

Forest Certification in Russia

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ABSTRACT

Even though Russian society and timber markets do not have entrenched values of environmentalism, market forces have cross-border influence and through certification sustainable forestry can be imported to Russia.

There are national and Pan European initiatives in Russia, which are in the initial stages with processes much less developed than FSC. FSC is also in the early stages. However it has the potential to develop in the European part of Russia. It is driven both by NGO networks and business. This paper shows the detailed processes through which FSC is imported to Russia and chains of supply are linked to chains of demands. It compares the effectiveness of FSC adoption in the European part of Russia versus that in Asian Russia, where markets show less sensitivity to the value of sustainable forestry. The paper demonstrates an essential role of environmental NGO networks, especially WWF and Greenpeace, in promoting FSC.

The paper analyzes how new institutions related to FSC are taking hold in Russia and the economic, social and environmental impacts of certification.

TABLE OF CONTENTS

I. INTRODUCTION.....	4
II. BACKGROUND FACTORS.....	5
Ownership and Tenure	
Markets	
III. THE EMERGENCE OF FOREST CERTIFICATION.....	12
Initial Support	
Institutional Design	
Standards	
Forestry Problems	
Roadblocks and Challenges	
IV. THE REACTION TO CERTIFICATION.....	26
Forest Policy Community and Stakeholders	
Forest Owners	
Current Status of Forestland Certification	
Current Status of the Certified Marketplace	
V. EFFECTS OF FOREST CERTIFICATION.....	29
Power	
Social	
Economic	
Environmental	
VI. CONCLUSION.....	34
ACKNOWLEDGEMENT.....	36

I. INTRODUCTION

Certification success in Russia is regionally bounded. It is much greater in the European part of Russia than in Far East because European buyers have a higher environmental sensitivity than buyers in Asia. This environmental sensitivity of European markets influences Russian institutions toward sustainability. European consumers demand sustainable products. Those parts of Russia near this border respond to those demands as well as the demands of NGOs for sustainable forestry. Russia's border with China, on the other hand, has experienced the opposite: corruption on both sides of the border, illegal logging, and a wild market with no control over wood prices¹. These influences from the Chinese border of Russia determine the type of forestry we see in the Russian Far East, which represents an overall barrier for forest certification. High demand for non-certified wood by Asian markets, especially those in China, as well as corruption networks, both Russian and Chinese, and illegal operations prevent certification in Siberia and Far East of Russia.

There are currently three different efforts to promote forest certification in Russia. Two initiatives are devoted to promoting national voluntary forest certification and the third effort is to promote the efforts of the Forest Stewardship Council (FSC). The first national initiative, which is currently in the early stages of its development, is supported by the World Wildlife Fund (WWF)² and the Ministry of Natural Resources of the Russian Federation, which manages all publicly owned forests as well as forest processing enterprises. The second national initiative is supported by the Union of Timber Merchants and Timber Exporters and some former officials from the former Ministry of Industrial Science³. This initiative has standards developed and tested and is planning to accredit these standards based on the Pan European certification system. Both Russian voluntary national forest certification initiatives are still in the preparatory stages.

The process of promoting FSC is also in an early stage, but it is progressing steadily. FSC is promoted predominantly by WWF, as well as other environmental NGOs and WWF partnerships, such as WWF-IKEA, WWF- Stora-Enso and companies which are certified or going through the certification process. The attitudes of governmental agencies toward FSC recently changed from negative to positive. New institutions related to FSC, such as a National Working Group, Regional Working Groups, and FSC certification centers are effectively functioning. National and regional standards have been developed, but not yet accredited by FSC international. A national FSC office is in the process of being established. Several model demonstration projects are now working, including the Pscov Model Forest, which is promoted by the WWF-Stora-Enso partnership, where a system of intensive sustainable management has been implemented and demonstrated. A radically new system of forest management planning using economic norms and a scenario approach with optimization techniques is being used. In Model Forest Silver Tiger (Priluzie⁴) it has been demonstrated that the transition to sustainable forest management is possible even if forest land is rented by small Russian companies. The forest management certificate of Priluzie leskhoz helped

¹ Kotlobay, Anatoliy 2002. Illegal Turnover of Wood-Real Threat to Existence of Far Eastern Forests., AO Mein, WWF publication, Moscow

² WWF only recently started to support voluntary forest certification. Before 2003, WWF was promoting only FSC.

³ the Ministry was closed by President Putin in March 2004.

⁴ Silver Tiger was formerly the WWF, which now is an independent NGO, which continues to be WWF partner.

the small company Luza Les to receive a chain of custody certificate. However, not all FSC certificates are “equally true” and honestly earned. There are some “weak” FSC certificates, such as at the Holz Dmmers, (where IMO was the auditor) in Archangelsk region, which was suspended and later reacquired. In general, only in model forests, where WWF closely scrutinized and guided the certification process were all stakeholders, including the public, involved in decision-making. In the majority of FSC certified territories the local public was informed, but not involved in the FSC process. However, even in cases in which the public did not directly participate, forests receive benefits which are embedded in FSC’s system of social standards. Companies which received the FSC certificate claim that the certificate gave them stability and security in the marketplace. In two cases companies claim that their income grew by 10%. FSC helps to preserve high conservation value forests in the European part of Russia.

In this paper I will focus on national voluntary forest certification initiatives only in the “initial support” section of the paper. I will discuss the FSC process throughout the whole paper.

II. BACKGROUND FACTORS

Ownership and Tenure

Russia’s forests cover 1.2 billion hectares which amounts to 69% of the entire territory of the country⁵. They are publicly owned and administered by the Ministry of Natural Resources. On the regional level, there are regional branches of the Ministry for Natural Resources. On the local level, forestry is administered by forest management agencies (*leskhoz*es), whose operations are guided by 10-year plans developed by the Forest Inventory Agency, an engineering and planning institution usually situated in the region, and subordinated to the Ministry of Natural Resources (a federal agency). Although the *leskhoz*es⁶ have little input in the formulation of the long-range plans, their authority includes renting the tracts of forest to private timber companies as well as performing rudimentary maintenance (such as thinning) and protecting the forest from thieves and natural disaster. The *leskhoz*es ensure that the operations of the private timber companies are consistent with laws and regulations. However, the rent paid by the timber companies is transferred to the federal government, rather than kept by the *leskhoz*. The *leskhoz*es are funded almost exclusively from federal government budgets. The actual funding level, however, is often below that appropriated in the budget.

Several forested regions of Russia are populated by indigenous peoples. Indigenous cultures throughout Russia - the Komi, Koryak, Itelmen, Even, Udegeis, Chukchi in the north, and many others - have suffered much since the advent of Russians. In tsarist times, the Russian Empire’s expansion east brought Christianity, as well as marauding Cossacks demanding tributes in fur from the natives. Later, Soviet policy towards indigenous peoples brought even more far-reaching changes to the cultures and lifestyles of indigenous inhabitants. The State Committee for Numerically-Small Peoples of the North, Siberia, and the Far East oversaw this policy, operating

⁵ Conception of Development of Forest Management for 2003-2004, approved by Prime Minister Kasianov, 18 January 2003, #69

⁶ the role of *leskhoz*es will be changed in the new forest code of 2004, there is a proposal to convert them into the private companies.

with the primary goal of turning the natives from aboriginal semi-nomads into full citizens of modern Soviet society. The policy of “centralization”, moved small subsistence-based community clans into more centralized villages. This allowed the state to more efficiently deliver subsidies which included bread, coffee, tea, sugar, and other basics. Natives were put to work in collective farms, and children of the reindeer herders were sent to boarding schools for education. After *perestroika*, subsidies halted abruptly, economies soured, and indigenous people became even more disempowered. The Komi people from the Komi Republic live in timber producing regions in the European part of Russia. Far East forest conflicts and tensions occur with Udegeis populations. Since the early 1990s there has been new legislation and a policy process to create “Territories of Traditional Nature Use” for endogenous people, also called ethno-ecological refugees.⁷ This policy is applicable to Indigenous Low-Numbered Populations of the North⁸. The lack of appropriate norms restricts the designation of such territories. Many native communities, such as Komi and Udegeis are not considered low-numbered and there is no government policy to incorporate them in the forest decision-making process. FSC has the potential to protect the rights of these people.

Russia’s current system of forest management is in a state of constant restructuring. In 2000, President Putin closed the Federal Forest Service and gave its responsibility to the Ministry of Natural Resources. The Ministry of Natural Resources thus became responsible for both protecting *and* harvesting forests. Such conflicting goals makes it difficult to involve government officials as stakeholders in certification process. The interactions between different divisions of government are further complicated by shifting jurisdictions. In 2004, after Putin’s reelection, restructuring of the Ministries in Russia will continue further.

Today forest management is directed by the Forest Code of 1997, which will be radically changed in 2004. Currently the Ministry of Economics is developing the code in conjunction with the Ministry of Natural Resources. The code will be submitted to the State Duma in 2004. In the new code, mechanisms will be created to facilitate foreign investment in the Russian forest sector. In order to increase investments the code will make concessions easier⁹. The code will reconstruct responsibilities of state agencies and probably will lead to privatization of *leskhoz*s. Concessions will give more responsibility to companies that use forests and make them responsible for forest revitalization and thinning. According to the new code proposal forest land can be privatized by forest users after they manage it properly for 10 years. Until 2010, the land will remain public property, but probably later on some lands in Russia will be privatized.

Markets

In Russia commercial logging exists on 100 million hectares of forested land, with an annual harvest of 140-160 million cubic meters of wood. According to management plans, the potential exists to harvest up to 500 million cubic meters per year¹⁰. Russia accounts for 22% of the world’s

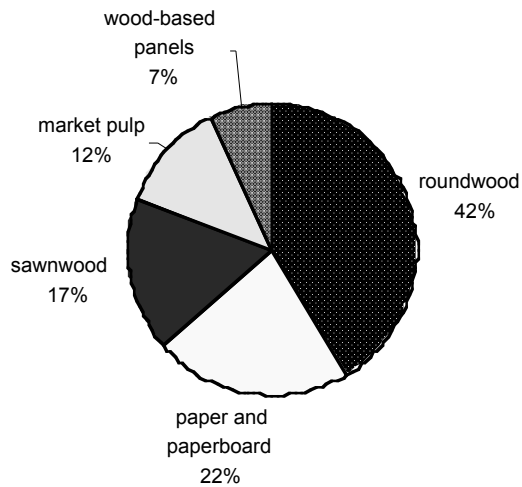
⁷ O. N. Zaporodsky, O.A. Morashko. How it is Possible to Realize the Constitutional Right for Protection of the Environment and a Traditional Way of Life: Experience in Organizing Specially Protected Territories in Kamchatka” in *Northern Populations of Russia on the Way into new Millennium*. Published by the Association of Low-population Indigenous Peoples of the North, Siberia, and Far East. 2000. Pp. 158-166.

⁸ Ethnicity’s are considered low populated indigenous peoples in case their number do not exceed 50 000.

