

Certifying the Uncertifiable

FSC Certification of Tree Plantations
in Thailand and Brazil

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World Rainforest Movement

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EXECUTIVE SUMMARY

Affected local communities and non-governmental organizations (NGOs) are increasingly concerned about Forest Stewardship Council (FSC) certification of large-scale monoculture tree plantations. Millions of hectares have already been certified and it appears that many more will follow unless changes occur within the FSC itself.

This book provides detailed information gathered from two case studies: one in Brazil and one in Thailand. The two cases offer interesting contrasts. In Thailand, the certified plantations are managed by the state's Forest Industry Organisation; in Brazil, by two private corporations, V&M Florestal Ltda. and Plantar S.A. Reflorestamentos. In Thailand, the plantations are mostly teak; in Brazil, eucalyptus. In Thailand, the certified wood is used to produce garden furniture; in Brazil, charcoal. In Thailand, the plantations are certified by SmartWood (Rainforest Alliance); in Brazil by Société Générale de Surveillance (SGS) and Scientific Certification Systems (SCS).

Yet both studies reach similar conclusions. First, FSC certification of plantations is undermining efforts for environmental and social improvement and closing the door to community-based forest management. Second, the certification process is characterized by inadequate information, participation, consultation, transparency and basic social, political, cultural, economic and environmental research. Both case studies reveal major, well-documented failures in complying with FSC principles and criteria – failures which, disturbingly, have not prevented the plantation operations from receiving and maintaining FSC certification.

The authors recommend that the FSC suspend further certification of large-scale industrial tree plantations until it carries out a full review of problems such as those documented in this book.

ABOUT THIS BOOK

Concern over the spread of tree monocultures and their certification is at the centre of this book. However, this concern is merely one part of much broader concerns concerning forests, forest peoples' livelihoods and communities of living things.

Forests perform a number of functions which are vital to both people depending directly on them and to humanity as a whole. The Earth's climate is directly related to the conservation of forests and so is the availability of water. Forests contain most existing terrestrial biodiversity and help feed and cure millions of people. Countless cultures depend on them for their survival. All this has been acknowledged in theory by the world's governments, but too little is being done to put theory into practice. The result is that forests continue to disappear.

Against this background, forest and forest-dependent peoples are fighting an unequal battle to recover community ownership over territories taken away from them to serve other interests. Because such peoples tend to have a special interest in forest conservation, as well as the knowledge needed to use them wisely, their empowerment should be at the core of forest conservation.

Is the Forest Stewardship Council (FSC) contributing to this end or not? Is it strengthening community forest management or playing into the hands of logging corporations? Is it paving the way for the equitable use of forest resources or helping the North maintain and increase its overconsumption?

This book aims at contributing to the debate over such questions by looking specifically at the certification of large-scale tree monocultures. Under the guise of so-called "planted forests", entire ecosystems – forests, grasslands, wetlands – have been wiped out to make way for large-scale tree monocultures feeding an ever-increasing appetite for wood and wood-based products, especially in the North. None of those ecosystems was empty of humans. On the contrary, local people have been dispossessed of lands and forests which were the basis of their livelihoods. Entire regions – even in areas not

themselves converted to monoculture – have suffered the impacts of plantations on the availability of water, fish and wildlife resources crucial to their inhabitants' survival.

Many of those plantations have now been certified by the FSC, thus weakening the struggles of local communities to recover their territories or restore previous ecosystems. Through certification, the FSC is also telling the world an untruth: that plantations are forests. By doing so, it is also weakening the international movement against the spread of industrial monocultures.

By documenting and analysing the problem, this book, it is hoped, will help convince FSC that much needs to be changed in its approach to the certification of plantations.

ACKNOWLEDGEMENTS

This book is the result of a collaborative effort of numerous individuals and organisations sharing a common concern over the fate of forests, forest peoples and others affected by large-scale tree plantations.

We would like especially to thank local people who shared their knowledge with the researchers in the full awareness of the risks this often entailed. Without their contributions, this book would have been impossible. We believe that the best way to thank them is to support their struggles and one of the aims of this publication is precisely that.

We would also like to thank all the people involved in the research teams, who carried out – with very limited resources – the excellent work that is reflected in the case studies included in this book. At the same time we would like to thank the numerous organisations – their own and others – that supported their work.

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We also wish to express, once again, our gratitude to Göran Eklöf (Swedish Society for Nature Conservation) and Heleen van den Hombergh (Novib-Oxfam Netherlands) for their continued support for the WRM. Last but in no way least, thanks to Larry Lohmann who, as usual, did much more than the editing we requested him to do, and provided invaluable suggestions and guidance to all of us.

PROBLEMS WITH PLANTATION CERTIFICATION

By Ricardo Carrere

1. Plantations versus Sustainable Community-based Forest Management

In 1989, in its Penang Declaration, the World Rainforest Movement formally identified tree plantations as a cause of deforestation and dispossession in the tropics. However, the issue had been previously identified by a number of people and organizations working closely with local communities affected by the spread of monoculture tree plantations, particularly in Asia. Many of them were later to become the founding members of the WRM and brought to the movement their knowledge and concerns about the social and environmental impacts of plantations.

The Penang's Declaration's inclusion of plantations as one of the main causes of deforestation – heading the list of causes highlighted in 1989 – is itself clear proof that this is an issue that has been around for quite some time and not a recent discovery. What is more, large scale plantations had been identified as a social and environmental problem in several countries well before the WRM even came into existence. What the Penang Declaration did was to give it the international profile that it was still lacking.

The anti-plantation movement is not, however, attributable to the WRM: it grew from local people being subjected to the impacts of plantations in Africa, Asia, Latin America, Oceania and Europe (particularly Spain and Portugal). In 1994, the WRM requested two of its members, Larry Lohmann and me, to bring together all the available information and analysis on the issue and two years later we produced a book (*Pulping the South: Industrial Tree Plantations and the World Paper Economy*, London, Zed, 1996) aimed at providing activists with a useful campaigning tool.

In 1998, the WRM launched an international campaign against plantations, which is still in place. The final paragraph of the declaration that accompanied the launching of the campaign summarized WRM's approach to the issue:

"We therefore commit ourselves to joining the movements opposed to such plantations – movements which have already achieved significant successes. We are confident that the struggle against the industrial forestry model will at

the same time help enable local communities to implement local solutions to local problems – solutions which will simultaneously have positive impacts on the global environment, and whose continuing evolution we also pledge ourselves to support.”

All over the world, local communities have proven to be capable of managing their forests in a sustainable manner. Community-based forest management has proven to be far more sustainable than industrial-scale approaches from both a social and an environmental perspective. Such management prioritizes the needs and interests of often financially-strapped local communities and provides them with essential resources such as water, fuelwood, edible plants, bushmeat and medicinal plants, as well as cultural and spiritual assets. Community-based forest management thus forms a cornerstone of strategies to eradicate poverty and avoid impoverishment among forest-dependent communities. Moreover, it is now widely recognized that community-based forest management has also proven to be a success story from an environmental point of view.

Quite the opposite can be said regarding industrial tree plantations, which have proved to have negative social and environmental impacts wherever they have been implemented. Local peoples have been deprived by large-scale monoculture tree plantations of lands and forests which provided for their livelihoods. Diversity has been replaced by homogeneity; community management by corporate control; local livelihoods by profit-making; nature conservation by exploitation of resources.

In this context, it is easy to understand WRM’s concern when the Forest Stewardship Council, in elaborating its principles and criteria for forest certification, described plantations as potentially certifiable “forests”.

Although the WRM has neither supported nor opposed certification *per se*, or the FSC certification scheme as such, it has systematically been expressing its disagreement with the certification of large-scale tree monocultures and providing evidence on the impacts of both certified and non-certified plantations.

According to FSC’s Statutes, the aim of FSC is “to promote an adequate management of forests, providing assistance required to achieve an environmentally appropriate and economically viable exploitation of natural resources, avoiding deterioration or affectation of such resources, or the ecosystem or of the surrounding communities. To promote a viable management of the forest resources and a forestry production that preserves the environment.” Any sensible definition of plantations would exclude them from this aim.

WRM maintains that plantations are not forests and should therefore be outside the FSC's mandate. The FSC is the *Forest Stewardship Council* and its aim should thus be to ensure the adequate stewardship of *forests*. The inclusion of plantations as forests adheres to an outdated European forestry approach which equates forests with wood for industry. This approach, which is at odds with modern ecology and with traditional forest peoples' sustainable forest practices, hides the fact that large-scale tree monocultures have nothing in common with forests in either ecological or social terms and that they tend to replace forests and other equally valuable native ecosystems.

Moreover, large-scale plantations are per definition not community-driven. They belong to large industrial companies that have little relationship with the community. The little employment they provide – usually badly-paid and characterized by bad conditions – does not compensate for what communities lose with the appropriation of large areas of their territories by large-scale plantations.

This helps explain why villagers in Thailand, for example, have undertaken efforts to regenerate their community forests on land previously planted with eucalyptus:

“In the early 1990s, in Nong Yak village in Surin province, eight communities grouped together to re-establish community forest on land reclaimed from an FIO eucalyptus plantation. The forest has regenerated and today provides many services and products to villagers.”

It is unfortunate that the FSC has already certified a large number of plantations that are being opposed by communities and NGOs in many countries. By itself this indicates a fundamental problem and a threat to FSC's international credibility. However, FSC does not yet appear to be aware enough of the gravity of the situation to undertake the necessary review. The WRM therefore decided to carry out the present case studies in order to document the issue, thereby raising awareness about the problem. The necessary research was carried out during 2002 and 2003.

It is important to highlight the fact that the two studies reach similar conclusions in spite of the deep differences in the cases: between state-owned plantations in Thailand and, in Brazil, the plantations belonging to two private corporations; between teak plantations in Thailand and eucalyptus plantations in Brazil; between garden furniture production in Thailand and charcoal production in Brazil; between certification carried out by SmartWood (Rainforest Alliance)

in Thailand and by Société Générale de Surveillance and Scientific Certification Systems in Brazil.

It is also important to stress that these two countries are by no means an exception and that the WRM has documented similar problems in a wide range of countries (information available at <http://www.wrm.org.uy/plantations/information.html>). Although generalizations are always contentious, we believe that if FSC staff were to visit large-scale plantation areas in countries such as Chile, Uruguay, South Africa, Indonesia, Malaysia – to name but a few – and were they to ask local people about plantations, they would almost certainly receive the same message as that documented in these two case studies: large-scale plantations should not be certified. Such visits, however, would need to be unimpeded by the presence of logging company officials or police officers, which, as documented by the Rainforest Foundation, have marred recent certifiers' visits to Indonesian sites.

