSC certification from their western owners and partners.

In 1998, environmental organizations—WWF, Greenpeace, Social SEU, and the Biodiversity Conservation Center (BCC)—began to promote FSC certification in Russia through a series of initiatives. The WWF started the Association of Ecologically Responsible Forest Companies in 2000, as a “producer group”; at that time such groups were formed only in Russia and Brazil. Promotion of FSC certification continued through the WWF—World Bank Alliance project and later through WWF partnerships with IKEA and cooperation with regional forest business associations. The WWF-Model demonstration projects served as educational sites upon which to show how intensive and/or sustainable forest management schemes can work. In Russia, as in the case of other countries, development of the National Standard represents a forum of negotiations, in which actors interpret the general international standard and adjust it to specific Russian circumstances.

The National Initiative in Russia, composed of environmental, economic and social chambers, for a long time existed in the form of a Working Group on forest certification, which was created in May 1998 and was accredited by FSC-International in 2006. In parallel with the National group, four regional FSC certification working groups were organized over different time periods: in the Komi Republic, Arkhangelsk, Krasnoyarsk and the Far East. All these groups worked on FSC national and regional standards.

The process of creating and accrediting FSC National standards was a very long process and took more than 10 years. National standard developers had problems in keeping a balance between these two processes: changing the standard to adapt it to the conditions of the country, and keeping it within the framework of the global standard. In 2008, the 6th version was at last accredited with some corrective action requests.

The national FSC office in Russia was established in February, 2005, with initial funding provided by the European Union grant program. The FSC office in Russia is mainly engaged in the coordination of the FSC's activities in Russia and Commonwealth Independent States (CIS) countries, yet most of its work is related to Russia and work in the CIS became apparent only in 2009–2010. Their responsibilities include coordination of all work related to FSC certification within Russia, namely: the interplay between the National Initiative, the FSC-Russia Board of Directors, certification bodies, and stakeholders. The office conducts major informational work, it creates the database of certified companies, and spreads news from the FSC International Coordination Center among all interested parties in Russia. In

the office, all stakeholders can get information concerning new certification guidelines and methodology manuals on various certification aspects, information about training and other organized events. With its reorganization in 2010, the FSC office and the National Initiative became one organization, managed by the FSC-Russia Board of Directors with funding provided by FSC International and membership dues.

Current State of FSC Certification

Russia is in second place globally to Canada in terms of the amount of FSC certified territories—of 10 major holdings, 9 are certified—and many smaller companies are in the process of certification. For the most part, FSC certification has been achieved by companies already operating in the European market. 117 Forest Management certificates (as of 02.05.2012) have been issued, and around 30 million hectares are certified. To date, support for certification varies by region. It is greatest in the European part of Russia, it is currently booming in Siberia and has only recently started in the Far East, largely owing to European buyers' demands for certified wood, who themselves came under pressure from nongovernmental organizations to meet certification demands. The high demand for non-certified wood from Asian markets, especially those in China, as well as the corrupted networks and illegal operations in both Russia and China, have prevented the fast development of certification in the Russian Far East. Of the 30 million certified ha, 70% of the certificates are issued in North Western Russia, 22% in Siberia and only 8% in the Russian Far East. A total of 215 chain of custody and 130 controlled wood certificates are issued (as of 02.05.2012). With the rapid growth of forest certification in Russia in the 2000s, the quality of the certificates became an issue. The FSC increased surveillance, and in the territories of approximately 1.9 million ha certificates were temporarily suspended in 2008–2012 until forest management practices improved.

Interplay of State and Non-State Actors in the Process of FSC Certification

Certification is being advanced by non-governmental actors, i.e., environmentally responsible businesses and NGOs, that operate in the sphere of non-state governance of forest resources. Their relationship with state institutions has developed with some difficulties.

In Russia, there are inconsistencies between the Russian legislation and the FSC requirements. The new Forest Code adopted in December, 2006, disregarded innovations developed in the process of certification; that is why the discrepancy between certification and the Russian laws continues. In 1995, Russia ratified the

Convention on Biological Diversity (CBD) whose regulations are consistent with the FSC standard. Article 1 of the Forest Code of 2006 declares a commitment to the CBD requirements. However, the state has not developed adequate regulatory documents, which would ensure implementation. It is necessary to remark that since Soviet times, Russia has constitutively taken measures for maintaining biodiversity in wildlife and conservation. These measures, however, did not concern the sphere of commercial forest exploitation, while certification envisages regulation within this very sphere. This has led to contradictions with Russian legislation. For example, the concept of key biotopes, a requirement of the FSC, is not even mentioned in Russian Forest laws. Another example is that Russian legislation outlines that old growth forests should be preserved only when they belong to the first category of forests (those that are close to waterways, contain valuable species or are in specially protected areas). When forest companies lease territories for commercial forestry, these territories often contain old growth forests, forming relatively large intact forest landscapes, especially in the Arhangelsk, Komi, Karelia, Siberia and the Russian Far East. According to the FSC certification, these old growth forest landscapes belong to high conservation value forests and have to be preserved.

Another challenge for the FSC in Russia is the issue related to indigenous people. The reason for this is again a different understanding of key terms between Russian legislation and the FSC National Standard, in this case the term “indigenous people”. Russian legislation recognizes as indigenous only “Low-Numbered Populations of the North” (less than 50,000 people). The Russian FSC National Standard recognizes any community consisting of one or more ethnic groups as indigenous people, if they are engaged in traditional forest utilization.

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

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

allowed the state to more efficiently deliver subsidies, which included bread, coffee, tea, sugar, and the other basics. After perestroika, subsidies halted abruptly, rural economies soured, and indigenous people became even more disempowered.