⁹ Petrov, A. “Institutional Reforms-basics for profitable forest use in Russian Federation. Sustainable Forest Use, #1, April 2003, p. 5

¹⁰ Conception, p.3

forests. Russian wood exports account for 3% of the world's production, but in the export of non-processed timber (round wood) Russia exports more than any other state. From 1997 until present the export of round wood has been gradually increasing (see Table 1 and 2)¹¹



(source: State customs committee of Russia 2002)

Figure 1. Structure of Russian Forest Products Export by Value in 2001¹²

¹¹ State Customs committee of Russia, 2002, the diagram is from WWF trade and investment study

¹² Russian Trade and Investment Study, conducted by A. Ptichnikov and A. Voropaev, WWF Russian Program Office, 2002

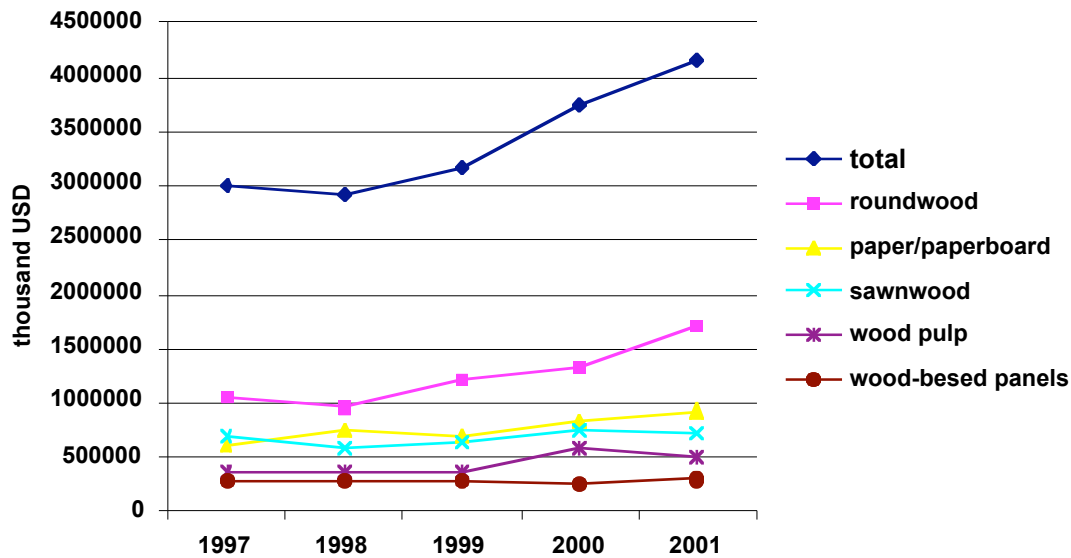


Figure 2. Dynamics of Russian Forest Products Export by Value¹³
 (Source: State customs committee of Russia, 2002)

Two thirds of all harvested wood is exported as products. A WWF survey shows that 33 of X amount of Russian forest companies provide 50% of all harvesting and processing in Russia. Only 10 Russian leading forest companies provide 25 % of all harvesting and processing in Russia.¹⁴ In 2003, 40% of wood was exported to the European Union, 24% to China and 15% to Japan (see table 3).¹⁵

¹³ Russian Trade and Investment Study, conducted by A. Ptichnikov and A. Voropaev, WWF Russian Program Office, 2002

¹⁴ WWF program office report, Moscow 2003

¹⁵ WWF database 2003

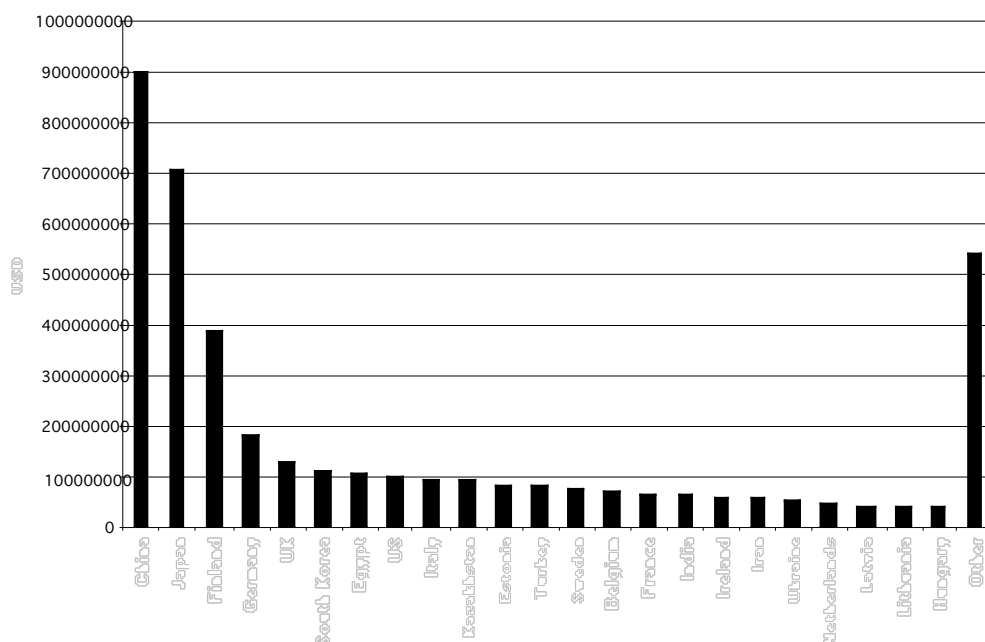


Table 3. Russian Forest Products Exports by Countries in 2001¹⁶:
(source: State Customs committee of Russia, 2002) (Source: Ptichnikov and Voropaev 2002)

Wood exported from Russia to the Baltic States in 1999-2001. In 1999, the export of forest products to Estonia was at least 500,000 cubic meters and to Latvia around 100,000 cubic meters.¹⁷ Russian forest products exported to West Europe in 2002 were: Finland 72%, Germany 10%, UK 4%, Sweden 3%, Italy 2%, other countries less (see Table 4, Table 5).¹⁸

¹⁶ Russian Trade and Investment Study, conducted by A. Ptichnikov and A. Voropaev, WWF Russian Program Office, 2002

¹⁷ WWF databases, 2002

¹⁸ State Customs Committee of Russia 2002

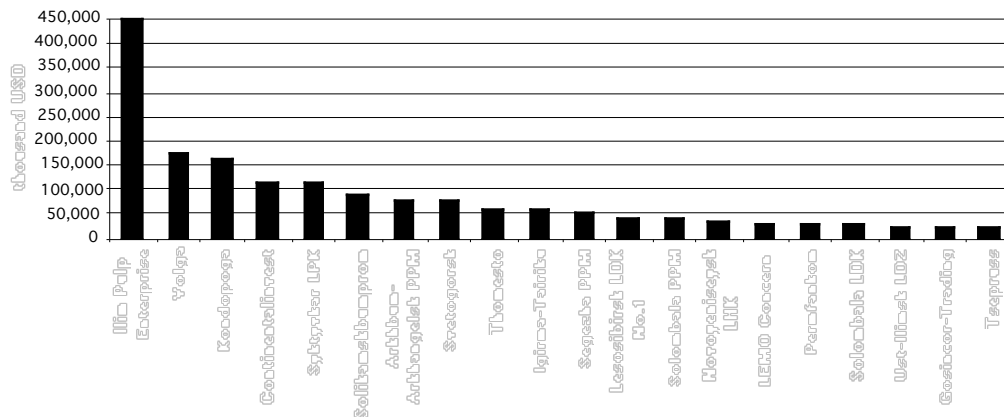


Figure 4. Leading forest exporters to Europe in 2001¹⁹
(State customs committee of Russia 2002)

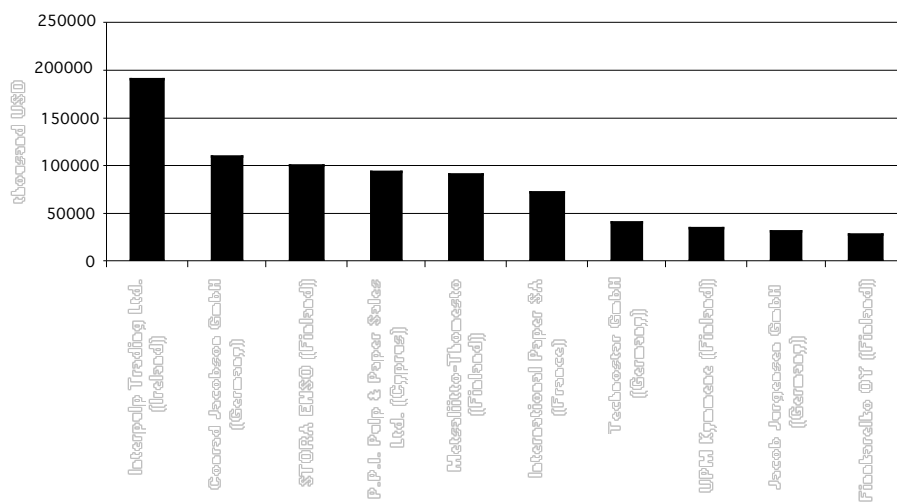


Figure 5. Leading European Importers From Russia in 2001 (by company)²⁰
(source: State Customs Committee of Russia, 2002)

The percentage of certified wood trade in Russia is very low. WWF data is available on the share of Global Forest Trade Network members in Russian forest products trade in 2001. Non-members in Russia export 93% of the wood, while members export only 7% of the wood. The companies involved in Russia are Volga (FSC), Arkhbum (seeking FSC), LEMO Group (seeking FSC). Foreign non-member importers comprise 99.8% of all importers while members make up the

¹⁹ Russian Trade and Investment Study, conducted by A. Ptichnikov and A. Voropaev, WWF Russian Program Office, 2002

²⁰ Russian Trade and Investment Study, conducted by A. Ptichnikov and A. Voropaev, WWF Russian Program Office, 2002

remaining 0.2 %. Leading importing members of European buyers groups are: Van Hoorembek Timber, IKEA International A/S, SCA Forest Products.²¹

The export of illegally harvested wood is very high. WWF estimates that illegal harvesting in the country amounts to 20-25% of all harvesting. WWF estimates of illegal harvesting of hardwood in the Caucasus and the Russian Far East amounts to 50 to 70%²². For example, in Northwest Russia in 2000 official roundwood production was 15 to 17 million cubic meters. Roundwood and sawnwood exports totaled 16 million cubic meters. Roundwood converted into pulp and paper totaled 5 million cubic meters, while 3 million cubic meters was used for home market. In total, 24 million cubic meters were produced, 7-9 million cubic meters over the official production estimates, indicating high levels of illegally harvested wood²³.

An example from the Russian Far East shows a much bigger illegal element in logging accounts. The legally allowed annual cutting rate and export of hardwood (e.g. ash, oak) from Primorskiy Krai (Russian Far East) totals 260 thousand cubic meters. However, the annual export data from the Russian Customs Department is 464 thousand cubic meters. The annual export as estimated by harvesters is 700 thousand cubic meters. Illegal trade occurs due to long trade chains which muddle the origin of wood, non-transparent business practices, a lack of an established chain –of –custody, and perfunctory verification.²⁴ This insufferable economic and environmental situation stems from weakness and corruption of regional and local Far Eastern governments,²⁵ and China's tolerance to import logs without histories. China itself banned logging in 18 of its 23 provinces. This ban occurred simultaneously with the explosion of illegal timber coming from Russia. In Western Europe, different forms of oversight and checks, such as FSC and Greenpeace, prevent the consumption of certain kinds of Russian timber. Yet, the context of the Russia- China boarder not only allows this form of wild economy, but encourages it. Taking advantage of China's proximity and demands, Primorie and Khabarovsk kraies offer huge forest massifs of valuable wood with unfettered export opportunities. Environmentalists admit that although the negative social and economic consequences of this economy, which leads to loss of tax revenue from wood trade, outweigh environmental damage in gravity.