2. Evidence about the Extent of FSC-Certified Plantations

While organized opposition to large-scale tree plantations is growing, many such plantations are receiving FSC certification. The following is a selection of plantations already certified by the FSC as “forests” on its web page. We have excluded plantations described as “Semi-Natural and Mixed Plantation & Natural Forest”, so as to highlight only those which can be characterized as typical industrial tree plantations. However, many of the plantations even under the former heading are in fact large-scale tree monocultures, such as the Dutch FACE Foundation's 20,000 hectares in Ecuador and 35,000 hectares in Uganda or Ston Forestal's 22,673 hectares in Costa Rica, most of which were strongly opposed by local movements during the 1990s. This raises the question of how many more thousands of hectares of plantations might be hidden under this category.

However, the available figures for plantations identified as such provide a sufficiently clear picture of the proportion of “certified forests” that are actually plantations.

Table 1: Certified Plantations

Country	Certified plantations		Percentage of certified plantations in total area certified
	Number	Hectares	
Argentina	4	28,656	100
Brazil	17	870,879	68
Chile	10	349,989	99
Colombia	1	20,056	100
Costa Rica	11	32,698	51
Ecuador	1	1,341	6
France	2	3,150	19
Germany	1	14,370	3
Guatemala	1	2,242	0.64
Ireland	1	438,000	100
Japan	5	8,583	6
Malaysia	1	12,434	16
Netherlands	1	939	0.7
New Zealand	9	585,321	96
Panama	4	9,099	100
South Africa	15	888,703	96.2
Sri Lanka	2	9,790	100
Swaziland	1	17,018	100
Thailand	2	6,349	100
United Kingdom	12	771,945	72
United States of America	1	7,001	0.2
Uruguay	4	75,063	100
Zimbabwe	3	85,711	67

Source: FSC web page: List of Certified Forests (Information accurate as of May 30, 2003)

These figures prompt the following conclusions:

1) Certified plantations now occupy 4,221,384 hectares of land. This figure is however a minimum, given the unknown area of plantations included in the “Semi- Natural and Mixed Plantation & Natural Forest” category, which comes altogether to more than 16 million hectares.

2) In several countries, no actual forests have been certified, only plantations: Argentina, Colombia, Ireland, Panama, Sri Lanka, Swaziland, Thailand and Uruguay.

3) In other countries, certified plantations are by far the most important component of what FSC defines as “certified forests”. Such are the cases of Brazil (68%), Chile (99%), New Zealand (96%), South Africa (96%), United Kingdom (72%) and Zimbabwe (67%).

4) Although the details do not appear in the above table, the FSC web page also shows that several certified plantations cover more than 100,000 hectares each. These include three cases in Brazil (235,886 ha, 218,545 ha and 103,036 ha), one in Chile (120,237 ha), one in Ireland (438,000 ha), one in New Zealand (360,000 ha), one in South Africa (399,068) and three in the United Kingdom (298,780 ha, 255,945 ha and 118,229 ha). It is difficult to understand what could justify such extremely large plantations being certified.

Such plantations are a world away from the sustainable, community-managed forests that have proven to be so successful in poverty eradication and nature conservation.

3. How Have So Many Tree Monocultures Come to be Certified by the FSC?

In a special WRM bulletin focused on the FSC and plantations (January 2001), the WRM editorial stated that “even if one accepted – which we don’t – that plantations are forests, the fact is that Principle 10 is so weak that most plantations – with the exception of those in areas marked by land conflict – can be declared ‘sustainable’ and given FSC certification.” (The WRM’s detailed critique of Principle 10 is included as an annex to this book.) Unfortunately, we have been proven right. Since the editorial was published, the area of certified plantations has dramatically increased – and even in “areas marked by land conflict”.

Our case studies also highlight further evidence of Principle 10’s intrinsic weakness.

The Thai study finds that “Principle 10 is by far the weakest of FSC’s principles and almost any commercially managed plantation would comply with the principle”. It goes on to note that

“Aside from the basic untruths in FSC’s statement regarding plantations, the language used does not lend itself to precise interpretation. The principle does not state that plantations *shall* provide an array of social economic benefits, or that they *shall* contribute to satisfying the world’s needs for forest products. The principle states simply that plantations ‘can’ do such things, without specifying the circumstances required. If unqualified, it is a highly contentious statement, particularly in Thailand, where farmers and local communities have long campaigned (against organisations including FIO) for the right not to have monoculture plantations established on their farmland, commons and community forests.”

The Brazil study, for its part, shares the concern of “many socio-environmental movements and organisations in both the South and the North regarding the certification of millions of hectares of uniform and large-scale plantations of trees”. It observes that “since the FSC formulated and approved Principle 10, numerous complaints have been lodged against certified plantations. ... How can such plantations, these movements and groups ask, be considered ‘sustainable’?”

Principle 10’s structural weakness is exacerbated by weak enforcement, which helps explain how the three plantations analysed in this book achieved certification. Weak enforcement is also one of the reasons so many plantation operations not discussed in this book are now entitled to market their wood with an FSC logo, in spite of their adverse social and environmental impacts and the resulting local opposition.

4. Some Conclusions from the Case Studies

This section is not aimed at summarizing the findings of the two case studies. To understand the full range of complex issues involved, read the full reports included in this book. It may be useful for both FSC members and plantation opponents, however, to try to extract some broad conclusions about the role that the FSC is playing – intentionally or unintentionally – in the plantation drama.

Undermining local struggles and closing the door to community-based forest management

Both case studies show that FSC certification is undermining local struggles and closing the door to more sustainable options, like community-based forest management.

The introduction to FSC's Principles and Criteria states that "FSC intends to complement, not supplant, other initiatives that support responsible forest management worldwide." Yet the first case study in this book shows that, in Thailand,

"SmartWood has effectively undermined an ongoing discussion about people and forests and what constitutes 'sustainable forest management'. Rather than contributing to the ongoing discussion of forestry issues and the need for sustainable community-based forest management in Thailand, SmartWood's certification process has side-stepped it."

That certification process, in addition, "could result in an increase of monoculture plantations throughout the country", which is precisely what local people have been fighting against for many years:

"Since the 1980s, local communities have opposed large-scale tree plantations, particularly of eucalyptus. Plantations have replaced community forests and commons, forced villagers from their farmlands, and led to water scarcity and soil erosion."

Certification, moreover, is strengthening the Forest Industry Organisation (FIO), an agency that many Thai nongovernmental organisations and local community groups believe should be dismantled because of its past and present forest-destructive and livelihood-undermining practices. As the Thai case study suggests, SmartWood's assessment appears to overlook the fact that, as a certifier, it is "partly determining FIO's 'right to be around' by ignoring the reality of social opposition to its very existence." The study concludes that SmartWood's certification process has in effect undermined democratic processes and discussions about land rights, people and forests in Thailand and that FSC should revoke FIO's certificate.

In Brazil, FSC certification is effectively undermining local peoples' struggles to recover their lands. The case study research team noted "clear evidence of disputes with company neighbours over property and traditional use and tenure rights." Ownership over most of the land currently in the hands of the two plantation companies involved (as well as others elsewhere) is being contested by the numerous local communities from which it was taken away. Other disputes between small farmers and the companies concern agrochemical use, blocking of roads or disruption of access, and water management.

In Brazil, FSC certification has also seriously undermined workers' rights:

"Nothing can excuse SGS's and SCS's absolute silence, in their Public Summaries and annual monitoring reports, regarding the serious labour

problems in V&M's and Plantar's certified forestry management units, especially given the prominence of the issue in local political discussion and the Minas Gerais press and on television. Sub-human labour conditions, excessively long working hours, child labour, illegal outsourcing, subjection of workers, irregular transportation, unhealthy and degrading work, blacklisting of worker leaders, lack of freedom and lack of union autonomy – all this has been the subject of innumerable articles in the regional mass media as well as public debates in several municipalities and the state and federal parliaments.”

Although the Brazil case study does not mention this, it is important to highlight the fact that people and organizations from the whole region (comprising the states of Minas Gerais, Espírito Santo, Bahia and Rio de Janeiro) have created a broad network to oppose the further spread of eucalyptus plantations. The name they gave it clearly explains its purpose: the “Movement Alert Against the Green Desert”. FSC certification is undermining this movement, which is itself a result of the proven social and environmental impacts of eucalyptus plantations – the same type of plantations that are being certified.

In both Thailand and Brazil, the certification of plantations is closing off more socially just and environmentally friendly land-use options, in particular community-based forest management. A spokesperson for the Community Forest Recovery Committee in Thailand's Nong Yak village (mentioned above) described one example:

“We began to protest when we realised that a eucalyptus plantation is not a forest. Before, the natural forest was very important for us. We gathered mushrooms, bamboo shoots, insects and herbs for food. There was water, and there were animals and birds. The forest was cool and peaceful. Eucalyptus plantations gave us no benefits, there was nothing to eat.

“For fifteen years, we lived with the eucalyptus, protesting against it. We went to the subdistrict council, to the district chief, to the provincial government, and then to Bangkok. We told them the problems. They said they understood the problems, but couldn't see a solution. They said they would solve the problems, then they did nothing. For 15 years we had this problem. I wondered, were they stupid? They could not see simple solutions.”

“If there is no forest, we can't live. Three years ago we decided to solve the problem by ourselves. We cut down the FIO's eucalyptus trees on 35 *rai* [5.6 hectares] of land. The police tried to arrest us, but they couldn't – there were too many of us.”

The above sheds light into some of the problems regarding certification. Recovering land planted with tree monocultures to reconvert them into community forests is not an easy task – both politically and practically. In the case of certified plantations, the difficulty would be much greater and certification would be playing into the hands of plantation owners against local communities. If getting any area planted with trees back to a local community is an extremely difficult task, a certified plantation would make matters even worse and particularly if certified by an organization that has the backing of social and environmental NGOs such as the FSC.

The Brazilian case study, similarly, documents how eucalyptus plantations – including those of the two certified companies – have been one of the major causes of destruction of the native *cerrado* vegetation. As a result, local communities have been deprived of sustainable means of livelihood. As one researcher quoted in the study notes, the

“diversity of the native flora is ... of capital importance for the *geraizeiros* (inhabitants of the *cerrado*) ... extractive activities contribute up to 42% of the annual gross production and provide, in addition to external income generated by the marketing of some products, food that is rich in vitamins, minerals and proteins, edible oils, soap, remedies, medicinal plants, timber, etc. ... typical family agro-ecosystems use between 26 and 78 different species of native plants. One of the families surveyed showed a knowledge of 114 different plants: their use (food, medicinal or others), their most common location in the landscape, their form of reproduction (seeds or cuttings) and, in many cases, the month in which they flower or the fruit can be harvested.”