FSC certification has the potential to clarify and protect the rights of these people. However, the issue continues to be very complicated. Tensions and conflicts concerning indigenous peoples rights occur within almost all of the certified territories where these groups live. Some ethnic groups are not interested in being “qualified” as indigenous, while others, on the contrary, strive for recognition.

FSC–State Relationships

FSC-Russia pays great attention to fence-mending with state bodies and strives to reach several goals as part of this interplay. It tries to lobby for necessary changes in national legislation, in order to eliminate tensions with FSC rules. For this purpose a working group was created to resolve the contradictions between requirements of FSC certification and the new Russian forest code, especially the issues concerning biodiversity, because this issue was the stumbling block for the companies during the process of certification. Having achieved some results, the working group, however, has not managed to resolve the problem once and for all.

A breakthrough in state–non-state actor’s mutual understanding took place at the Parliamentary hearings on “The legal basis of forest certification to ensure the legality of exports and imports of timber and processed wood,” which took place on 20th May, 2010. Parliamentarians, representatives of Rosleskhoz, the Ministry of Agriculture, the WWF, the FSC, and large holding companies used a participatory approach for the development of policy recommendations. Issues relating to the contradictions between the FSC requirements and Russian legislation were addressed. The Committee of Natural Resources, Nature Use and Ecology agreed to become a platform for negotiations between the different interest groups.

Shortly after the Parliamentary hearings, the working group on the harmonization of forest legislation with FSC standards was formed and had its first meeting. The FSC again received an opportunity to negotiate contested issues with the state authorities. However, since September 2010, the negotiations have been frozen due to a new reorganization of state agencies. The Public Forest Council convened under the jurisdiction of Rosleskhoz in April, 2011. The participants acknowledged the need to modernize forest legislation. Governmental officials and NGOs once again discussed contradictions between FSC requirements and the Forest Code

of 2006. They analyzed the conflicts that arise due to these contradictions and decided to intensify work on harmonizing Russian legislation with FSC standards.

Fostering FSC Demand on the Domestic Market

Currently there is a very low demand for FSC products on the Russian market. Both the WWF and FSC aim to facilitate domestic demand for certified products through state policy. In 2008, the FSC national office, together with the WWF, started a campaign of promoting FSC certification in the internal Russian market. They organized an information-campaign with businesses and representatives of governmental structures to explain the advantages of certification. The most recent roundtables in 2010–2012 were organized with the aim of fostering green purchasing programs and policies in Russia.

Governmental agencies in Russia are generally responsive to the demands of large businesses; therefore, TNCs operating in Russia can significantly impact national policy. There are several companies in Russia that are driving FSC certification on the internal market and fostering visibility and recognition of the FSC trademark. Mondi Business paper Siktivkar Pulp and Paper Mill is producing office and printing paper called Snegurochka (Snow Girl). Three printers certified their chain of custody. The holding company Investlesprom produces paper packaging and one of its subsidiaries is involved in green building, based on FSC certified wood.

As has been the case with other countries hosting the Olympics, the Sochi Olympic Games in Russia are one of the major drivers of the internal FSC market, as the Olympic Committee requires the games to be green. In 2008, Rosleskhos and the President of the Russian Federation approved an agreement with the FSC that only certified wood will be used in construction projects in the 2014 Olympic Games in Sochi. In April 2011, the state agency Olympstroy (Olympic Construction)

switched to FSC certified office paper and furniture. Unfortunately in practice not all points of the agreement are fully implemented.

The national FSC office is continuing negotiations on converting all public purchases to FSC certified products. In May 2010, the State Council of the Russian Federation made a decision to make the state purchasing program more ecology minded, that if implemented will help foster demand for FSC products on the internal market. 2011–2012 is the second phase of the FSC campaign, in which major target groups are state bodies, retail stores and consumers, so there is hope that buying FSC products will be implemented in practice by state agencies.

Concluding Remarks

Generally, FSC certification appears to have great potential as an economic instrument for the management of forests allocated to concession or rent. It can help strengthen forest governance structures, because it integrates the interests of producers, consumers, nature protection and effective participation of civil society. Internationalization of forestry and foreign investments may also help the Russian processing industry, which may in turn help address the problems of extensive forestry.

Certification in Russia occurred simultaneously with a period of general post-perestroika economic reforms. In the course of these reforms, infrastructure in forest settlements, which were traditionally supported by the forest enterprises in Soviet times, was transferred to governmental responsibility. Thus, local people's expectations about support from the companies turned out to be much higher than the businesses were able to provide, even under the conditions required by certification. The article shows that despite the resistance of state authorities, step by step the pressure of private authority on governance of Russian forests is increasing and making its way through the state regulatory system.

About the Author

Dr. Maria Tysiachniouk is currently chairing the Environmental Sociology group at the Center for Independent Social Research, St. Petersburg, Russia and doing intense field research on global governance of natural resources, including forests and oil. She holds a Master of Science in Environmental Studies from Bard College, NY, a PhD in Biology from the Russian Academy of Sciences and a Certificate in Nonprofit Studies from Johns Hopkins University. She has written more than 150 publications on topics related to transnational environmental governance and has had fieldwork experience in several countries, and regions, including the Barents. She has studied the role of transnational environmental organizations in promoting forest certification in Russia, Belarus, Brazil, South Africa, Western Europe and China.

Recommended Reading:

- Official Website of the Forest Stewardship Council, Russia, www.fsc.ru
- Tysiachniouk, M. (2012) "Fostering Transparency in the Transnational Supply Chain: From Russian Forest Producers to Consumers in Europe and the USA", *Forest Policy and Economics*, available on line at: <http://dx.doi.org/10.1016/j.forpol.2012.02.011>