The annual capital investment necessary to move the forest sector modernization towards environmentally friendly practices is 3 billion USD.²⁶ However, in 2000, the total investment in the forest sector was 580 million USD. This included 68% in the pulp and paper industry. Due to a lack of loans and foreign investment, Russian companies are forced to use mostly their own funds to modernize their operations. The structure of investment in the Russian Forest Sector reflects that companies invest own funds for 82% of all investments, Russian banks invest 13%, and foreign

²¹ WWF obtained these data from State Customs Committee of Russia, 2002

²² Kotlobay, Anatoliy 2002. Illegal Turnover of Wood-Real Threat to Existence of Far Eastern Forests., AO Mein, WWF publication, Moscow

²³ WWF Russian Program Office, 2002

²⁴ WWF study 2002

²⁵ phone interview with Greenpeace officer, May 20, 2004

²⁶ estimate of the Federal Program for Development of the Forest Complex.

investment comprises 5% of all investment. The portfolio of foreign investment is insignificant due to low confidence—0.5%, while direct foreign investment is 36.5%.²⁷

III. THE EMERGENCE OF FOREST CERTIFICATION

Initial Support

NGO transboundary campaigns can be considered as pre-history of certification²⁸. In the 1990s, Greenpeace International organized several direct actions against companies which were harvesting old growth forest in the Karelia and Arhangelsk regions. In partnership with other NGOs they created maps of all old growth forests in Russia and distributed these maps to both Russian forest producers and western forest consumers²⁹. Simultaneously Taiga Rescue Network³⁰ organized consumer boycotts in Europe for products produced from Russian old growth forest. The campaign brought Stora Enso close to bankruptcy³¹ which pushed the company to develop an environmental policy and encourage its daughter firm (STF Strugy) which operates in Pscov region in Russia, toward FSC certification. Other companies were impacted by the consumer boycotts and started to think about what kind of wood is involved in trade with European consumers. They also began to consider NGOs as stakeholders³².

Initiatives to develop a national system of forest certification

Article 73 in Russia's 1997 forest code, calls for compulsory national forest certification. However, the Federal Forest Service (Rosleskhoz) was the only actor specified to develop the procedure and standards for compulsory certification³³. In 1997, the federal government perceived FSC as an intervention on Russian sovereignty while observing that many European countries are developing national systems of forest certification³⁴. The Forest Inventory Agencies would be responsible for the development of standards and auditing. Trade with Europe was perceived by the government as private firm business and therefore, did not motivate the government in their compulsory certification effort³⁵. Their motivation was in creating an additional law enforcement structure which would generate additional annual charges from the companies to fill governmental budget³⁶. Compulsory national certification was never implemented. In recent years there are two

²⁷ WWF Russian Trade and Investment Study, WWF obtained these data from State Statistical Committee of Russia, 2002

²⁸ Russian NGOs consist from highly educated people who have a high level of expertise.

²⁹ Tysaichniouk, M and Reisman, J. 2002. Transnational Environmental Organizations and the Russian Forest Sector. In. Environmental Transformations in the Russian Forest Industry Ed Kortelainen, J and Kotilainen J., Joensuu, University of Joensuu, Publications of Karelian Institute, pp. 56-71

³⁰ International NGO with headquarters in Sweden.

³¹ Interview with STF-Strug manager, Strugy Krasnie, 2002.

³² Interview with Burmistrov, WWF staff, director of the Pscov Model forest, Strugy Krasnie, 2002

³³ Later, in 2000, President Putin closed Rosleskhoz and transferred its responsibilities to the Ministry for Natural Resources, restructuring of the governmental agencies slowed down development of compulsory certification regulations, in 2002 it was abandoned

³⁴ Phone interview with Dmitriev, WWF staff, who at that time worked in Rosleskhoz, March, 2004

³⁵ Phone interview with Dmitriev, WWF staff, who at that time worked in Rosleskhoz, March, 2004

³⁶ Interview with Rakchmanin, Institute of Forest Industry, Moscow, February 2004, governmental representatives reject this motivation

major efforts to develop a national system of voluntary forest certification. The system of compulsory forest certification has been effectively abandoned by the government.

First national voluntary certification initiative

The first national voluntary effort is supervised and supported by the Ministry for Natural Resources. On May 14, 2003 the initiative group under the Ministry for Natural Resources made a decision to create a National Council of Forest Certification in Russia. The development of national standards was started in the International Institute of Forestry under supervision of academician A. Isaev. They involved World Bank Russian representative Kushlin A., World Bank consultant Pitovranov S., several people from the International Institute of Forestry, WWF representative Dmitriev V, and representative of IUCN Tepliakov V as stakeholders. The national system of forest certification is partly financed by the World Bank pilot project on sustainable forest use. In the framework of the World Bank project, there is a special sub-project called “Forest Certification and Sustainable Forest Management.” The Finnish firm INDUFOR³⁷ won the tender on the certification part of the World Bank project³⁸ and will be assisting the Russian Ministry of Natural Resources in developing a national system of forest certification in Russia. INDUFOR will be assessing all systems of certification in the Russian context and giving recommendations on what system is most appropriate. One of the WWF³⁹ representatives claimed that INDUFOR might promote the Pan European system, because they are a Finnish firm and interested in facilitating trade with Finland. Another WWF representative expressed hope that INDUFOR will collaborate with WWF in the assessments of forest certification systems and will help to promote FSC⁴⁰. The World Bank loaned 60 million dollars to the Russian Ministry of Natural Resources in order to promote sustainable forestry. 400-450 thousands dollars from the total sum will go to promote forest certification and to create a “certificational climate” and infrastructure.⁴¹ The head of the World Bank project in Washington D.C., Gerh Dieterich, is a specialist in forest certification and is involved in projects not only in Russia, but in other countries with transitional economies, such as Romania, Bulgaria, and Albania. He pays a great deal of attention to the promotion of forest certification in Russia. The goal of the World Bank certification project is to increase the knowledge of forest producers about all possible types of forest certification, but most finances will go to develop Russian national standards. The World Bank supports Russia’s national certification system because its standards are planned to be consistent with other international certifications. The World Bank will pay for certification experts, both national and foreign, in order to develop these national standards. The standards will be developed jointly by Isaev’s National Council for Forest Certification and the Finnish firm INDUFOR. Additional funding will be provided by a grant from the Finnish government.⁴²

³⁷ at the moment (March 22, 2004) INDUFOR can not sign its contract with the Ministry for Natural Resources, because Putin changed the Minister and the new Minister is not familiar with the situation with certification

³⁸ INDUFOR was competing with WWF for this tender, WWF did not win the tender because formal documents were filled in a wrong way (interview with the World Bank consultant, February 2004)

³⁹ WWF often employ former governmental employees from the Federal Forest Service in order that they be able to build bridges with governmental agencies

⁴⁰ personal communication, March 2004

⁴¹ interview with Pitovranov, World Bank consultant in Russia, March 2004

⁴² interview with Pitovranov, World Bank consultant, March 2004

Currently, the association “National Council for Forest Certification in Russia” is established and officially registered. In 2003-2004 a series of meetings related to forest certification took place.⁴³ Its members are now working to develop national standards. These standards are supposed to be “national by content and international by form”.⁴⁴ This means that there is an effort to make the standards close to those required both by FSC and Pan European systems. This initiative is supported by WWF, who is planning to work together with INDUFOR and the Ministry for Natural Resources on developing the national system of forest certification. WWF formally supports this national initiative because the standards will be very close to FSC and the national initiative involved experts who were working in the national working groups, which were developing the FSC standards⁴⁵. National initiative is planning to rely on FSC certification centers, which were set up by WWF. WWF representatives claim that certification institutions will be based on existing FSC institutions and the standards will be close to FSC. They hope that this national initiative will facilitate promotion of FSC. Therefore, this national voluntary forest certification does not compete with FSC and is using FSC institutions and experts. The only difference will be the accreditation bodies, which are planned to be independent from any FSC⁴⁶. There is no consensus on what this national effort will look like. Representatives of the Ministry for Natural resources claim that the national system will be distinct from FSC.⁴⁷ Paper mills and the forest processing industry also support this initiative and argue for the need of a national certification system⁴⁸.

Experts of the World Bank project created a list of pilot leskhozoes. These leskhozoes will be guided toward national certification in the framework of World Bank project. In addition, the World Bank project will facilitate industry in the certification process and assist them in any type of certification they chose: national, Pan European or FSC.⁴⁹

Second initiative

The Union of Timber Merchants and Timber Exporters of Russia, which consists predominantly of exporters of round wood to Finland and China, is promoting the second national initiative of voluntary forest certification. They call it “The National System of Voluntary Forest Management Certification in Russia”. The Association of Vologda Forest Industry is interested in this certification effort. The Central Research and Development Project and Design Institute of Mechanization and Energy of Timber Industry (TSNIIME) with participation of All-Russia Research and Development Institute of Forestry and Mechanization of Forest Industry and the Moscow State Forest University developed and tested a set of national forest standards. The developers of these standards claim that their standards will be more appropriate for Russian conditions than FSC. The system will be totally consistent with existing Russian legislation, so much less additional work will be required from the firms in order to be certified. They claim that Russia has to have a national voluntary system of forest certification because it is a major exporter

⁴³ interview with Nefediev, head of the Department of Forest Use of the Ministry for Natural Resources, March 2004

⁴⁴ interview with academician Isaev, responsible for standards development March 2004

⁴⁵ interview with WWF staff, March 2004

⁴⁶ Phone interview with Dmitriev, WWF staff, March, 2004

⁴⁷ Interview with Nefediev, Ministry for Natural Resources, February 2004

⁴⁸ Interview with ORIMI holding representative, St. Petersburg, March 2004

⁴⁹ interview with Ptichnikov, WWF staff, February 2004

of wood. The developers claim that the system of forest certification is in agreement with the world – i.e. prevailing forest management certification systems. During the development of this system, the experience of developing a Forest Management Certification System in Finland has been employed and the system is close to Helsinki criteria. “The Concept of Sustainable Forest Management in the Russian Federation” approved by the Federal Forestry Service in 1998 was also used.