For the purposes of FSC certification, it may matter little that the plantation companies burned this *cerrado* for the sake of charcoal and eucalyptus plantations, since the destruction took place before November 1994. Nevertheless,

“the impact of the destruction of the biome is felt up to today, mainly by the local people who lost much of their flora, fauna and water and suffered the consequences of the application of agrochemicals. Far from protecting what native vegetation remains, the thousands of hectares planted with eucalyptus ended up becoming a hazard.”

The study contends that the economic and social benefits of products such as charcoal for steel production or timber for paper pulp production are “small

compared with the negative social impacts of the associated industrial plantations on the lives of workers and the negative socio-economic impacts on the life of local communities.” From a social and environmental perspective, it is clear that local populations would benefit much more from the restoration of the native *cerrado* forest and safeguards on their right to use and manage these forests in a sustainable manner than from eucalyptus plantations. But the spread of plantations is closing off the option of community-driven restoration.

Irregularities in the certification process

The certification process, on the evidence of the two case studies, is riddled with problems of lack of information, participation, consultation, transparency and even basic social, political, cultural, economic and environmental research. What makes this state of affairs especially disturbing is that the certifying firms involved (SCS, SGS and SmartWood) are responsible for the bulk of plantation certification not just in Thailand and Brazil, but throughout the world. Their faulty practices (including, as the Brazilian case study notes, accepted sequences of activities, “manuals, checklists, itineraries or defined methodologies”) are likely to be repeated everywhere.

Three issues deserve special highlighting here: lack of compliance with FSC rules, lack of compliance with FSC principles, and certification firms’ vested interests.

The FSC prides itself on its attention to social issues. Consultation with local people, communities and organizations lies at the core of its credibility. However, in both Thai and Brazilian cases, consultation has been lacking.

Villagers living near the two plantations of the Thai case study, for example, “had never heard of either FSC or SmartWood”:

“Somsak Ratanawaraha, the village head man of Ban Nam Tok Poi, a village near the Khao Kra Yang plantation, is listed as ‘consulted’ in SmartWood’s Public Summary. When asked about the consultation process, however, he said, ‘We didn’t talk about anything, they only asked me questions. They didn’t talk about FSC. They didn’t talk about certification at all. They were talking about the plantation and what benefits are coming’.”

Surapong Supkai, president of the council of the Tambon Administration Organisation (TAO), the relevant subdistrict government organization near the Thong Pha Phum plantation, had also never heard of either SmartWood or FSC. “The TAO was not consulted,” Surapong insisted.

SmartWood's neglect of proper consultation procedures extends to NGOs. SmartWood's list of "stakeholders" consulted, for example, includes Noel Rajesh, described as a "Journalist – *Mekong Watershed Journal*" from an organisation called People's Forum on Ecology. In fact, Rajesh works for TERRA, a Thai NGO which publishes a magazine called *Watershed: People's Forum on Ecology*. Furthermore, Rajesh was not "contacted and consulted" by the SmartWood team. Rather, he interviewed Jay Blakeney, one of SmartWood's assessors, on 10 October 2000 in the coffee shop of Don Muang, Bangkok's international airport, for an article he was writing for *Watershed*.

"I find it very disturbing that SmartWood would refer to the interview as 'consultation'," Rajesh wrote on 21 August 2001 to Richard Donovan of Rainforest Alliance (with copies to Jeffrey Hayward and Jay Blakeney of SmartWood):

"Neither Mr. Jay Blakeney nor any member of SmartWood made any attempt to contact *Watershed*. In fact, we did not receive from SmartWood any formal information on the assessment process, or of SmartWood's involvement, or Mr. Blakeney's visit to Thailand. We learnt of the certification process from a newspaper report, managed to get Mr. Blakeney's number and contacted him by leaving several messages at his hotel. Finally when we spoke, the only time he said that he had available was just before his flight. So we met at the airport before Mr. Blakeney's departure from Thailand and did the interview that lasted less than an hour. I am not sure how SmartWood can classify this as 'consultation'."

Richard Donovan promised to remove Rajesh's name from the stakeholder list" (Donovan 2001), but more than one year later, it was still there, at the top of the list of SmartWood's "other stakeholders".

A similar pattern of lack of consultation is manifest in the certification of the two companies in Brazil. The Public Summary for V&M enumerates various "interested parties" with which, according to SGS, "meetings and discussions were held", but does not comment on the results of these meetings and discussions. Trade union members mentioned in the list of "interested parties" supposedly consulted by SGS deny that they were consulted during the certification process in 1998. Members of one trade union testified, indeed, that they had learned that the company had obtained the FSC seal only when they saw posters on the wall of company headquarters in Curvelo advertising the fact.

SCS, for its part, claims to have "contacted various companies providing sub-contracted services to Plantar, local leaders and NGOs", and states that it

“did not contact the Rural Workers Trade Union in the zone because there is none in activity in the city of Curvelo”. Nor did it attempt to investigate the reasons for this surprising absence, nor to contact the Minas Gerais Federation of Rural Workers’ Trade Unions (FETAEMG) in Belo Horizonte or the Minas Gerais Extractive Industry Workers Federation (FITIEMG), which directly represents the working class in the eucalyptus zones.

In addition, SCS and SGS both failed to contact other important “interested parties” including:

- The (Federal) Public Ministry of Labour (MPT) of Belo Horizonte (MG), which for years has been investigating or prosecuting illegal activities undertaken by practically all the companies taking part in charcoal production and practicing outsourcing, including V&M and Plantar;
- The Regional Labour Office (DRT), which, in March 2002, prosecuted some 50 companies, among them Plantar and V&M, for illegal outsourcing of labour and for not respecting the labour environment;
- The Parliament of the State of Minas Gerais, which over the past 12 years has set up at least three Parliamentary Investigation Commissions (CPI) to investigate the practices of forestry companies, including those of V&M and Plantar;
- The Extractive Industry Workers Federation of Minas Gerais (FITIEMG) in Belo Horizonte (MG), which represents and defends the interests of wage earners and salaried employees who work in forestry and charcoal production, and which has denounced illegal sub-contracting and slave child labour in the charcoal stacks of companies planting eucalyptus;
- The Federation of Agricultural Workers of the State of Minas Gerais (FETAEMG), which represents rural workers trade unions in the state;
- The Montes Claros (MG) Pastoral Land Commission (CPT), an organisation originating in the Catholic Church respected for its defense of peoples’ right to land. The Commission followed closely the work of the first Parliamentary Investigation Commission (CPI) set up in 1994 to look into plantation company activities, including those of V&M (Mannesman at the time) and Plantar, and verified the existence of slave labour on the companies’ property;
- The state deputy, Rogerio Correia, author of the so-called Pequi Law (Law 13965/01) promoting cultivation, extraction, consumption and marketing of *pequi*, a typical fruit from the savannah zones, in addition to other typical fruit;

- The Montes Claros Centre for Alternative Agriculture (CAA) which is fully aware of the impacts of eucalyptus cultivation on the savannah and which develops activities aimed at the sustainable use of the savannah by the local communities, verifying their economic, social and environmental sustainability;
- The State University of Montes Claros (UNIMONTES) which, since the Pequi Law (Law 13965/01) has coordinated research, maintained a database, prepared and disseminated teaching materials, and generally promoted recovery of the local culture and other activities related to the *pequi* (*Caryocar brasiliense*) and other native *cerrado* products.

In addition, both the Thai and the Brazilian case studies provide abundant evidence of the lack of compliance of both certified companies with a number of FSC principles. The Thai study begins by addressing the issue of whether the agency complies with “all applicable laws of the country” (Principle 1) and points out that SmartWood’s Public Summary includes no mention of the “most obvious law” that it should have considered in the case of FIO: the ban on logging concessions, passed by the Thai government in January 1989:

“SmartWood’s assessors have decided that the logging ban simply does not apply to FIO’s plantations. In doing so, they are ignoring an ongoing discussion in Thailand about the logging ban and the role of the FIO.”

The Thai case study compares one by one each FSC principle to the reality of the plantations and documents infringements in practically all of them: land tenure, Indigenous Peoples’ rights, community relations, workers’ rights, benefits from the forest and so on. The conclusion should have been very clear – denial of certification – but instead, both plantations were certified.

The Brazil case study uncovered a similar state of affairs:

“Forest management by V&M and Plantar has clearly and continuously infringed Brazilian laws, as well as certain international treaties signed by Brazil such as the International Labour Organisation (ILO) Conventions and the International Pact on Economic, Social and Cultural Rights (IPESCR). This was the unanimous conclusion reached by our research group following fieldwork carried out around the two companies’ plantations and study of reports and documentation from various sources in Belo Horizonte.”

As in the Thai case, the research team compares FSC requirements with reality and provides abundant evidence that neither company’s operations should have been certified.

A final issue that needs to be raised relates to the certification process as a whole. This is the question of vested interest. Certification firms are paid by companies wishing to be certified, not by local communities, FSC, or other NGOs. Certification firms wishing to be hired frequently by such companies will have a strong incentive to certify quickly without imposing too many conditions or monitoring compliance with FSC principles too closely. Because time and money are limited, they will also have a strong incentive to avoid adequate consultation processes, which are by their nature slow and expensive. As a result, certification firms are likely to be more willing to listen to company officials' assurances than to take on board local people's viewpoints.

As one head of a village near an FIO plantation in Thailand noted, SmartWood personnel "are received in the FIO office and they are taken around by the FIO":

"They never come to talk to the villagers. The FIO people talk with them. They have never come and said we want information from the villagers".

What is at issue here is not the ethics of the individual staff members of the three certification firms addressed in this book, but a system of perverse incentives, moral hazard and structural conflict of interest. The incentives for staff both at FSC and at its contracted certifiers to follow FSC principles and criteria are simply inadequate. Certification procedures will not improve without better career and institutional incentives for certifiers to take FSC principles seriously.

The two case studies that follow provide more than enough evidence of serious problems in the FSC system that need to be addressed immediately. We sincerely hope that they will serve the purpose of promoting an active and informed discussion within the FSC aimed at saving what the FSC cherishes most: its credibility.

THE THAI CASE STUDY

SmartWood's Certification of the Forest Industry Organisation in Thailand:
Why FSC Should Revoke the Certificate

By Chris Lang

1. INTRODUCTION

In June 2001, two teak plantations managed by Thailand's Forest Industry Organisation (FIO) were awarded a certificate as "well managed" under the Forest Stewardship Council (FSC) system. The plantations – at Thong Pha Phum district of Kanchanaburi province and Khao Kra Yang district of Phitsanuloke province – were assessed by SmartWood, an FSC accredited assessor, which is run by Rainforest Alliance, a New York-based NGO. SmartWood's team assessed the two plantations in October 2000.

Despite the fact that the certified area covers less than 3.5 per cent of FIO's total plantation area, the certificate enables FIO to claim that it is practising "sustainable forest management". Before the assessment was carried out, FIO's Chittiwat Silapat told the *Bangkok Post* that certification would be "a major step towards the end of deforestation and the beginning of sustainable development" (Umdao 2000).