In August 2002, the system was tested at two enterprises of the Vladimir region. The developers claim that the system was efficient and its criteria almost completely reflect the activity of timber industry enterprise with respect to the certification requirements. The system was discussed and revised by timber exporters of Russian Federation. Recommendations were taken into account when final standards were developed.⁵⁰ In Vozigales in January 2004 final testing took place, and the auditors are currently working on assessing results. Vozigales in Vologda region will probably receive the first national certificate. The initiative is oriented toward the Pan European system of forest certification. According to plans, national standards will be accredited by the Pan European Forest Certification system shortly after they are approved in Russia.⁵¹ The Union of Forest Owners of Land and the Ministry of Industrial Science⁵² are financing this national certification initiative. NGOs and forest processing industry were not involved in this process and do not support this initiative.⁵³ This initiative was not a reaction to the World Bank funded initiative, however, the developers are upset that it is not financed by the World Bank. They are planning to involve INDUFOR experts in an assessment of their initiative. This initiative also established the Russian National Council for Voluntary Forest Certification, responsible for standards development and building certification institutions. The principles, criteria and indicators were developed and published in the Journal “Forest Certification in Russia”⁵⁴ They are planning to establish the National Accreditation Center, in July 2004, which will accredit Russian auditing firms. The auditing service is planned to be much cheaper than FSC. Developers of the system claim that this system will be the easiest way to implement in Russian conditions⁵⁵ and that after it is approved by the Pan-European System it will be accepted by most of European buyers. Since this system is motivated by the new EU purchasing policy, it is assumed that this system will meet the policy’s specifications. This initiative’s developers see FSC as competitors, but do not perceive the first national initiative as competitors and claim that the two initiatives will later join in one effort⁵⁶. Representatives of environmental NGOs claim that the system will collapse with Putin’s new Prime Minister Fradkov and further restructuring of Russian governmental agencies. They insist that the ex Prime Minister Kasianov supported the Union of Timber Merchants and Timber Exporters and

⁵⁰ National System of Voluntary Forest Management Certification in Russia, in *Forest Certification*, #1 (01), 2003, pp. 17-19

⁵¹ Interview with Rachmanin, Institute of Forest Industry, February 2004

⁵² Ministry of Industrial Science was closed by Putin in March 2004, at the time of my interviews in February 2004 it was functioning normally

⁵³ interview with Ptichnikov, WWF staff, February 2004

⁵⁴ Regulations for the National System of Voluntary Forest Management Certification in Russia, in *Forest Certification in Russia*, #1 (01), 2003, pp 33-61

⁵⁵ because it is based on Russian legislation and will not require firms to do additional work except comply with the legislation

⁵⁶ one of WWF representatives claim that unification of two initiatives is impossible due to personal issues behind key personnel

was assessing the needs of forestry in Russia based on the needs of round wood exporters. They think that this national initiative will stop its existence, but people involved in its development will be accumulated by the first national initiative.⁵⁷

FSC Certification Initiatives

Three enterprises in the Kosikhinski Forest, Altai Region with their processing enterprise Timber Production Pricebatch Ltd.⁵⁸; Koverninskiy Leskhoz, Nizniy Novgorod oblast⁵⁹, and Holz Dammers GmbH in Arhangelsk oblast⁶⁰, received their certificates without any help from WWF or forest certification centers. They were certified privately in response to the request for FSC from their western co-owners and partners. Only after they already received FM/COC they started to share their experience and interact with FSC institutional designers in Russia and to participate in the conferences related to certification. In this way, the first initiative came from business. In 1996, the representative of a Paper Mill Volga came to Rosleskhoz (Federal Forest Service) seeking special permission and started working on FSC certification, which they finally received only in 2000. In 1997, the enterprise Kozikhinsky Leshoz in Altay Region received an FSC certificate⁶¹.

In the same year, at the NGO meeting in Finland, FSC certification was discussed and representatives on environmental NGOs decided to start promoting FSC in Russia. The TESIS project in Karelia called “Sustainable Governance of Natural Resources in North-Western Russia” was studied in the framework of the Finnish consulting unit Sakhalitus of the Finnish Forestry Service. The Finnish Forestry Service initiated a feasibility study on the need of certification in Russia. Andrey Ptichnikov (currently employee of WWF) at that time worked at TESIS and was responsible for the feasibility study. However, when he tried to report on the results of his study to the Russian-Finnish commission on forest use, the Russian representatives of the commission did not allow him to disclose his findings. At that time the Russian Forest Service was concerned about Russia’s international image and did not allow disclosure of information that would show the international community what is going on in Russia in the forest sector. Mr. Ptichnikov conducted the study using funding from the Russian-Finnish commission and was not able to present the data to his sponsors due to this Russian Forest Service prohibition. Mr. Ptichnikov resigned and took a new job at WWF and started promoting forest certification on behalf of WWF.

In 1998 the environmental organizations⁶² World Wildlife Fund (WWF), Greenpeace, Social Ecological Union (SEU), and the Biodiversity Conservation Center (BCC) started to promote FSC certification in Russia⁶³. Each of these organizations worked with European partners and was familiar with the FSC process in Europe.

⁵⁷ interview with Ptichnikov, WWF staff, February 2004

⁵⁸ trading with Body Shop, UK; received the certificate in 2000

⁵⁹ Russian mother company-Pulp and Paper Mill Volga; received the certificate in 2002

⁶⁰ co-owned by Dammers Mers, Germany, received its certificate in 2000

⁶¹ Interview with Ptichnikov, WWF staff, February 2004

⁶² members of these organizations are highly educated, and life long in the movement, the most of the current staff participated in nature protection activities during socialism

⁶³ Tysiachniouk, M. 2003. Transnational Environmental Non-Governmental Organizations as Actors of Ecological Modernization in Russian Forest Sector. In: Ecological Modernization of Forest Sector in Russia and the United States, Ed by Tysiachniouk, SPB Publishing Group of St. Petersburg University, p.8-25

In 1998, WWF sent the information regarding FSC forest certification to 5000 forest producers and forest enterprises. At that time the interest in certification within forest companies was still low. Only 10 companies from those 5000 expressed interest and requested more information⁶⁴. WWF facilitated formation of an initial group and in 1998 in Petrozavodsk, Karelia Republic organized a conference on FSC certification. The goal of the conference was to start a dialogue with business and express to the government that Russia needs compulsory and voluntary certification. This experimental conference was sponsored by the MacArthur Foundation. This was the first time that business representatives were invited to discuss issues with NGO representatives. Only a few forest companies attended the conference, which was attended predominantly by scientists and NGO representatives. This can be explained by the existence of big conflicts between the forest industry in Karelia and environmental NGOs such as those involved in Forest Club due to Greenpeace's direct action and consumer boycotts. In addition, forest companies in Karelia are interested predominantly in exports to Finland, where companies are not interested in FSC. At that time government was not interested in voluntary forest certification and was insisting on it being compulsory. Environmental NGOs were against compulsory and promoting FSC. The result of the conference was that Federal Forest Service became educated about FSC and started to pay attention to the FSC process. Within the government the first respondents were scientists, the most progressive people, who started to educate governmental officials within the system.⁶⁵ Despite conflicts, governmental representative participated and this conference can be considered as a first intersectoral dialogue on forest certification.

In 1999, a second conference in Pushkino, Moscow oblast took place, where the working group was created comprised of participants from business, representatives on social issues and environmental NGOs. Later an organization was created to promote FSC with a Coordination Council as a governance body. At that time forest companies did not feel comfortable enough to openly work with NGOs, but rather preferred to interact informally. They participated in the events as private people and not as representatives of their company⁶⁶.

The interest of the majority of forest companies in certification at that time was still very low. Activists of SEU went to Krasnoyarsky Kray to talk to the biggest forest producers there, who were oriented toward exports: New Enisy Forest Combine and Novosibirsk plant. However, neither company expressed their interest.⁶⁷ Federal forest service at that time was promoting compulsory forest certification and in Novgorod created a regional center for compulsory certification within Novgorod Center for Forest Protection. WWF gave to this center a grant for developing FSC in parallel with governmental compulsory forest certification. As indicated in the framework of this grant, Novgorod Certification Center started to work with companies and three became interested in FSC certification. One, Madok, in 2001 was certified.

In 1999, a conference in Novgorod took place on the steps. This was necessary in order to promote forest certification. At that conference participants included several forest companies,

⁶⁴ interview with Ptichnikov, WWF staff, February 2004

⁶⁵ interview with WWF staff Ptichnikov, February 2004

⁶⁶ interview with WWF representative, March 2004

⁶⁷ interview with Korpachevsky, BCC staff, February 2004

NGOs and governmental representatives. The conference was co-organized by Novgorod certification Center and WWF. Three international auditing companies came to Russia and to explain the FSC process⁶⁸.

Today, the most active forest certification center is in Arghangelsk, because in that region, forest companies are very interested in FSC. They trade with Europe and there is a market demand for their products. There are similar centers in Krasnoyarsk and Moscow, while the weakest and the most conflictive is in Khabarovsk. The Krasnoyarsk initiative is progressing. It successfully guided the company in Novo Eniseysk to certification, which received the FSC approval May 14, 2004⁶⁹. Other consulting centers are appearing in Krasnoyarsk. The Novgorod Center has lost its effectiveness. The leader Iakovlev was the director of the governmental sponsored Center for Forest Protection, which was working in promoting compulsory forest certification (which was never implemented) and FSC with a WWF grant⁷⁰. He was fired from the governmental job and became a representative of FJC in Russia (a company accredited by FSC)⁷¹.

In 2000 a conference took place on FSC certification in Komi republic. At that time the first set of FSC standards was developed and field tested at the Model Forest Priluzie.⁷²

FSC Institutional Design

Forest Club (SEU, Greenpeace, CBC) and WWF promote forest certification in Russia. WWF is by far the most active in the institutional design of forest certification, however the contact person of the Russian National initiative, Vladimir Chuprov, is a Greenpeace activist.

FSC forest certification is promoted through a series of WWF institutional initiatives. WWF disseminated information about FSC through a series of conferences. It first initiated and promoted intersectoral dialogue of governments, forest users and environmental NGOs. It also initiated the national and regional working groups on standards development and initiated model-demonstration projects.

WWF initiated an Association of Ecologically Responsible Forest Companies in 2000 as a forest producer group. In 2002, WWF together with Greenpeace, IUCN, BBC, and SEU developed criteria for ecologically responsible forest businesses. These criteria were used by WWF for development of step-wise ecological policies for forest companies. They were adopted by the Global Forest Trade Network as wood procurement and membership principles. The principles of membership in Russian Producers Group were adopted by its current members: Ilim Pulp PPM, Archngelsk PPM (Pulp and Paper Mill), Volga PPM, Kartontara PPM, Solombala LDK, Onega LDK. Altogether producer group members control up to 35-40% of Russian wood consumption⁷³.

⁶⁸ interview with Ptichnikov, WWF staff, February 2004

⁶⁹ Forest news, May 17th, 2004, www.wwf.ru

⁷⁰ WWF often uses infrastructure of the governmental institutions to promote FSC

⁷¹ interview with Greenpeace representative, March 2004

⁷² interview with Ptichnikov, WWF staff, February 2004

⁷³ Ptichnikov, A. Environmental Policy for Russian Forest Companies. Sustainable Forest Use, #2 December 2003, p.20-23

Through the Association of Responsible Forest Companies, WWF connects forest producers with responsible buyers groups in the west. Promotion of FSC certification by WWF was implemented through partnerships with IKEA, partnership with Stora Enso in the Pscov Model Forest, and cooperation with regional forest business associations (forest companies of Pomorie [Arhangelsk]) and PALEX (Russian Far East). One of the steps to promote responsible forest management by WWF is eco-rating.