FIO is a state-owned forestry enterprise formed in 1947 to manage logging concessions in Thailand. Until the government's logging ban of 1989, FIO was responsible for organising the destruction of large areas of Thailand's forests. FIO has also established 140,000 hectares of plantations in Thailand, often without the consent of local communities using the land. Certification under FSC enables FIO to cover up its history and its financial problems, which have become severe since the logging ban deprived the organisation of its main source of income.

The certification process did not start with SmartWood's assessment. Between 1993 and 2000, the Swedish aid agency SIDA (Swedish International Development Cooperation Agency) funded a project aimed at "finding a new life for FIO". A Swedish consulting firm, SCC Natura, spent five years preparing FIO for certification and was supposed to have started a process to develop national standards for sustainable forest management in Thailand. It failed.

Moreover, many NGOs learned about the certification process only when a short article appeared in the Bangkok Post in August 2000.

FIO plans ultimately to get all its plantations certified. According to Jeffrey Hayward of SmartWood, they could even all be certified together as a group. However, in May 2002, SmartWood's team assessed five more FIO plantations and found they did not comply with FSC's Principles 2, 3, and 5.

FSC certification of FIO raises several issues of concern to local people and NGOs in Thailand:

- FSC certification of two FIO plantations allows FIO to legitimise and expand its overall operations.
- The fact that only two of FIO's more financially-viable plantations have been certified allows the organisation to deflect attention from its debts of US\$11.5 million and the fact that it makes a loss every year.
- Certification of the two plantations could result in an increase of monoculture plantations throughout the country under the guise of "sustainable forest management".
- The certification could undermine Thailand's 1989 ban on logging concessions. SmartWood's public summary of the assessment makes no mention of the ban.
- FIO's main reason for wanting the certification appears to be to sell its timber internationally, to raise the money needed to rescue the organisation.

The introduction to FSC's Principles and Criteria states that "FSC intends to complement, not supplant, other initiatives that support responsible forest management worldwide." Yet in Thailand, SmartWood has effectively undermined an ongoing discussion about people and forests and what constitutes "sustainable forest management". Rather than contributing to the ongoing discussion of forestry issues in Thailand, SmartWood's certification process has side-stepped it.

SmartWood's certification process raises a further series of issues:

- SmartWood's assessment was not thorough and involved little consultation either with Thai NGOs or with local people living near the plantations.
- SmartWood's public summary of the certification does not conform to motion 26a, passed at the 1999 FSC General Assembly, which states

that “Public Summary Documents shall contain sufficient information to make clear the correlation between the specific results of the certification assessment and FSC Principles and Criteria”.

- The certification took place before any broad-based discussion about certification in Thailand had started. There was no Standards Working Group at the time of the certification. However, rather than developing an interim standard, which according to Motion 29, passed at the 1999 FSC General Assembly, “must be finalised and circulated to stakeholders at least one month prior to the certification decision”, SmartWood used the SmartWood “Generic Guidelines for Assessing Forest Management” to carry out the assessment.
- SmartWood appears to have awarded the certificate on the basis of hoped-for rather than actual improvements. SmartWood set 26 conditions, 15 of which FIO had to meet within one year. According to SmartWood’s first-year audit, FIO had failed to meet five of the conditions and had only “partially met” seven more conditions. However, instead of revoking the certificate, SmartWood issued a series of “corrective action requests” with new deadlines.

The issues raised in this report are presented to encourage debate in Thailand and internationally about the role of the FIO and that of the various international institutions supporting FIO and its model of industrial forestry.

Section 2 looks at the history of FIO and the impact the organisation has had on Thailand’s forests and local communities. FIO has been, and still is, involved in several controversial activities, including logging plans at Ban Wat Chan, proposed pulp mills and eucalyptus plantations, auctioning of illegal logs and a system of employment through “forest villages”, which has deprived villages of their land rights.

Section 3 examines how the idea of certifying FIO arose – through a Swedish government funded project entitled “Organisational Development Project”. A Swedish consulting firm, SCC Natura, advised FIO for the seven years that the project ran. However, during this period, SCC Natura failed to encourage a debate about certification in Thailand as part of their project.

Section 4 describes some of the problems with the certification process itself, particularly how SmartWood failed in its attempts to consult with Thailand’s NGO movement.

Section 5 looks in detail at whether FIO’s management complies with FSC’s Principles and Criteria. Based on the information in SmartWood’s Public

Summary (particularly the conditions that SmartWood's assessment team issued) and interviews with villagers living near the plantations, it appears there are several major failures to meet the principles. FIO's failure to meet five of SmartWood's conditions before the first-year audit should have resulted in SmartWood's revoking the certificate. Instead SmartWood replaced the conditions with a series of corrective action requests.

The report concludes that SmartWood's certification process has in effect undermined democracy in Thailand and that FSC should revoke FIO's certificate.

2. FIO'S HISTORY

Thailand's Forest Industry Organisation was established in January 1947 as a state-owned forestry enterprise. Operating under the Ministry of Agriculture and Cooperatives, FIO was established to carry out three main activities: logging in concession areas; logging in non-concession areas including the sites of proposed reservoirs and dams; and the use or sale of confiscated wood either illegally cut or illegally imported into Thailand.

Until the January 1989 government ban on inland timber concessions in Thailand, 80 per cent of FIO's income came from logging (Suphaphan 1994). In 1988, the organisation had a total income of US\$37 million with profits for the year of about US\$4 million.

Thailand's forests were simply mined. Timber production peaked at 4.5 million cubic metres in 1968, and by the mid-1980s the country had become a net importer of timber. Forest area declined from 274,000 square kilometres in 1961 to 143,000 square kilometres in 1989.

The 1989 logging ban deprived the FIO of logging opportunities in inland forests (logging concessions continued in mangrove areas), and "everything collapsed overnight", according to Chittiwat Silapat of FIO. The organisation survived by selling timber stockpiled in its yards, and by running up debts. "If we were a private company, I think we would be bankrupt," said Chittiwat (Chittiwat 2000). By early 2001, the agency had accumulated debts of about US\$11.5 million.

In July 1997, the director of the FIO, Narong Sukree, was transferred to an inactive post at the Ministry of Agriculture and Cooperatives, after failing to solve the FIO's financial problems. Deputy Agriculture Minister, Pravat Utamok, who authorised the transfer, told the *Bangkok Post* that he had not "heard of any progress in the assignments I gave Mr Narong in the past six months. Everyone in the FIO administration committee agrees he deserves it" (*Bangkok Post*, 18 July 1997).

In September 1998, the government passed a Cabinet resolution which required FIO to streamline its operations and to privatise some of its businesses. Two years later, the Agriculture Ministry asked the Cabinet to consider postponing repayment of two FIO loans. FIO was required to pay two debts before the end of the year 2000: US\$6.9 million to Krung Thai Bank and US\$4.6 million to the FIO Pension Fund. The loan granted by the Pension Fund had already been extended for more than one year (*The Nation*, 2 February 1999).

FIO's 1999 Annual Report reveals the precarious nature of the organisation's finances. In 1999, the company's total expenditure was 920 million baht (US\$21.9 million). Total income was 902 million baht (US\$21.5 million). To make up the loss, FIO sold land valued at 150 million baht (US\$3.6 million). The previous year, FIO had made a loss of 226 million baht (US\$6.3 million) (FIO Annual Reports, cited in SCC Natura 2001: 5).

In 1999, a despairing Col M.R. Adulyadej, then FIO's managing director, told the *Bangkok Post*, "All of our money-making channels seem to be closed. I see no reason why the FIO should stay" (Uamdao 1999).

Today, the FIO's main activities are the processing of timber from commercial tree plantations and the auctioning of illegal timber. The organisation has a total of 144,000 hectares of tree plantations, mainly of teak, rubber, and eucalyptus. The FIO has four sawmills for processing timber and for producing furniture, doors and windows for the local market. The FIO is also the majority shareholder in the Thai Plywood Company, which is a separate company set up under the FIO to undertake wood production. In 1996, the FIO processed 104,980 cubic metres of teak and 176,180 cubic metres of other tree species including eucalyptus.

Until recently, FIO's teak plantations have only produced small-diameter timber from thinning operations. However, many of the plantations were established 30 years ago and the trees are now reaching a marketable size. In its Final Report for the Swedish-funded FIO Organisational Development project, SCC Natura's consultant Tomas Jonsson states: "FIO's plantations produce wood from thinning operations but within the next years mature timber will be available from clearfelling operations" (SCC Natura 2001: 5).

FIO's record provides a good indication of its likely future performance barring a major restructuring of the organisation and a complete overhaul of the organisation's thinking and operations. The impact of FIO's "management" on Thailand's forests, and the way the organisation deals with local people,

have caused many NGOs in Thailand to question the role, if any, that FIO should play in the future.

To highlight some of the basic structural problems within FIO, some of the controversies in which FIO has been involved are outlined below.

Ban Wat Chan

The example of the FIO's activities in the Ban Wat Chan forest in northern Thailand illustrates how the interests of the FIO and those of villagers are often contradictory.

Since the mid-1980s, FIO has had plans to clearcut an area of 24,000 hectares of old-growth pine forests in Ban Wat Chan in Chiang Mai province. The operation was eventually cancelled after strong opposition by Karen communities who were concerned about the impacts on their livelihoods from the logging of their forests.

FIO received considerable international backing for its logging plans in Ban Wat Chan. In 1984, the Finnish forestry consultants Jaakko Pöyry produced a feasibility study for the "Ban Wat Chan Forestry Project". In 1990, FIO reached a funding agreement with the Nordic Investment Bank, set up a sawmill and prepared to start logging operations. The following year, Jaakko Pöyry produced another study, this time funded by the Nordic Project Export Fund and entitled "Preparation of a Plan for Integrated Rural Development".

Karen villagers living in the area questioned the "science" behind the project, particularly the idea of cutting trees over 200 centimetres in diameter, which FIO claimed to be "old and dying". Karen villagers pointed out that old trees formed an important part of the ecosystem and contributed to the biodiversity of the forest. Unlike FIO and their consultants, Karen villagers see the forest as more than a supply of timber. A village representative explained: "More than 4,000 village people live in 15 Karen villages and depend on the Ban Wat Chan pine forest that is habitat for plants and herbs used by the communities" (*Watershed* 2000: 49).

In 1998, FIO returned to Ban Wat Chan, this time wanting to remove 2,000 "dead trees" from the pine forest. An FIO official said, "the trees should be removed and sold to make money. Leaving the trees to decompose where they are is completely useless" (*Watershed* 2000: 49). Villagers again rejected FIO plans, forcing FIO to withdraw from Ban Wat Chan once again. Villagers pointed out that large areas of forests would be damaged, "since the trees are scattered over a 24,000 hectare area and cannot be removed without roads" (*Watershed* 2000: 50).

Despite the fact that the FIO's logging plans have twice been stopped by local opposition, FIO has recently made further attempts to involve itself in Ban Wat Chan's forests. A recent FIO management plan proposes that FIO enter the ecotourism business. Again FIO is seeking international funding, in this case from the Japanese Bank for International Cooperation.

In cooperation with the Tourism Authority of Thailand, FIO has begun construction of four ecotourism centres costing US\$3.3 million each, one of which will be located in the Ban Wat Chan forest. Local communities have voiced concerns that the ecotourism plans threaten the Ban Wat Chan watershed forest. Villagers have stated that the expansion of roads in the hilly and forested terrain is increasing soil erosion and forest degradation.

"The FIO's ecotourism project continues to pose a major threat to the Wat Chan pine forest and the livelihoods of local communities," said Hataishanok Intharakhamhaeng of Project for Ecological Recovery (*Watershed* 2000: 51).

Pulp Plantations

Since the 1980s, local communities have opposed large-scale tree plantations, particularly of eucalyptus. Plantations have forced villagers from their farmlands, replaced community forests and commons, and led to water scarcity and soil erosion.

In several instances in Thailand, villagers have successfully regenerated their community forests on land previously planted with eucalyptus. In the early 1990s, in Nong Yak village in Surin province, eight communities grouped together to re-establish community forest on land reclaimed from an FIO eucalyptus plantation. The forest has regenerated and today provides many services and products to villagers. Sa-ad Koonchat, spokesperson of Nong Yak village's Community Forest Recovery Committee, summed up the problem people in his village faced in an interview with *Watershed* magazine:

"We began to protest when we realised that a eucalyptus plantation is not a forest. Before, the natural forest was very important for us. We gathered mushrooms, bamboo shoots, insects and herbs for food. There was water, and there were animals and birds. The forest was cool and peaceful. Eucalyptus plantations gave us no benefits, there was nothing to eat.

"For fifteen years, we lived with the eucalyptus, protesting against it. We went to the subdistrict council, to the district chief, to the provincial government, and then to Bangkok. We told them the problems. They said they understood the problems, but couldn't see a solution. They

said they would solve the problems, then they did nothing. For 15 years we had this problem. I wondered, were they stupid? They could not see simple solutions.”

“If there is no forest, we can’t live. Three years ago we decided to solve the problem by ourselves. We cut down the FIO’s eucalyptus trees on 35 *rai* [5.6 hectares] of land. The police tried to arrest us, but they couldn’t – there were too many of us” (*Watershed* 1998: 35).

Since 1996, several other communities in northeastern Thailand have succeeded in forcing the government to remove the eucalyptus trees and return the lands for village farming and recovery of community forests.

In the early 1990s, FIO planned a US\$168 million joint venture pulp mill in Si Sa Ket in northeast Thailand. Siam Cement Group and Advance Agro, two Thai pulp and paper companies, were to have held a majority share in the project, with a 10 per cent share held by the Industrial Finance Corporation of Thailand.

A wide range of villagers and environmental organisations opposed the proposed project. Villagers wrote letters to the FIO, the Science Ministry, the Office of the Prime Minister’s Secretariat and the province’s nine MPs, asking for the plan to be reconsidered (Walakkamon 1995). In April 1994, about 200 villagers from Kanthararom district in Si Sa Ket province rallied in front of the provincial hall to protest the proposed pulp mill (*Bangkok Post*, 19 April 1994). The project was eventually shelved as a result of the local opposition.

FIO’s Chittiwat Silapat dismissed the villager’s complaints, in a view which typifies FIO’s technocratic approach to forestry. He said, “Once the pulp mill had been established it would have benefited the local people and they could have had more jobs, and at the same time create more forest cover. Even if it was eucalyptus” (Chittiwat 2000).

Recently, the Chinese government has offered FIO the possibility of getting involved in another pulp mill project. Four years of talks between the Thai and Chinese governments to establish a US\$1 billion plantation and pulp project have come to nothing, and in 2001 Thai newspapers reported that the Chinese government was looking at FIO’s plantations as a source of raw material for the proposed pulp mill (Ploenpote 2001; *The Nation*, 28 August 2001). The pulp would be exported to China.

The proposal once again brought the FIO into opposition with NGOs and local communities. Pakphum Withantiwat, an advisor to the Assembly of the Poor, Pompana Kuaycharoen of Project for Ecological Recovery, Surapon Duangkhae

of Wildlife Fund Thailand and Daycha Siripat, an advisor to the Alternative Farming Network have all given press interviews opposing the project. NGOs have also organised seminars to discuss the possible impacts of the project.

Illegal Logging

FIO has been implicated in several scandals concerning illegal logging in Thailand. In 1994, police investigating logs found in the Salween National Park discovered that the wood belonged to FIO, and brought charges against the organisation, alleging that it was involved in illegal logging practices. The amount of logs imported from Burma appeared to exceed a quota agreed to between the FIO and the military dictatorship in Burma.

In 1997, FIO was associated with another illegal logging operation in the Salween National Park. Trees were illegally cut down in Thailand, shipped across the Salween River to Burma, and stamped as Burmese timber which was then imported by Thai companies. A forestry official exposed the scam and revealed that FIO officers were involved (*The Nation*, 14 March 1997).

One of FIO's most controversial roles is that of auctioning illegally logged timber. In February 1998, Senator Meechai Ruchupan announced that FIO was partly to blame for the destruction of forests in the Salween area. Meechai argued that FIO auctions of seized logs simply encouraged further illegal felling, since operators could buy back the timber at auction, after which the timber became legal (*Bangkok Post*, 18 February 1998).

Surapon Duangkhae, secretary general of Wildlife Fund Thailand (WFT), agreed that FIO's auctions of illegally felled timber provide a "loophole" in the logging ban. "In many cases," he noted,

"in the area that the company had a logging concession, after the logging ban they still do cutting. The forest department, the Forest Industry Organisation and the company, they are friends. The company sends workers into the forest to cut the trees, cutting huge areas, like in Salween, and then they ask the forest officer to arrest them. But when the forest officer gets to the area there are no workers, just logs. So they arrest the logs! And then FIO holds an auction and then the company that's behind the scenes comes back and they win the auction. It's quite cheap from those auctions. This is a loophole" (Surapon 2002).

The amount that FIO earns from sales of illegal timber is significant, and plays a key role in ensuring the survival of the organisation, as the figures below indicate:

- Between 1990 and 1995, FIO auctioned 133,200 cubic metres of confiscated teak logs. According to FIO's 1995 annual report, this raised a total of about US\$52 million (*The Nation*, 3 January 1998).
- Between October 1997 and January 1998, FIO auctioned 5,350 cubic metres of timber, most of which had been confiscated from national parks (not including logs confiscated from the Salween National Park).
- In 1999, FIO earned 567 million baht (US\$13.5 million) from timber sales (including illegally logged timber). Of this total, FIO earned 235 million baht (US\$5.5 million) from sales of teak and 116 million baht (US\$2.7 million) from sales of other species, giving a total of 351 million baht (US\$8.3 million) (SCC Natura 2001: 25). If the remaining earnings came from illegally felled timber, FIO earned 216 million baht (US\$5.1 million) from sales of illegally felled timber.

Illegal logging has also been reported in FIO's own plantations. According to a 1998 report in the *Bangkok Post*, huge volumes of illegal logs have been sent to sawmills and furniture factories in several northern provinces of Thailand. The timber was cut in FIO plantations by well organised groups, including armed men guarding the logging trucks (*Bangkok Post*, 15 March 1998).

WFT's Surapon Duangkhae commented that

“The Forest Industry Organisation is facing problems in many areas; this is what I've heard. In Lampang, I've visited many times, and even in Phrae, timber from teak plantations has been stolen by people, just like in the forest area. FIO cannot afford to pay for a watchman to watch their plantations. And they found that it's impossible to stop poaching within their plantations. It means that in the future I don't think they will benefit from what they do with their plantations. The people around there will cut it. If a lot of people live there and they form groups or gangs, they see that they can work the area and take the logs, because they know that the Royal Forest Department or the Forest Industry Organisation cannot afford to protect it all the time” (Surapon 2002).

FIO's Forest Villages

Since 1967, FIO has established a series of “forest villages”, the first of which was at Mae Moh in northern Thailand (Kuechli 1997: 167). The “forest village” approach uses a system based on the *taungya* system developed by the British in colonial Burma during the 19th century. Under the *taungya* system, Karen villagers provided labour for clearing, planting and weeding of tree

plantations, in return for being allowed to grow crops for the first few years between the growing trees. When the trees grew, villagers moved to a new site and repeated the process.

A 1978 report by anthropologist Peter Kunstadter compared FIO reforestation projects with the swidden systems of Lua' and Karen villagers. Kunstadter concluded that Lua' and Karen swidden systems supported six to seven times the number of people for a given area compared to the FIO's "forest village" scheme (Chapman 1980).

The system of forestry that FIO practises was already out of date more than 20 years ago. At a conference in Chiang Mai, academic Ted Chapman stated that

"Taungya reforestation, as it is now practiced in Thailand, is clearly out of step with recent recommendations by FAO, IUCN, and other organizations concerned with the welfare of dwellers on the forest margins. At its Bandung meeting in 1974 IUCN issued guidelines for 'Land Use Policy and Allocation of Land to Various Uses' which recommended *inter alia* that 'planning of the resource use should involve as far as possible consultation at local, regional and national levels with those people who are likely to be affected by the forestry operations'" (Chapman 1980).

FIO's reforestation entails confiscation of land used by villagers. Villagers have no say in the management of FIO plantations, and receive no income from the trees in the plantations, which are slated to be cut after 60 years or less (Chapman 1980).

FIO's plantation at Thong Pha Phum covers an area of 3,008 hectares, of which about 2,500 hectares is managed for timber production. More than 60 per cent is teak and 14 per cent is eucalyptus. SmartWood's Public Summary notes that before the plantation was established in 1978, the land was used by Karen, Mon and Thai villagers (SmartWood 2001: 4). FIO moved about 50 families who were living in six villages to a "forest village" adjacent to the plantation. Villagers were offered plots of land to build their houses. FIO also built a school and Buddhist temple (Janssen 2000).

FIO's Khao Kra Yang plantation covers 2,420 hectares, of which about 2,000 hectares is managed for timber production. Teak trees account for 80 per cent of the total area, with dipterocarp and eucalyptus making up the rest. The Royal Forest Department granted a "Permission to Establish Forest Plantation" at Khao Kra Yang to FIO in 1967 (SmartWood 2001: 4) and the

plantation was established the following year, according to SCC Natura (Berlekom 2000: 2). SmartWood's Public Summary points out that, again, the land was in use by local farmers before it became a plantation. FIO established a "forest village" and villagers were allowed to grow crops between the young trees. According to SmartWood, however, since 1984, when the plantation was fully established, no agriculture has been carried out in the plantation (SmartWood 2001: 5).