In 2002, WWF conducted eco-rating of 29 leading Russian timber processing companies. The eco-rating was based on self evaluation. Companies filled out the questionnaire related to their environmental practices and NGOs ground-truthed the information⁷⁴. It turned out that self evaluation⁷⁵ did not exactly reflect true level of ecological responsibility of the company⁷⁶. This list of companies is not equivalent to the list of the Members of the Russian Producers Group⁷⁷. The results were disseminated to buyers around the world and posted on the web⁷⁸. Eco-rating is one of the instruments for encouraging companies to adopt responsible policies and take certification path.

WWF developed a step-wise approach to certification for companies and is guiding the companies through this process. The first step involves adoption of environmental policy and preparation of the eco-action plan. In the second step, the company needs to control wood legality and the chain of custody systems and conduct an internal audit. In the third step, the company needs to do landscape planning and high conservation value forest protection. The last step involves reaching good forest management and certification.⁷⁹ WWF publishes materials with examples of good environmental policy done by the companies, such as Svetogorsk, Arkhangelsk, Volda, Onega Pulp and Paper Mills. They also publish examples of environmental policy of international companies operating in Russia, such as Stora Enso, UPM-Kymmene, Metsaliito, and IKEA, and explain how appropriate environmental policy facilitates the process of certification⁸⁰.

WWF-Model demonstration projects serve as educational grounds upon which to show how intensive and sustainable forest management schemes can work. At Pscov Model Forest the new system of forest management planning was developed, using economic norms and scenario approach with optimization techniques. Some of the model forest developments are transferred into current forest norms⁸¹ and its dissemination started in three regions of Russia. Around 100 forest companies and 1000 forest service people were trained through Pscov Model Forest.

⁷⁴ Interview with Dmitriev, WWF staff, February 2002

⁷⁵ Among the companies with high rating is: Arhangelsk Pulp and Paper Mill, Baykal Pulp and Paper Mill, Dallesprom, Kotlass Pulp and Paper Mill, Plitspsychprom, Solikambumprom, Solombala LDK, Terneyles, Tyndales, Chudovo-RWS, National Timber Company. Some FSC certified companies evaluated themselves lower than those who are not. For example, Volga Paper (FSC) and Oneghskiy LDK (Malashuika Les has FSC)

⁷⁶ personal communication with WWF staff person, 2002

⁷⁷ In the Russian Producers Group the practices of the company are carefully checked, interview with Rizhkov, February 2004

⁷⁸ http://www.wwf.ru/about/what_we_do/forests/ratings/eng

⁷⁹ WWF 2003, report and power point presentation

⁸⁰ Ptichnikov, A. Environmental Policy for Russian Forest Companies. Sustainable Forest Use, #2 December 2003, p.20-23

⁸¹ Norms are used by companies seeking FSC, these norms are not included in the forest legislation yet, but commonly used and leskhozes give special permissions to the companies seeking FSC

The project of WWF-IKEA (Russia, China, Rumania, Bulgaria, Lithuania, Latvia and Estonia) also contributes to FSC's institutional design. IKEA has a step-by-step requirements for their suppliers and through a partnership with WWF tries to support greening processes of forest business. The last step is equivalent to FSC standards. The project started in 2002 and is focusing on four regions of Russia: Arghangelsky region, Vologda region, Irkutsk and Krasnoyarsk. There are four key elements in the WWF-IKEA project⁸². The first is development of mechanisms for the Conservation High-Value Forests (HCVF). This element is developing in Arghangelsk. The World Bank-WWF alliance also is interested in preserving critical forests, the concept of which is relatively close to HCVF, so WWF-IKEA and WWF-World Bank Alliance collaborate on this issue. The HCVF element originates from the 9th principle of FSC, and focuses on designating such forests and supporting them. By working on HCVF, the WWF-IKEA project adapts the 9th principle of FSC to the regional level. They work with regional scientific institutions in an effort to create a methodology of designating HCVF (which is not equivalent to intact forests⁸³), field testing of this methodology, and suggesting amendments to regional legislation taking into account the HCVF. Development of mechanisms for their use and conservation is concentrated in Arghangelsk region, because, on one hand, there are big plots of HCVF and, on the other hand, forestry is intense and export oriented in this region. Forest producers were scared by Greenpeace, and so they are now ready to work with environmental organizations. WWF-IKEA created a working group with all stakeholders involved, such as administration, forest industry, science, a forest inventory team, representatives of Model Forests, and NGOs including Greenpeace. In addition, they have a technical group which tests the methodology in the field, and reports to the working group. In 2004, WWF-IKEA is planning to start working in Krasnoyarsk on the same issue⁸⁴.

The second component is illegal logging. They prepared an in-depth analysis report and gave recommendations to administrations of the regions on what can be done to stop illegal logging⁸⁵.

The third component is a strengthening of the producers group by involving new members in the Association of Responsible Forest Producers, including IKEA suppliers, to help companies in formulating environmental policy, and strengthening contacts with buyers groups of Global Trade Networks. WWF-IKEA works with current and potential members of the Association. Their effort includes education of top management of these companies, connecting them with Swedish and Canadian producers, as well as organization of study tours to Sweden and Canada.

The fourth component is the creation of certification centers for education and training. The project prepares a staff for existing and newly established certification centers. These staff are trained to be qualified as auditors or can be a consultant for Leskhoz and forest industry. In Arghangelska and Krasnoyarsk there are already qualified staff who can be teachers, and there are young people who need education. In Vologda there are no specialists in certification, but there is interest in attaining these qualifications. In Irkutsk there are no specialists and no interest in specialization. For this reason, the WWF-IKEA project took trainees not only from their priority

⁸² Interview with WWF-IKEA project coordinator E. Kulikova, March 2004.

⁸³ intact forests are virgin forests while HCVF includes social, religious, cultural heritage places

⁸⁴ Interview with WWF-IKEA project coordinator E. Kulikova, March 2004.

⁸⁵ As WWF is a partnership builder, at the moment they do not make this information public, according to my personal communication with WWF staff, the decision on publicity of the information will be made later

regions, but from others as well. They educate not only representatives of certification centers, but university staff and Forest Inventory Agencies. They conduct series of seminars and workshops, some of which take place in Model Forests⁸⁶.

In addition WWF-IKEA is focusing on the education of forest industry staff about certification. They conduct seminars for different enterprises all over Russia from the North-Western Russia to the Far East. There is a huge interest in studying FSC forest management and chain of custody certificates⁸⁷.

FSC National Initiatives

In Russia there is one FSC National Working Group⁸⁸ and two regional working groups (in Komi Republic and Krasnoyarsk). None of the groups is registered at FSC-International. The National Group consists of three chambers: social, economic and environmental⁸⁹. Its membership consists of more than thirty people. They have a coordination council of nine people with one representative of the Komi indigenous people, who represent their rights⁹⁰.

The Russian National Working Group can be officially registered at FSC only after half of its coordination council members are individual or organizational members of FSC, they need to apply, receive recommendations and be accepted. Currently they are working on this process. They also need to have bylaws, procedures and a commission of conflict resolution. After this required process the registration is possible.⁹¹

The national FSC office is planned to be established in 2004 with initial funding provided by the European Union. The FSC office will link clients with auditors and facilitate certification process.

Chuprova from Greenpeace is an informational channel between FSC International and the situation in Russia. He informs FSC both about successes and failures. The fourth possible initiative is the FSC Board, currently in the world there is no such initiative implemented, but it exists in the bylaws (It is a kind of an analogy of governance of FSC international).⁹²

FSC centers are prerequisites of the auditing firms. To receive accreditation as an auditor at FSC is very expensive, around 20-30 thousand euro, so Russia does not have yet auditors accredited by FSC International. Representatives of the Novgorod certification center became representatives of SGS (auditing company), which has a representative in St. Petersburg. They certified Madok in Novgorod. FSC promoters hope that in the near future some experts will be able to afford FSC accreditation and will become FSC auditors.

⁸⁶ Interview with WWF-IKEA project coordinator E. Kulikova, March 2004.

⁸⁷ Interview with WWF-IKEA project coordinator E. Kulikova, March 2004.

⁸⁸ head of the National Working Group is Vladimir Chuprova, Greenpeace staff

⁸⁹ there is no chamber representing endogenous people

⁹⁰ phone interview with Chuprova, FSC contact person, May 2004

⁹¹ interview with Chuprova, Greenpeace staff, and a contact person of Russian national initiative, February 2004

⁹² interview with Chuprova, contact person of the national FSC initiative, February 2004

FSC Standards

In May 1998, the national working group on certification was formed. The major task of the national working group was to develop framework standards, which, on the one hand, would be consistent with FSC international standards and, on the other, would reflect Russian peculiarities. In the early stages the working group had multiple internal contradictions due to the difference between the radical participating environmental NGO and business. Despite these conflicts, the radical group Greenpeace has participated in the group since the early stages of certification.⁹³ In 1998, the national working group representative of FSC wrote a letter to the government of Komi Republic in order to promote the development of regional FSC standards. In parallel the regional working groups were also created. The most active and efficient group was in the Komi Republic, which was formed around the WWF project Model Forest Priluzie. They developed and tested regional standards, and the project was well organized. The second group worked in Krasnoyarsk and the third in the Far East. The working group in the Komi Republic and in Krasnoyarsk developed regional standards and the group in Far East was dissolved. People from regional groups participated actively in development of the national standards. The Far Eastern group was initially formed in Khabarovsk and it was ineffective because of the multiple conflicts within the group.⁹⁴ Several groups of active people made an effort to monopolize the process of standards development and, in the end, nothing was developed.

In October 2003, the framework for national FSC standards in Russia was finalized. The criteria are very close to those which were approved by the Ministry of Natural Resources in 1998, however, technical indicators are much better developed than they were before by the Russian governmental agencies⁹⁵. FSC national standards include rights on indigenous people, which are stronger than the Russian governmental policy.

National FSC standards were tested in five different places. Currently work is going on harmonization of national standards with regional (sub-national) ones which were developed in the Komi Republic and Krasnoyarsk. The most difficult in harmonization is the principal #9: preservation of high conservation value forests. Around this principle there are still many contradictions and conflicts. According to Russian legislation old growth virgin forests should be preserved only in case they belong to the first group forests (those which are close to the waterways, or contain valuable species, or are on the specially protected areas). When forest companies rent territories to do commercial forestry these territories often contain old growth forests, especially in Arghangelsk region. The company has the right to cut this forest and by doing so will not violate Russian legislation. Environmental organizations (e.g. Greenpeace, BCC, SEU and WWF) consider virgin forests as high conservation value forests which need to be preserved, or at least be subject to a special policy. Greenpeace and their partners published a map of all virgin forests in Russia and distributed this map to both Russian forest producers and Western buyers. Environmentalists argue that FSC must help preserve virgin forests and a great deal of attention needs to be paid to the standards related to their preservation. Criteria and indicators of high conservation value forests are

⁹³ interview with NGO activist, March 2004

⁹⁴ interview with Ptichnikov, WWF staff, February 2004

⁹⁵ Shvidenko, A, Nilsson, S "Ecological problems of transition to sustainable forest management in Russia." Sustainable Forest Use, #1, April 2003, p.6

very different in different regions of Russia, so currently efforts on harmonization of the standards related to such forests still needs more work.⁹⁶

In 2004 the accreditation and registration of Russian national standards at FSC international is the goal (Before national Russian standard are registered, auditing companies accredited by FSC were using general standards of FSC).⁹⁷ When the standards are approved by FSC, they will be the official standards for Russia and all auditors.