Villagers did not receive land titles under the "forest village" scheme. This, as FIO's Chittiwat Silapat explained in October 2000, was because "the area of the plantation is forest reserve land and is under the control of the Royal Forest Department." He added, "They can live there, they can work there and they can pass their rights to their children. But we cannot give land titles to them" (Chittiwat 2000).

"Noi",¹ who today works in a forest village at Khao Kra Yang, described the forest village system as follows:

"We came to live here as members of the forest village. They gave us a place for our house and work as labour. In those days they never gave us cash, they would give us some compensation every year, like clothes, but not cash. We could use the land to plant the crops while planting teak for them. After three or four years we have to move. We still have to look after their trees but we have to move our cultivation area to another one of their plots and start planting. We have to work every day the whole year preparing the area for planting the teak saplings, applying fertilizer, weeding, and taking care of the plot, then cutting it when it is grown."

Recently, FIO has promised to give land to villagers. According to "Noi", in 2002 FIO started to divide up an area of land near Khao Kra Yang for distribution to local people. However, Noi said that she still has no official land title. She claimed that the wages she receives are very low, and that she plants cash crops to make money to buy rice. FIO has helped the forest village by building roads and schools. "Recently they have been helping with village sports, sports equipment, a place for sports activities and a place for youth and children to have a place to play," she said.

Near the first forest village at Mae Moh, the Electricity Generating Authority of Thailand claimed a large tract of land for a lignite mine to fuel the Mae Moh power station. As a result, there is no cleared land available for villagers'

¹ Name changed to protect identity.

crops. Villagers have to make their living by working in the plantation and by producing teak seedlings for other plantations in the region (Kuechli 1997: 170).

Many other forest villages face similar problems of land shortage. As a result, FIO has halved the teak growth cycle to 30 years. Harvesting earlier allows FIO to make plots available for villagers to grow their crops between newly planted teak seedlings. For the FIO this has the added benefit of ensuring quicker profits.

Veerawat Dheeraprasart, chairperson of Foundation for Ecological Recovery (FER), a Thai NGO, explained that forest villages failed to prevent forest destruction, since much of the labour that FIO uses comes from outside the area:

“The system is supposed to halt the extension of shifting agriculture; rotational farming doesn’t expand the agricultural area. It’s quite efficient, except in situations where the local practice or culture has problems with influx of outsiders. But the labourers used by the FIO are basically outsiders, for example from Northeast Thailand, who then come and clear forest areas” (Veerawat 2002a).

3. THE BACKGROUND TO THE CERTIFICATION: SCC NATURA AND THE SWEDISH CONNECTION

The idea of certifying FIO’s plantations was not developed from an analysis of Thailand’s forest problems, nor was it the result of a “consultation” process involving a wide-range of “stakeholders”, nor was it the outcome of a debate about forests among villagers’ organisations and NGOs in Thailand.

Instead, the FSC process arose as a result of a Swedish government-funded project which ran from 1993 to 2001, entitled “Organisational Development of the Forest Industry Organisation”. The project resulted from a meeting in 1992 between Carl Mossberg, a consultant working in Laos for Swedforest, a Swedish forestry consulting firm, and Chittiwat Silapat, who was then head of wood products sales at FIO. At the time Chittiwat was considering ways for FIO to survive in post-logging ban Thailand. He asked Mossberg whether there was “any possibility for us to have some help from Sweden” (Chittiwat 2000). Chittiwat visited Sweden in November 1992, discussed the project with officials at the Board for Investment and Technical Support (BITS), and once back in Bangkok started on a proposal. He submitted the proposal in 1993 and BITS subsequently agreed to fund the project (Chittiwat 2000).

Not surprisingly, Swedforest won the contract to run the project. Tomas Jonsson, the project manager for the project, said Swedforest won the project “in an open bidding process” (Jonsson 2001). However, it is already assumed in FIO’s funding proposal that “the project will be carried out in close cooperation between FIO and Doman through Swedforest International AB of Sweden” (FIO 1993: 4). At the time Swedforest was part of the Doman Group, the Swedish state forest enterprise. Part of the justification for the project was that Doman, like FIO, was a state-owned institution, and FIO wanted to learn from Doman’s experience.

Swedforest is no longer part of the Doman Group and since 1998 has been called Scandiaconsult Natura (see Box: SCC Natura).

SCC Natura

The Swedish forestry board founded the company now called SCC Natura in 1973. The company was set up under the name Swedforest with the aim of transferring Swedish forestry expertise to the South (Usher 1994). Swedforest was part of Doman Konsult AB, which in turn was part of the Doman Group, Sweden’s state-owned forestry enterprise. The Doman Group was Sweden’s largest forest owner, with 3.4 million hectares of forest land.

In December 1993, Doman merged with Assi, one of Sweden’s largest forest product companies. Assi was one of Doman’s biggest customers, buying 37 per cent of its timber from Doman (PPI 1993). AssiDoman, the company resulting from the merger, is a private company. The Swedish state is the company’s largest shareholder, with approximately 30 per cent of the shares (Sivander 2001).

AssiDoman later sold Swedforest along with its other consultancy operations in order to concentrate on its core business of packaging, timber and forest ownership.

In 1998 Swedforest was renamed as Scandiaconsult Natura (SCC Natura) and today is fully owned by Scandiaconsult. Scandiaconsult is one of Scandinavia’s largest consulting companies, employing more than 2,000 people (SCC Natura www 1).

SCC Natura employs 25 core staff, around 25 long-term contract staff abroad, and has offices in Bolivia, the Dominican Republic, India, Laos, Lesotho and Vietnam (SCC Natura www 1). Over the years, SCC Natura has benefited from contracts from, among others, the World Bank, the Asian

Development Bank, SIDA, the International Finance Corporation, UNDP, FAO, and the Nordic Investment Fund (SCC Natura www 1). The company has worked in a wide range of countries including Laos, Thailand, Vietnam, Nicaragua, Bolivia, Indonesia, Tanzania, Chile, Ukraine and Sweden.

Although in its publicity material SCC Natura stresses the importance of “local empowerment” and “sustainable development”, its work is largely in industrial forestry: saw mills, pulp mills, plantations and logging operations.

SCC Natura is not accredited as an FSC assessor but, through a partnership with Scientific Certification Systems, SCC Natura performs FSC assessments in Sweden. Through this arrangement, SCC Natura has assessed and certified Stora Enso’s four million hectares of forestry operations in Sweden. According to a report in *Sveriges Natur*, the Swedish Society for Nature Conservation magazine, SCC Natura’s annual reviews of Stora Enso’s operations are carried out without making any checks in the field. In the six days allocated for the annual check, SCC Natura’s representative “stops at the district offices, reads the environmental audit report and talks with the staff” (Klefbom and Olsson, no date).

The Swedish-funded FIO project ran in three phases: Phase I from November 1993 to February 1994; Phase II from November 1994 to March 1998; and Phase III from March 1998 to February 2001 (SCC Natura 2001: 5).

In what Carl Mossberg described as “finding a new life for FIO” (Mossberg 2000), the project aimed to help FIO change focus. FIO would throw off its old role as a debt-ridden organisation with a reputation for destructive logging and would evolve into an organisation practising sustainable forest management. One of SCC Natura’s project reports went as far as suggesting that FIO could set up local credit schemes for villagers, run rural development projects in association with NGOs, carry out joint forest management projects, and set up grazing schemes with villagers, all the while quietly going about increasing its plantation area (von Walter 2000).

In one part of the project, SCC Natura prepared FIO for FSC assessment. Two plantations were to be brought up to FSC standards: Thong Pha Phum in Kanchanaburi and Khao Kra Yang in Pitsanulok. The total area of the two plantations is approximately 5,000 hectares and the main species in both is teak.

SCC Natura evaluated the two plantations to find out which “management aspects were in line with the criteria – and for what aspects there was scope

for improvement” (SCC Natura 2000: 19). According to SCC Natura’s final report on the FIO project:

“The FSC approach to FIO’s forest management development has been most useful. The FSC criteria represent a contemporary view of forestry which combines various legitimate requirements of forestry (economic, social and environmental). Thus the initial analysis of FIO’s practices in the field clarified what FIO had to improve. ... In the social field SCC Natura and FIO have increased the company’s overall awareness of the importance of working and collaborating with local communities and organisations. There has [sic] also been positive but minor adjustments made by FIO on worker relationships” (SCC Natura 2001: 19).

SCC Natura claimed that the FSC preparation was a success: “In two test plantations management practices have been improved and FSC certification is within close reach – as the first in Thailand” (SCC Natura 2001: 4).

As a result of the project, SCC Natura reported, FIO has “become a FSC competence centre in Thailand” (SCC Natura 2001: 21) and FIO staff have been invited to give presentations on FSC and “sustainable forest plantations management” at various international conferences. FIO’s Chittiwat Silapat now lists on his *curriculum vitae*, attendance at training seminars, workshops and study tours in Finland, Sweden, The Netherlands, Belgium, Germany, France, Switzerland, Yugoslavia, Canada, USA, Japan, Taiwan and Austria.

However, SCC Natura’s preparation of FIO to meet FSC standards was a technocratic process, involving little or no discussion with Thai civil society. NGOs in Thailand working on forest issues were unaware that SCC Natura was preparing FIO for FSC certification. Yet, in a 1997 request to SIDA for further funding of the project, FIO claimed that a “process has been started, with FIO as lead agent, to develop national criteria for sustainable management of forests in Thailand” (FIO 1997: 6).

Tomas Jonsson of SCC Natura wrote in the project Final Report (2001),

“As part of FIO’s improved management principles the company has instituted a so-called FSC reference group which consists of representatives from the forest industry, RFD [Royal Forestry Department], TISI [Thai Industrial Standards Institute, Ministry of Industry], environmental and social organisations. The purpose of the reference group is to offer information on FIO certification development and seek advice from the participants on how to improve forest

management. In the eyes of the consultant this reference group can be seen as an embryo to a true working group for the development of national (FSC) criteria for forest management. The four meetings which have taken place over the last 18 months has [sic] improved mutual trust among the participants and created a forum for exchange of information – in this way the group can be the foundation for future criteria development” (SCC Natura 2001: 10-11).

It is revealing that Jonsson does not name any of the “environmental and social organisations” involved. The reality is that this “FSC reference group” excluded the vast majority of Thai NGOs. For example, Surapon Duangkae, secretary general of Wildlife Fund Thailand, when asked whether SCC Natura or FIO had ever contacted his organisation about certification, replied,

“I heard about it I think about 10 years ago: at that time, a letter came to us from the Forest Stewardship Council. They explained about their programmes and said they might be coming to Thailand to see whether there are any companies or industry which might request certification. At that time I remember they mentioned sustainable cutting, in plantations, not forest. After that I haven’t had information at all about what goes on, it’s quiet” (Surapon 2002).