Forestry Problems

The lack of effective state forest policy and permanent restructuring of forest management system is one of the barriers to sustainable forest management in Russia. Certification is seen as having much potential as an economic instrument of state control of forests given to concession or rent. It can help to strengthen forest governance structures because it balances the interests of producers, consumers, nature protection and effective participation of civil society⁹⁸. Traditionally, socialist forestry was done extensively and forest operations were moving fast from place to place. Currently, forestry is also extensive. In addition, it is concentrated in the boarder regions of both Europe and Asia. Areas close to the roads and transportation tracts become deforested, while there is not enough capacity and interest to do forestry in the regions situated distant from the borders. Internationalization of forestry and foreign investments might promote Russian processing industry and in parallel with that, development of certification can address the problems of extensive boarder based forestry⁹⁹. Calculations made in the Pscov Model Forest project (FSC certified) demonstrated that the intensive way of doing forestry might bring ten times more profit in future¹⁰⁰.

In general forest policies and legislation in Russia does meet the Sustainable Forest management criteria. But forest planning and management does not fulfill the criteria. Forest certification attempts to address this problem. Urban sprawl of megalopolises such as Moscow and St. Petersburg cause conversion of valuable forested land into development areas. Certification will probably not be able to address this problem.

Another issue that forest certification is attempting to address is irresponsible, non-transparent forest practices, which lead to a great amount of illegal wood in trade. This is especially true in the regions adjacent to Chinese boarder, where illegal logging might be 80% of all

⁹⁶ Chuprov, V. 2003. Certification Standards of the quality of forest management and forest use (on the example of Russian National Framework standards for forest certification on Forest Stewardship Council Scheme). *Sustainable Forest Use*, #2, December 2003, pp. 30-33

⁹⁷ interview with Chuprov, Greenpeace staff, and a contact person of Russian national initiative, February 2004

⁹⁸ International Seminar "Institutional change in forest management in countries with transitional economy: problems and solutions", Moscow, Russia, 25 February 2003. In: *Proceedings of the Fifth All Russia Congress of Foresters, Moscow 3003*, Ministry for Natural Resources, p.79

⁹⁹ Shvarts, E. Forestry, economic development and biodiversity. *Sustainable Forest Use*. #2 December, 2003, p.4-7

¹⁰⁰ WWF study, 2002

forest operations¹⁰¹. In the European part of Russia illegal logging is twice less.¹⁰² It is questionable whether in the Far East a true certification process is possible.

The most significant issue which can be resolved through forest certification is consumption of wood from pristine, virgin and HCVPs in Russia. Certified companies are supposed to identify and protect HCVP, taking into account biodiversity and transferring to inexhaustible forest management.¹⁰³

FSC Certification is attempting to increase forest profit, promote reforestation, make better management and control functions. Certification is a mechanism for developing relevant trade policy, facilitating environmentally responsible business, and investment safeguards.

Roadblocks and Challenges

Contradictions of some of FSC principles with Russian legislation and within Russian legislation itself, creates one of the challenges to certification. On the one hand, there are regulations that old growth forests should be cut because they are ready to be harvested and, on the other hand, there is a law on environmental protection where it is indicated that virgin forests with high biodiversity need to be preserved. Often forest producers have old growth forests in their territory. To comply with FSC, they need to preserve virgin forests. According to Russian legislation, they do not.¹⁰⁴

For forest producers a small barrier is that some FSC requirements, such as leaving critical habitat areas untouched, contradicts with Russian legislation. Companies who do not cut all wood on the territory that they rent get fined. However, this is a small barrier. Usually companies who are seeking the FSC certificate receive special permission from the Ministry for Natural Resources to comply with FSC.¹⁰⁵

Illegal logging is one of the roadblocks to certification in certain regions of Russia. During socialism, illegal logging was extremely rare due to strict enforcement of the law and severe punishment for stealing from the government (still owner of all forested land). After Perestroika's privatization laws, a criminal element entered the country's commerce, including the forest sector. The volume of illegal logs began to rise, often with the cooperation of the corrupt Russian government. In the European Russia illegal logging remains high, however usually it does not occur in the territories seeking FSC certification or already certified.

Currently, there are not many barriers for certification in the European part of Russia. The European Union is planning to stop buying non certified wood already sometime in 2005, therefore

¹⁰¹ statistics on illegal logging in Far East differ in WWF and Ministry of Natural Resources sources. Data gathered by the Russian Governmental agencies show numbers much less, then collected by WWF (interview with Churilova, Ministry of Natural Resources staff, March 2004)

¹⁰² Shvarts, E. Forestry, economic development and biodiversity. Sustainable Forest Use. #2 December, 2003, p.2

¹⁰³ Ptichnikov, Voropaev, WWF report 2002

¹⁰⁴ Chuprov Vladimir, contact person of Russian national initiative, interview February 2004

¹⁰⁵ interview with Ptichnikov, WWF staff, February 2004

all companies that are interested in selling their product to Europe are orienting themselves toward certification.¹⁰⁶

There are multiple barriers to forest certification in the Russian Far East. Illegal forestry bloomed after Perestroika, when the Russian Far East experienced an economic downturn similar to other regions of Russia. The “wild privatization” of the early 1990’s saw the rise of organized crime in the Far East, especially in forestry. This new brand of “Wild East” capitalism includes former ruling elites of the Communist Party, as well as regional governments, administrators, law enforcement agencies, and police forces. Although illegal logging causes losses in revenue to the budget, it serves the interests of the corrupted elite. After government forest production failed, its former employees found a new lucrative niche in illegal logging. After the opening of Russia’s borders, satisfying China’s monumental demand for wood became a profitable option. In many regions, Russian mafias formed based on illegal logging with levels of government involvement varying from place to place.

The practice of illegal logging spread not only among organized crime networks, but also among villagers who could make quick money in order to live through an unstable and poor economy. The flow of wood across the border skyrocketed throughout the 1990’s. Today, according to WWF expert estimates, illegal wood approaches 5.5 mln cubic meters per year, which is US\$150 million worth is illegally harvested annually in Primorye kray alone. This sum is equivalent to the whole budget of Primorie¹⁰⁷. This is approximately half of the kray’s annual budget.¹⁰⁸ The transition to a market economy, coupled with government collapse and economic depression, caused such a quick rise in commercial crime.

The flow of illegal wood from the Russian Far East into Northern China has prevented a stabilization of the Far East’s faltering economy. Forestry is a major industry in the region. Since China prohibited the logging of its own forests in 1998, the Russian Far East has become its major timber source. Russia exports 12% of its total export of wood to China¹⁰⁹. With a sixth of the world’s population, China’s wood demands are huge, and Russia now providing 80% of it. The combination of massive and unrestricted timber demands with Russian corruption has allowed illegal logging to spiral out of control in the Far East¹¹⁰. The region’s hardwoods and softwoods both yield very valuable wood which is in high-demand on the nearby East Asian markets. For this reason, the black market for wood is very strong and has become deeply rooted in the region over the last 10 years. This area has a large border with China, and is also close to Japan, Taiwan, Hong Kong, and South Korea. These East Asian markets and the low demand for certified wood play an important role in the character of forestry that is currently going on in the Russian Far East. Chinese markets have proven notoriously insensitive to environmental concerns, as well as Russia’s domestic troubles.¹¹¹

¹⁰⁶ interview with Ptichnikov, WWF staff, February 2004

¹⁰⁷ Kotlobay, Anatoliy 2002. *Illegal Turnover of Wood-Real Threat to Existence of Far Eastern Forests.*, AO Mein, WWF publication, Moscow, p. 27

¹⁰⁸ WWF booklet, 2002

¹⁰⁹ Russian Trade and Investment study conducted by Ptichnikov and Voropaev, WWF Russian Program Office, 2002

¹¹⁰ interview with Greenpeace representative, March 2004

¹¹¹ Interview with head of WWF-Vladivostok’s Forest program, 2002

The effects of this current business are devastating for the unique forests of the Far East, especially the valuable cedar-broadleaf forests. The rush to sell illegal wood also overlooks a regional need to invest in domestic wood processing enterprises. Today, nearly 50% of timber exported from the Russian Far East goes to China in the form of round logs.¹¹² China actually re-exports the high percentage of the Russian logs that it purchases in the form of furniture and other refined goods. In addition to losing its resources and tax money, Russia is sending employment opportunities in wood processing to China. Furthermore, prices of illegal wood are extremely low and hamper the efforts of civilized forest producers from engaging in normal export business. This situation in the Russian Far East makes certification process in the region extremely difficult.

IV THE REACTION TO CERTIFICATION

Forest Policy Community and Stakeholders

The attitude of State Forest Service under the Ministry for Natural Resources changed from negative to positive. In 2003, the State Forest Service signed an agreement with WWF to cooperate in the promotion of national forest certification. Although the Ministry of Natural Resources is more interested in promoting national forest certification, they currently support the FSC process as well.

WWF's Preluzye Model Forest has received extensive support from local, regional, and national levels of government. In our interview, government officials showed themselves to be quite passionate about Preluzye Model Forest and its potential for bettering the region's economy. The head of Preluzye's administration said, "We really need the model forest to get certified and, through that, to access the international markets¹¹³". Furthermore, Komi's government shows a sense of personal ownership over Preluzye Model Forest. The head of administration in Preluzye region said, "we look at the project like our child"¹¹⁴ while officials on the republic level claim that the Model Forest is a government initiative. Another official said, "In this project, everything started with the power structure, with the government"¹¹⁵. WWF cooperates with many departments of the republican government, including the Ministry of Economy, the Judicial Department, the Forest Committee, and the Ministry of Transport and Connections. Several of these departments have representatives working closely with Model Forest employees to develop FSC certification standards for Komi. Our respondent felt that these government officials are very dedicated to the project. He said, "I sometimes wonder what their interest is, besides scientific interest. There can't be much material interest. We usually meet in the working group for 2-6 hours, sometimes the whole day. Everybody is listening, adding, suggesting, and arguing."¹¹⁶ Besides small grant recipients, all government officials receive no pay for this work. Government officials in Komi have shown much more excitement about the project than those in Pskov.

¹¹² WWF booklet, 2002

¹¹³ Interview with the head of administration, Obiatchevo, March 2002

¹¹⁴ Interview with the head of administration, Obiatchevo, March 2002

¹¹⁵ Interview with chair of Forest Service of Komi Department of Natural Resources, March, 2002

¹¹⁶ Interview with coordinator of the working group on regional certification standards, March 2002

As in Pskov, WWF's small grant program helped build government support. Several government officials on the republican level received grants for forestry research, and expressed a deep satisfaction for this opportunity provided by WWF. The Model Forest also brought some government officials to Sweden in order to show them FSC certified operations. Such efforts quickly brought to the project government support in the form of scientific knowledge, leniency with forestry norms, and participation in the Model Forest's strategy development and planning group.

In local forest management units Leskhoz, reactions to certification differ. On the territories which are already certified the reaction is usually positive. However, in places which are distant to the process, certification is perceived as foreign intervention into sovereign forest governance. In less successful cases, such as on the territory of Holz Dammers, the attitude of the leskhoz did not change from negative to positive. The head of the leskhoz perceives that the company gets benefits which do not deserve. Some tensions usually occur because those seeking the FSC certification need to receive special permission to change forest practices and contradictions with Russian forest legislation need to be overcome. Usually companies change practices even before special permissions are issued and are often fined by leskhoz. They try to hide those fines from the FSC auditors.¹¹⁷

Leskhoz do not receive direct benefits from certification, because certification predominantly gives benefits to private firms. At the same time leskhoz have to administer forest operations in the certified territory. Sometimes, when the certification process is on going on a particular leskhoz territory the attitude changes from negative to positive (as in Priluzie Model Forest).

FSC certification is known by almost all forest businesses in Russia. Many of them consider starting certification in future, especially those situated close to the European boarder. Companies, which do forestry in the areas that are distant from the borders are usually not interested in certification. Smaller companies are also not interested, or can not afford to become certified.

All environmental organizations are currently supporting forest certification. Social NGOs and workers' trade unions are usually not familiar with the FSC process.

Forest Owners

In Russia forest owner is the federal government and local manager is leskhoz (see the above section).

Current Status of Forestland Certification

Currently Russia has only FSC certified forestland. Currently there is approximately 1.4 million ha FSC certified. The FSC pre-assessment has been done on 1.5 mln ha.: Terney Les, logging and sawmill, RFE; Arhangelsk PPM, Solombala LDK (sawmill), Arhangelsk, Lemo group, St. Petersburg et al. FSC contracts signed-2-2.5 Mln ha: Ilim Palp (Arhangelsk and

¹¹⁷ Interview with the director of Emetski leskhoz, June 2003

Irkutsk), Neusiedler PPM, Komi et al. The forecast is 10mln ha to 2005.¹¹⁸ The federal government is owner of the land. On all certified territories tenure is public.

Table 1. FSC Certificates in Russia

Company	Forest management Area certified in ha	Certificate Type	Issue date	Use of certificate for products
Holz Dammers GmbH Arkhangelsk	certified 65905 ha, concession	IMO-Forest Management (FM)/Chain of Custody (COC)-2099	22.12.00, suspended, renewed in Summer 2003	Wooden glued shields
JSC Maloshuika Onega district, Arghangelsk District	certified 336445 ha, concession	GFA-FM/COC-1078	03.06.03	Sawn goods (by Onega Sawmill)
Kosikhinsky Agricultural Leskhoz, Altai Region	32712 ha, State enterprise	SA-FM/COC-1181	17.03.00	Body care items (Timber Production)
Koverninskij Leschoz Kovernino	116368 ha, state enterprise	GFA-FM/COC-1011	02.07.02	Roundwood, partly used for newsprint production (at Volga Pulp and Paper Mill)
Madok GmbH Malaya Vishera	31200 ha, concession	SGS-FM/COC-0949	03.12.01	Sawn goods
Priluzie Leskhos Model Forest (Komi republic), Obyachevo	794409 ha, state enterprise	SW-FM/COC-242	01.03.03	Roundwood, partly sawn goods
STF-Strug (Pscov Model forest, Strugy Krasnie)	18.440 ha, concession	SW-FM/COC	Summer 2003	Roundwood for export
Novoenissey Forest Chemical Complex	48.000 ha, Concession	WM-FM/COC	14.05.2004	Sawn goods

¹¹⁸ WWF presentation, 2003

Chain of custody certificates: Kosikha and Nalobikha Sawmills –SA-COC-1137
OAO Noshulskij LZK Republic of Komi –SW-COC-1073
OOO Luzales, Republic of Komi—SW-COC-1040
Timber Production Pricebatch Ltd—SA-COC-1138¹¹⁹

V. EFFECTS OF CERTIFICATION

Power

The FSC certification influences the redistribution of power on the regional level. This is especially evident in the Arghangelsk region where the majority of forest companies are interested in certification. A regional working group was formed which elaborates regional standards on certification, where not only specialists, but environmental NGOs, business representatives and administration all participate. Before certification emerged, only experts and governmental agencies were involved in the decision-making process. No intersectoral dialogue existed in the society, especially around the issue of forests with nature protection value, such as old growth forests. Even with the increased role and legitimacy of environmental NGOs and experts, specialists of lesoustroistvo, scientists, representatives of industry and power structures also participated. They all learned to participate in the dialogue and find consensus. Therefore forest certification influences significantly on non-inclusive public policy decision-making on the regional level.¹²⁰

Different case studies demonstrate different impacts of certification on power relations. In cases where certification was guided by WWF, such as model forests,¹²¹ impacts on local community power structure are much more significant than in cases where NGO involvement was minimal (Holz Dammers case). Power impacts of FSC certified model forests also differ from one another. WWF created the Preluzye Model Forest in a region built on forestry, however, not in the border region. The Komi Republic is much further to the east than Pscov Oblast, and this one factor results in a disparity between the two different Model Forests. Pscov is close to Russia's European border and so it attracts the export-oriented subsidiaries of multinational European logging firms, such as STF-Srugy, daughter of Stora Enso. Preluzye's leskhoz rents land mostly to smaller, Russian companies that orient towards domestic markets. Because Russian markets lack the environmental sensitivity and higher prices of European markets, these companies see little need to invest money in the creation of a green image. While Pscov represents an exception, the Komi Republic represents the far more common situation of forestry in Russia's vast interior. The companies working in Peluzye Leskhoz do not feel as strongly the influence of European economics. For this reason, partnership with industry remains undeveloped.¹²²

In both Pscov and Proluzie model forests WWF launched a campaign to network with all stakeholders in the forest and to educate them about sustainable forestry. With government, WWF held seminars and workshops, and organized a few trips to Sweden so that government officials could study logging sites similar to those that WWF wish to import. The Model Forest's

¹¹⁹ FSC –International web page, updated March, 2, 2004

¹²⁰ interview with Ptichnikov, WWF staff, February 2004

¹²¹ model forests: Pscov and Priluzie, both received FSC in Summer 2003

¹²² with exception of Luza Les, which is situated in Priluzie and received COC certificate

demonstration plots became a key instrument with which to educate forest stakeholders. By logging different forest plots with different technologies and techniques, the Pscov Model Forest showed different volumes of wood production with different repercussions for the secondary forest. Furthermore, WWF established a small grant program in both Pscov and Priluzie that would pay for any research or creative project that pertained to the Model Forest. Forestry research is actually very advanced in Russia, however, there is often little funding put towards implementation. Thus, WWF's small grant program became a unique opportunity for government officials in the Ministry of Natural Resources, several of whom carried out forestry research funded by WWF.

Throughout the country, Russian citizens are directly dependent on forests, including the wild mushrooms and berries found therein. For this reason, there exists a general public mistrust of forestry. In addition, community members were especially suspicious of foreign companies, who they felt sent their forests abroad. In working with the community, it became WWF's job to soothe public opposition to forestry as such by illustrating the difference between conventional Russian forestry and FSC sustainable forestry. In effect, through an extensive public relations campaign, WWF argued that by switching to the new, imported way of doing things, Russia's economy, environment, and society would benefit. In all projects that require the involvement of the Russian public, WWF uses the local intelligentsia (the educated class) as a tool for linking with the rest of the population. This Model Forest's small grant program focuses on scientists, teachers, educators, a museum curator, and librarians. Teachers and educators especially help to spread knowledge and ideas, and shape the mindset of succeeding generations.

One of WWF's main strategies with the small grant program was to take activities that already exist and enhance their quality while steering them towards environmental awareness and support of the FSC. The Model Forest, and its demonstration plots, became a renowned and one-of-a-kind tool for environmental education.

FSC criteria demand that the local community and indigenous peoples have a voice in forestry decisions. Raising public interest in the Model Forest, which WWF accomplished, laid the groundwork for official public participation. Both Pscov and Priluzie Model Forests created a Forest Club that brings all forest stakeholders together into a productive dialogue. The Forest Clubs regularly meet, and attendees include representatives of the companies, leskhoz workers, administration, forest scientists, WWF staff, and all interested local citizens. WWF bills the Forest Club as a model of democracy and citizen involvement in forestry, as it ideally, although not practically, happens in the West. In Priluzie special attention was given to participation of Komi population in decision making process.

In Pscov Model WWF brought an invaluable capacity to its partnership with STF-Strugy. By acquiring partners and support for the Pscov Model Forest, WWF laid the foundation for popular acceptance of STF-Strugy's foreign logging practices and the introduction of FSC in general. This case demonstrates the necessity of NGO legwork for western commercial interests in Russia's natural resources. The next case, the Preluzye Model Forest, illustrates the reverse – that the cooperation of industry is indispensable for NGOs to bring western practices into Russian forestry.

Nevertheless, the Preluzye Model Forest received FSC certification in 2003. The project captured the intense interest of government and made progress in including the public in forestry decisions, however, the Model Forest and its FSC certification has had little impact on the day-to-day operations of forest industry there. This region is not yet ready to adapt its practices to FSC standards, and there is little economic pressure to do so. WWF's main partner in Preluzye Model Forest was Preluzye Leskhoz, a government structure. Preluzye Leskhoz received an FSC certificate, however, this does not mean that wood produced by renting companies in the leskhoz will bear the FSC mark. For this to happen, individual companies must certify the entire chain-of-custody. The forest management certification already obtained gives these companies a head-start and may promote their interest. One of the companies on the certified territory Luza Les took this opportunity and obtained chain of custody certificate.

With the help of the government, FSC has gained much legitimacy from this project. WWF's Preluzye Model Forest has received extensive support from local, regional, and republic levels of government. Through the small grant program WWF funded PhD research into forest economics for local students and revitalized old Soviet structures for producing non-wood forest resource. Community relations represented a very extensive aspect of Preluzye Model Forest.

Companies seeking FSC are usually not skilled and do not have capacity to work with community and governments to the extent WWF can with its extensive resources (i.e. 3 million dollars invested in stakeholder involvement in Pscov Model forest and 6 million dollars in Priluzie model forest). None of community power structure impacts can be observed in cases where WWF did not play the intermediary role. The worse case of all studied was Holz Dammers, where all power relations remain the same, community remains disempowered and even unfamiliar with FSC process. In other cases, the community was informed about FSC, but never used its right to become a true stakeholder. Governments and scientific community was also much less involved in the decision-making process, power and stake distribution.

In the Far East there are no certified operations, but there are two WWF model territories, which are seeking FSC certification. WWF is working closely with Terney Les, supplier for the Japanese company Sumetuma Corporation. Terney Les has already passed through FSC pre-assessment and will go through FSC final auditing in the Summer of 2004. This effort is complicated by the fact that Udegei indigenous people live on the territory currently under rent by the company. Meanwhile, within the Udegei community there is an ongoing debate over the desirability of infrastructure development, as Terney Les is proposing. Conflict with indigenous community is one of the barriers to certification and is still not resolved. FSC here is an instrument which pushes the company to comply with NGO demands to include indigenous people in negotiations on how forestry should be done in the area they inhabit.