The Regional Community Forestry Training Centre (RECOFTC)) based at Kasetsart University in Bangkok is a very well known organisation, both internationally and in Thailand. When SmartWood came to Thailand to assess FIO, they hired RECOFTC’s Pearmsak Makarabhirom as a member of their assessment team. However, when asked about SCC Natura and FIO’s attempts to set up a discussion on certification, Pearmsak said,

“I didn’t hear anything. But when I ask Chittiwat [Silapat of FIO], he said they discussed it with their partner agencies, for example the FAO, some of the standards management organisations within the Ministry of Industry, the Thailand Environment Institute and the Royal Forest Department. PER, TERRA² or RECOFTC were not invited” (Pearmsak 2002).

SCC Natura’s Tomas Jonsson, writing elsewhere in the FIO project Final Report admitted that in fact SCC Natura and FIO had made little or no progress in setting up an FSC Standards Working Group:

² Project for Ecological Recovery is a Thai NGO and Towards Ecological Recovery and Regional Alliance is a regional NGO based in Bangkok.

“Within the framework of FSC, which is the system favoured by FIO, no committee for criteria development is established in Thailand to date. FIO and the project has [sic] explored the interest among forest sector actors in getting involved in this type of work but so far no committee (in the FSC terminology working group for standard development is the more common word) is formed” (SCC Natura 2001: 22).

However, Jonsson refused to take any blame for this. Instead, he argued that the problem lay with Thai NGOs’ lack of interest:

“In most countries or regions where as a matter of fact FSC working groups have been set up the initiative has commonly come from prominent NGOs. World Wide Fund for Nature (WWF) has taken a strong lead globally and locally. The project has interacted with WWF in this matter but in Thailand WWF prioritises other issues.

“It is not realistic to believe that a state owned forest company like FIO – with a past history of forest management which is not necessarily acceptable to all stakeholders – [can] take the lead in forming a FSC working group. But the consultant is of the opinion that the projects reference group has been a positive initiative to get stakeholders together. It is an attempt to share ideas and information. Four reference group meetings have been held with 6 to 10 external organisation [sic] taking part at the meetings” (SCC Natura 2001: 22-23).

In reality, however, the whole exercise appears to have been more FIO public relations than a real debate on the role of the FIO, certification and sustainable forest management in Thailand. In a section of SCC Natura’s Final Report entitled “Reflections by the consultant” Jonsson wrote: “FIO has been open to exchange information with stakeholder groups and have started to interact more with NGOs. This contributes to improve FIO’s image” (SCC Natura 2001: 26).

4. THE CERTIFICATION PROCESS: ENTER SMARTWOOD

In June 2000, after five years of preparation under the guidance of SCC Natura, FIO called for bids from certifying bodies for the certification assessment. FIO informed SmartWood of their successful bid in August and on 6 September 2000 SmartWood circulated a “Public Briefing Paper” which announced that they would be carrying out an assessment of FIO’s two plantations at Thong Pha Phum and Khao Kra Yang from 1-7 October 2000.

In countries where no national standard exists, such as Thailand, certifying bodies should produce an 'interim standard' before the assessment takes place.³ SmartWood's Public Briefing explained that "SmartWood will also capitalize, as a reference, on draft standards and checklists that have been developed for Thailand by other parties" (SmartWood 2000b). However, as SmartWood's Jeffrey Hayward later admitted, when SmartWood's consultants arrived in Thailand they realised that "there were no draft standards for forest management in Thailand" (Hayward 2001b).

According to Motion 29, passed at the 1999 FSC General Assembly, "identified stakeholders must be informed at least one month prior to the main assessment evaluation taking place of procedures for developing the 'interim standard' (modified standards checklist developed from certifier generic standards)". As SmartWood's briefing was only circulated 24 days before the assessment started, and referred to non-existent "draft standards and checklists", SmartWood is clearly in breach of this FSC Motion.

Further, Motion 29 continues, the 'interim standard' "must be finalised and circulated to stakeholders at least one month prior to the certification decision". SmartWood failed to circulate any standards and simply used the SmartWood "Generic Guidelines for Assessing Forest Management".

³ The setting up of national committees to discuss national standards for forest management is an important part of the forest certification process. In theory at least, it can involve a wide range of actors in a debate about the management of the country's forests. The importance of national or regional standards is indicated in a recent report written for the Taiga Rescue Network by Hannah Scrase and Anders Lindhe: "The Forest Stewardship Council (FSC)'s system of forest certification has become firmly established as a global mechanism for identifying and promoting good forest management. Good forest management is defined by standards developed by local stakeholders within the framework of the FSC's international Principles and Criteria for Forest Stewardship. Forest stewardship standards may be developed for a country or for a region. The use of national and regional forest stewardship standards ensures that the certification process is fair, transparent and locally relevant" (Scrase and Lindhe 2001: 5). SmartWood's Generic Guidelines for Assessing Forest Management state that: "SmartWood's experience is that the regional standard setting process is an absolutely critical step in developing stronger stakeholder support for FSC and SmartWood certification" (SmartWood 2000a: 2).

SmartWood's Public Briefing contains little information about FSC or what certification actually means. The briefing was not translated into Thai or distributed to communities living near the plantations to be certified.⁴ SmartWood's Jeffrey Hayward commented, "Unfortunately there was not time for us to do that" (Hayward 2001a). He explained that the briefing paper "is just a start. It has to be followed up through more personal communications – that can put a human touch on what certification is, who SmartWood is, where the FSC is coming from, what the certification could mean, why the assessment team is interested in different viewpoints on the operation under assessment" (Hayward 2001a).

SmartWood's Jeffrey Hayward returned to Thailand after the assessment "to meet with stakeholders who are concerned about FIO management and the political implications of certification in Thailand." One of the people that Hayward met while he was in Thailand was Witoon Permpongsacharoen, then-director of TERRA.

Witoon described the "consultation" as follows,

"When he called me, I think he called from Jakarta, I asked him, how are you planning to deal with the Thai NGO movement and the fact that there is a logging ban in Thailand? I pointed out that what you are doing is to reopen the logging ban. This is not a technical issue this is a political issue in Thailand, so how are you dealing with this? This was my main question to him. Later he came to the office. We had a long talk with him. But it seemed to me like the process was already finished" (Witoon 2002).

In August 2001, Richard Donovan of Rainforest Alliance and Jeffrey Hayward of SmartWood wrote,

"We are criticized ... for not doing more national level consultation with NGOs. We had limited resources during the assessment. We could not stage national level forums to bring together stakeholders in the

⁴ Hayward had promised that the draft assessment report would be translated into Thai. In January 2001 he wrote, "When the draft assessment report is translated into Thai, this will enable us to produce a Thai translation of the assessment guidelines" (Hayward 2001a). TERRA has never seen a Thai translation of any of either SmartWood's or FSC's documents. In fact, TERRA and PER translated SmartWood's Public Summary themselves. Motion 28, passed at the 1999 FSC General Assembly, states, "The General Assembly recognizes the need for translations of certification summary reports into the main native language. This should also be included as a requirement in the 'FSC Guidelines for Certification Bodies.'"

number or level of intensity that TERRA would have liked. However we took other measures to actively consult. We contacted NGOs (including TERRA and the other contacts they suggested, plus others), we spoke to academics, we contacted various forestry, social and environmental institutes in the country. We had numerous informal meetings with individual and multiple stakeholders” (Donovan and Hayward 2001).

However, a closer examination of the organisations which SmartWood contacted reveals further problems with SmartWood’s national-level consultation. SmartWood’s public summary includes a list of “Agencies & Persons Contacted & Consulted By the Assessment Team”. Under the category, “other stakeholders” (i.e. national level organisations other than staff at FIO) is a list of nine people from seven organisations (SmartWood 2001: 34). Two of the “stakeholders” work with RECOFTC, the organisation at which Pearnasak Makarabhirom, one of SmartWood’s assessors, works. Other organisations consulted included:

- a United Nations agency: the Food and Agriculture Organisation;
- two state organisations: the Office of Rubber Replanting Aid Fund and the Royal Forestry Department; and
- two NGOs: Thailand Environmental Institute and the Kanchanaburi Conservation Chamber.

Top of the list of “other stakeholders” is Noel Rajesh, whom SmartWood described as “Journalist – Mekong Watershed Journal” from an organisation called “People’s Forum on Ecology”. In fact, Rajesh works for TERRA, a Thai NGO which publishes a magazine called *Watershed: People’s Forum on Ecology*.

Further, Noel Rajesh was not “contacted and consulted” by the SmartWood team. He interviewed Jay Blakeney, one of SmartWood’s assessors, on 10 October 2000 in the coffee shop of Don Muang, the international airport in Bangkok. The interview was for an article he was writing in *Watershed*.⁵ During the interview, Blakeney said, with a straight face, that TERRA was one of the NGOs SmartWood was consulting as part of the assessment. This was the first that anyone in TERRA knew of such “consultation”.

⁵ “Certifiable Lunacy: Thailand’s Forestry Industry Organisation and forest certification”, *Watershed*, Vol. 6 No. 2, November 2000 – February 2001, pp. 48-52.

On 21 August 2001, Rajesh wrote to Richard Donovan of Rainforest Alliance (with copies to Jeffrey Hayward and Jay Blakeney of SmartWood):

“I find it very disturbing that SmartWood would refer to the interview as ‘consultation’. Neither Mr. Jay Blakeney nor any member of SmartWood made any attempt to contact Watershed. In fact, we did not receive from SmartWood any formal information of the assessment process, or of SmartWood’s involvement, or Mr. Blakeney’s visit to Thailand. We learnt of the certification process from a newspaper report, managed to get Mr. Blakeney’s number and contacted him by leaving several messages at his hotel. Finally when we spoke, the only time he said that he had available was just before his flight. So we met at the airport before Mr. Blakeney’s departure from Thailand and did the interview that lasted less than an hour. I am not sure how SmartWood can classify this as ‘consultation’” (Rajesh 2001b).

Rajesh requested that SmartWood remove his name from the list of people “consulted”. Richard Donovan replied, “We will honor your request to remove your name from the stakeholder list” (Donovan 2001).⁶ More than one year later, however, Rajesh’s name was still there, at the top of the list of SmartWood’s “other stakeholders”.⁷

⁶ Donovan continued, “I would respectfully disagree with you on the issue of interviews and consultation. In the FSC system, interviews, depending on their content, can be one form of consultation” (Donovan 2001). This comment raises serious concerns about SmartWood’s interpretation of what is meant by “consultation”. FSC’s Principles and Criteria document does not include “consultation” in the glossary but states “Words in this document are used as defined in most standard English language dictionaries”. The Collins Concise English Dictionary defines the word “consult” as follows: “1. to ask advice from (someone) . . . 2. to refer to for information: *to consult a map* . . . 3. to have regard for (a person’s feelings, interests etc.); consider.” An interview, on the other hand, is defined as “a conversation with or questioning of a person, usually conducted for television or a newspaper”. Plainly, to interview someone and to consult with someone are two quite different things. Rajesh commented, “According to SmartWood, if I go interview someone then I have been ‘consulted’” (Rajesh pers. com. 21 August 2001).