Another certification project is that of Chuguyevskiy forest. A model forest such as the one in Pscov would be impossible to create in the Far East, due to corruption and illegal logging. However, Chuguyevskiy is something of an attempt at a model territory where WWF is trying to orient the entire area towards sustainable forestry. This is a large territory where numerous small timber companies are currently renting forests. These enterprises are not as large and powerful as TerneyLes and cannot afford to be certified individually, so WWF is creating a new concept of

collective certification under FSC. They work with landscape-ecological planning and promote non-wood resource businesses in the region. This effort is still in its early stages, and therefore its potential impacts can not yet be observed. As we can see in the situation of the Far East, even WWF as an intermediary cannot overcome barriers to certification.

Social

The most significant influence on social issues occurred in the Pscov and Priluzie Model Forests. In both models, the mechanism for public participation has been created where not only workers rights became protected but the rights of villagers as well. FSC allowed them to participate in discussions of what plots should be left untouched because these plots are places of collecting mushrooms and berries. The projects enhanced the existing civil society institutions and brought new energy in communities.

In other certified territories workers became more protected and their salaries stopped being delayed. Workers understood that certification can be used as a social protection tool. For example, in Malashuika Les public is informed about certification through newspapers and radio. Forest workers there were disempowered and did not know how to request better working conditions and better salaries. FSC brought them benefits which they would never request themselves. Currently they highly appreciate their benefits.¹²³

Very few positive consequences took place in FSC certified settlement Dvinskoy (enterprise Holz Dammers), where both workers and villagers still have delays in salary and social infrastructure continues to be very poor.

In Arghangelski region there are huge plots of virgin forests which are rented to forest companies and are supposed to be harvested. Because of certification, public who lives in the forest is less manipulated and is included in the dialogue about the use of virgin forests. Without FSC the negotiations would occur only between Greenpeace and forest companies and the needs of the population would not be taken into account.¹²⁴

Terney Les at Far East¹²⁵ provides an interesting situation for FSC's social criteria for certification. The main settlement located near the company's operations is Plastun, and its inhabitants are all employees of Terney Les or one of its daughter firms. This simplified the certification process considerably. Turney Les' local public do not need additional programs to better their lives. When the company gets FSC certification, it will already provide for its employees. Here, the company's and the public's well-being go hand-in-hand.

A more conflictive situation arose because Turney Les rented forests on the Samarga River and encroached on an indigenous Udegeis settlement. The area now under rent also contains a large section of unique, virgin forests. Activists from the radical organizations Bureau of Regional Public Campaigns (BROK) claim that Terney Les acquired this territory illegally and is violating FSC

¹²³ Participant observation in Malashuika Les, March 2004

¹²⁴ interview with Ptichnikov, WWF staff, February 2004

¹²⁵ not certified, only seeking certification

standards concerning both the cutting of virgin forests and the disturbance of indigenous communities. The Udegeis community is split over the question of whether or not to allow Terney Les' operations in their forests. The company plans to build a logging road through the forest, which would also serve the Udegeis settlement. A representative of Terney Les pitched this idea to a group of people in the community and received praise for the access this road would bring. Critics claim, however, that this representative came to the Udegeis village while the men were away on a hunting trip, and used presents for the women as bribes¹²⁶.

WWF hired a professional ethnologist to research the situation of Udegeis natives in Samarga and elsewhere in the Far East, in order to determine what is best for them and what they want. This ethnologist also happens to be an activist from the radical environmental organization Rainbow Savors. WWF suggested creating a national park with a complete prohibition on logging, however, the Udegeis did not support the idea. According to WWF Vladivostok's director, "For [the Udegeis] the most important thing is that nobody touches them. That is all they want"¹²⁷ The relationship between WWF and the Association of Indigenous Peoples in Primorie Kray remains undeveloped. According to one WWF informant, "when we try to help they look at us suspiciously. They think we have our own interests. This is a complicated issue and takes too much time"¹²⁸

Economic

FSC certification has been received by those companies which work already on the European market. FSC increased their contacts in Europe and ensured long term contracts.¹²⁹ Forest industry feels more secure for future. In the long run, in 2005, Europe might not accept any non-certified wood, so the forest industry is concerned. In some cases industry fulfilled requirements of their buyers, and ensured future trading with environmentally sensitive consumers.¹³⁰ Sales of Hilz Dammers (the worst case of FSC in Russia in terms of social and environmental impacts) in Germany increased because of the certificate. Kosikhinsky Forest Enterprise and Madok GmbH increased their sales. These are the only two enterprises that succeeded in the market significantly after receiving FSC certificate.¹³¹

Environmental

Old growth forests in the European part of Russia become less in danger because of certification. This is especially true in Arghangelsk region and in Komi Republic. Plans on specially protected areas were developed. It has become possible to protect forests on territories which are rented to forest companies and not only on specially protected areas. In Pscov region and in Altay regions scientific research on plots with high biodiversity was stimulated, some plots with high biodiversity were preserved. This would not occur without FSC process.¹³² Criteria and indicators

¹²⁶ interview with BROCK staff Lebedev, December 2002

¹²⁷ interview with WWF employed ethnographer expert, December 2002

¹²⁸ Interview with WWF's SPA expert, December 2002

¹²⁹ Vladimir Chuprov, contact person of Russian national initiative, interview February 2004

¹³⁰ interview with Ptichnikov, WWF staff, February 2004

¹³¹ Chuprov, February 2004

¹³² interview with Ptichnikov, WWF staff, February 2004

of pristine and high conservation value forests were developed and tested in Model Forests while they were preparing for certification. In the Komi Model Forest Priluzie in 2001 the indicators were tested. Right now the criteria and indicators of high conservation value forests is going on in Arhangelsk and Russian Far East. Certification will ensure their preservation. The system of landscape planning of high value was elaborated in both Priluzie and Pscov Model Forests. This system is integrated in work of State Forest inventory companies to use in planning forest management. Certification process in Komi republic encouraged the Komi Republic government to do inventory of pristine forests on one million hectares and was funded through Komi budget.

In the Pscov Model Forest, the system of intensive sustainable management was developed during the preparation for certification. It was a radically new system of forest management plan, using economic norms and scenario approach with optimization techniques. Dissemination of new practices started in three regional of Russia. Around 100 forest companies and 1000 forest service people were trained in Pscov Model Forest¹³³.

In Malashuika Les research has been done on endangered species of animals and plants, and new technological maps were created for forest use, taking into account location of valuable ecosystems. Without the FSC process this would not have happened.

Even at Holts Dammers, in the Dvinskoy settlement the environmental situation improved. A moratorium was developed on a big plot of virgin forests and currently less damage of forests by technology occurs.¹³⁴ In 2002 their certificate was suspended, but in 2003 they received it back after improving the situation. Environmental organizations acknowledge that Holts Dammers in Dvinskoy made only slight improvements with the environmental impacts. However, if Dammers would not receive back its certificate, it would cut the plots of old growth forests that are on the territory they rent. Environmental organizations, especially Greenpeace¹³⁵ considered that it is better not to prevent Dammers in returning its FSC, because of the value of old growth forests. Therefore, the FSC certificate helped to preserve valuable forests although only to some extent changed their harvesting practices. If the company has a certificate, environmental organizations can influence its actions, if do not have, can not influence.¹³⁶

VI. CONCLUSION

On the one hand, FSC emerged in Russia because certain buyers in Europe requested certification from their Russian suppliers. However, there were very few of such cases. On the other hand FSC emerged because environmental organizations, especially WWF, Greenpeace, SEU and BCC actively promoted it. WWF demonstration projects, WWF-Stora Enso and WWF-IKEA partnerships contributed to institutional design. The case study demonstrates that WWF and Greenpeace have been instrumental in promoting forest certification under the Forest Stewardship Council (FSC).

¹³³ WWF report, 2003

¹³⁴ Rizkov, auditor, chair of the association of responsible forest producers, interview February 2004

¹³⁵ interview with Vladimir Chuprov, Greenpeace staff, February 2004

¹³⁶ Chuprov, FSC contact person and Greenpeace staff, interview February 2004

Greenpeace and WWF employees working in Russia are nearly all Russian, however, the money for preservation and the FSC principles of “what needs to be preserved and how” is filtered down from international headquarters into the newly formed Russian institutions. Therefore the international networks are essential. However, in Russia, non-governmental sectors cannot operate apart from the government because all land, including forests, is federal property. Thus, all NGO certification initiatives necessarily include the Russian government as a landowner. This case study shows how these NGOs encounter Russian government, industry, and public. This paper illustrates the barriers they face in importing certification concept to different stakeholders in the forest and different sectors of Russian society.

The most prominent impacts of certification is protection of high conservation value forests, the introduction of new landscape planning approach and introduction of intensive forest management practices instead of extensive ones, which were dominant during socialism. Social impacts include better workers protection and security. Less obvious, but very significant impact demonstrated in model forests is that the power of markets can be used to create intersectoral dialogue and civil society institutions that never existed before, therefore certification can enhance development of democratic initiatives in rural communities. Economic impacts are not that significant, but FSC certification gave more stability and security to the firms to maintain their contracts with western buyers. At the moment there are no negative impacts of certification.

FSC is a way of bringing Russian industry into European markets, and bringing the European practices and technologies into Russia. Interestingly, Western governments fund much of WWF’s promotion of FSC in Russia, including the World Bank, the Swedish International Development Agency, and the Swiss Agency for Development and Collaboration.

Certification is still at the beginning stages, however it is expected to grow immensely due to the European Union policy to stop buying non-certified wood in 2005. Probably all export-oriented companies will take on certification path.

The future of certification in Russian Far East remains uncertain. The two regions of our analysis - Western Europe and Northeast Asia - represent two very different contexts for certification. In Europe, in general, environmental consciousness is global in outlook, and the environmental movement of the West has begun to infiltrate Russia, greatly affecting its nature protection initiatives. China’s market economy is well-developed, however, environmental consciousness remains caged within the country. While European interests are pushing Russia toward ecological modernization and sustainable development, China and the Russian Far East have meshed to create a breeding ground for political corruption, a wild economy, and unchecked environmental degradation. China’s deforestation and flooding problems led in the late 1990’s to a government ban on logging throughout the country. Its domestic timber production fell nearly to zero and Russia quickly became a source of raw materials for China’s consumer products industry. High demand on non-certified round wood of Asian markets, and the high level of illegal logging and corruption networks prevents certification process. There is some hope for change with Chinese government commitment to organize a green Olympics in 2008 and WWF-IKEA project in China, which will promote forest certification. However, environmental community in Russia does not believe that change will be significant. Certification works as a tool to promote sustainable forestry

only in the situation when there is demand for certified wood, which does not exist in the Russian boarder with China. In future to increase interest in forest certification in Russia demand in certified wood in Asian markets need to be constructed. At the moment corrupt networks and illegal logging networks in Russian Far East are more powerful than voluntary certification. Governmental intervention and disruption of corrupt networks is necessary to make certification in Far East possible. In overall Russia, international NGOs, governmental agencies and international markets are necessary requirements for certification to gain domestic support.

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