⁷ On 7 October 2002, Rajesh wrote again to Richard Donovan requesting that his name be removed from SmartWood’s list of “other stakeholders”. On 19 November 2002, Jeffrey Hayward wrote to Rajesh, “I acknowledge your interest in not being termed a stakeholder. I had agreed to this change earlier and had requested it. Thank you for bringing this to our attention. I will see that the change is made” (Hayward 2002). Rajesh’s name was subsequently removed from SmartWood’s public summary document.

Pearmsak Makarabhirom, one of SmartWood's assessors, works at RECOFTC and is well known in the Thai NGO movement. He has been actively involved in many debates about people and forests in Thailand. When asked why SmartWood consulted so few NGOs, he replied,

"I think that we divided the work into many parts. I said I won't call them, because they are all my friends, so you had better do it. I gave them the addresses and contacts and I said Jay or Jeff,⁸ you take care of it. I send them all, even NGOs in Kanchanaburi, Kanchanaburi Conservation Group, PER [Project for Ecological Recovery], NGO-CORD [Thai NGO Coordinating Committee] and other NGOs in the provinces" (Pearmsak 2002).

Sakorn Songma works with an NGO in Pitsanulok called the Centre for Building Local Organisations for Ecological Recovery. Although the NGO is small, it works with a network of more than 64 villages which meet once a month. He first heard about FIO during 2001, from Veerawat Dheeraprasart of FER. He said,

"We wondered whether this is going to be different from the normal plantation, but in fact it's not different, they're just going to cut as usual and sell. I still insist that what FIO has done is wrong. They brought in something we don't know about with a stamp to say it's sustainable, so that FIO can export timber from the country. These are areas that were planted under the logging concession. I don't know the law, but I don't agree with this project. I don't know about the FSC" (Sakorn 2002).

In August 2001, SmartWood's Jeffrey Hayward wrote to TERRA:

"I appreciate Terra and Watershed's concerns about building greater stakeholder participation at the national level. As certification is an ongoing, and not a static process, we hope that future audits, monitoring visits, and other opportunities to be in Thailand will permit greater interactions related to the FIO certification or to others that may arise" (Hayward 2001).

⁸ Jay Blakeney and Jeffrey Hayward, two of SmartWood's assessment team for the October 2000 assessment.

Yet, in August 2002, neither Sakorn's NGO in Pitsanulok nor TERRA, PER and Wildlife Fund Thailand were aware that Hayward had visited Thailand again in May 2002 as part of SmartWood's first year audit. SmartWood's Public Summary of the audit was only posted on SmartWood's web-site in October 2002.

When faced with criticism that national level consultation with NGOs and civil society in Thailand was inadequate, Richard Donovan of Rainforest Alliance and SmartWood's Jeffrey Hayward responded,

"We felt that we needed to aggressively consult with local stakeholders and we did so, not just during the assessment but in subsequent pre-certification visits to Thailand by SmartWood staff ... our consultation prioritized those people who live in and around the plantations, or who work there. ... In the course of the assessment visit and the precondition audit, SmartWood assessors interviewed nearly 200 people" (Donovan and Hayward 2001).

SmartWood's Generic Guidelines for Assessing Forest Management also emphasise the importance that SmartWood puts on consultation during its assessments:

"Team members also meet independently with stakeholders. All assessments solicit and incorporate input (confidential and/or open) from as many directly affected and/or knowledgeable stakeholders as possible, including local communities, adjoining landowners, local forest industry, environmental organizations, government agencies, and scientific researchers. During these consultations, assessment team members explain the assessment process, solicit opinions, and gather impressions about the field performance of the operation being assessed" (SmartWood 2000a: 4).

Yet villagers living near the two plantations, interviewed in August 2002 for this report, had never heard of either FSC or SmartWood. Somsak Ratanawaraha, the village head man of Ban Nam Tok Poi, a village near the Khao Kra Yang plantation, is listed as "consulted" in SmartWood's Public Summary. When asked about the consultation process, however, he said, "We didn't talk about anything, they only asked me questions. They didn't talk about FSC. They didn't talk about certification at all. They were talking about the plantation and what benefits are coming" (Somsak 2002).

Surapong Supkai, president of the council of the Tambon Administration Organisation (TAO), Huay Kayeng subdistrict, near the Thong Pha Phum

plantation, had also never heard of either SmartWood or FSC. SmartWood's public summary lists Sing Prai, a member of the TAO, as one of the villagers "consulted during stakeholder meetings" at Thong Pha Phum. Surapong knows Sing Prai and added that his last name is Pungbansanee. Surapong did not know that he had been consulted, and Sing Prai had never mentioned it to him. "It's wrong, because the TAO was not consulted. It's wrong to say that we were consulted," said Surapong (Surapong 2002).

Soonan Nawan is the former head of Ban Wang Nam Khieo, another village near FIO's Thong Pha Phum plantation. Soonan worked in the FIO's forest village for 20 years, until he left four years ago because the wages were "very, very low". When asked whether he had heard of FSC or SmartWood, he said that SmartWood had visited the area, but added, "They are received in the FIO office and they are taken around by the FIO. They never come to talk to the villagers. The FIO people talk with them. They have never come and said we want information from the villagers" (Soonan 2002).

In August 2001, Noel Rajesh, a forest researcher with TERRA, visited Ban Prajam Mai and Ban Paak Kok, two villages near the Thong Pha Phum plantation. Neither of the villages are FIO forest villages and villagers receive few if any benefits from the plantations. Villagers in both Ban Paak Kok and Ban Prajam Mai said they had never heard of SmartWood or the certification and had never been visited by any representative from SmartWood (Rajesh 2001c).

Veerawat Dheeraprasart, chairperson of FER, commented,

"Local people have so far been totally unaware of the SmartWood process and the certification. There has been absolutely no local participation, which means in effect that FSC is supporting a process that violates the very basic principles of Thailand's constitution" (Veerawat 2002b).

FIO plans to extend certification to all of its 138 tree plantations in the next five years. Although SmartWood's assessment in October 2000 only looked at two plantations, the assessment prepared the ground for future certification. Jeffrey Hayward of SmartWood explained:

"The assessment is designed so that FIO's management system is being assessed. Specifically it is addressed at the unit level. If the FIO management system is being used throughout their 140,000 hectare holdings, with little variation, then in the future, if we are evaluating additional districts, those that meet the certification standards can be incorporated into the group of FIO certified units. Meaning, that

eventually, this certification can operate as a group certification” (Hayward 2001a).

In May 2002, SmartWood came back to Thailand, to carry out a first-year audit of the two certified plantations. FIO hoped that SmartWood’s first year audit would also include an assessment of five more plantations for potential inclusion in the FSC certificate. However, SmartWood recommended that one of the plantations, Ta Pla, should “not be considered as a potential entrant to the certified pool” on the grounds that “there were land tenure issues” which “would pose a high risk for non-compliance with [FSC’s] Principle 2” (SmartWood 2002: 32-33). FIO duly withdrew this plantation from the assessment and SmartWood assessed the remaining four. After a whirlwind six-day tour of Thailand, including visits to five plantations, SmartWood concluded that “Regretably, during the on-site audit visits, there were substantive areas that need to be improved to be in compliance with FSC Principles 2, 3, and 5” (SmartWood 2002: 35). Further explanation is available only in the “confidential section” of SmartWood’s audit report.

In August 2002, Chittiwat Silapat said, “Now we’re going to have four more certified plantations, maybe within this month. Another four teak plantations” (Chittiwat 2002). However, Chittiwat did not mention that SmartWood had already assessed these plantations and found that they did not conform to FSC Principles.⁹ Chittiwat said, “I just got a draft report, I haven’t had time to read through yet” (Chittiwat 2002).

SmartWood’s assessment of FIO effectively continues the process started by Swedforest in 1993 – a process that has involved little discussion with NGOs and no facilitation of public debate about the role of FIO since the logging ban.

FIO’s ahistorical, technocratic approach attempts to side-step issues such as land rights and communities’ rights to manage their own resources. SmartWood’s consultants appear to be supporting FIO in glossing over these issues. Asked whether controversies and scandals relating to the FIO’s previous logging and plantation projects would figure in the assessment, Jay Blakeney, the leader of SmartWood’s October 2000 assessment team, said: “SmartWood assessment is usually focused at the forestry management unit. The system of assessment doesn’t look at the historical and other institutional mistakes” (Watershed 2000: 52).

⁹ SmartWood’s Public Summary of the assessment only appeared on the SmartWood website in October 2002.

Richard Donovan of Rainforest Alliance and Jeffrey Hayward of SmartWood echoed Blakeney when they wrote in August 2001:

“Certainly the most egregious past cases mentioned in articles about FIO (e.g. the Ban Wat Chan watershed) naturally were of concern to SmartWood, but we were not evaluating those areas or incidences within the scope of this certification. FSC certification is a tool for improving forest management – be that natural forest or plantation. FIO made a decision on its own that it wanted to improve. What we evaluated were the improvements taking place (or required to happen before certification could be granted) on two forest units. FIO was able to demonstrate to us that they are managing differently from the past on these units. FIO also indicated to us that the certified units represent a starting point for change in their system” (Donovan and Hayward 2001).

In response to a letter from Green World Foundation, a Thai NGO, Jeffrey Hayward of SmartWood said, “Certification is a way for any forestry operation to demonstrate that it has changed and is changing for the better. We are solution oriented. The past is a vital part of history and development, but how does it impact the present and future?” (Hayward 2000).

SmartWood’s assessment thus ignores the fact that they are partly determining FIO’s “right to be around” by ignoring the reality of social opposition to its very existence. In describing SmartWood as “solution oriented” in this context, Hayward is looking for solutions only for FIO, not for its forestry practices. The following section indicates just how far SmartWood is prepared to go to find solutions for FIO.

5. COMPLIANCE WITH FSC PRINCIPLES AND CRITERIA

Whether FIO’s management complies with FSC Principles and Criteria should have been the key question for SmartWood to answer in their assessment of FIO’s two plantations. Before the certificate was awarded, FIO’s Chittiwat Silapat did not seem to think that achieving FSC certification would be difficult. He said, “We’ve left some native trees in the area, we’ve left some buffer zones along streams and along the border of the plantations. It’s almost the same as FSC principles and criteria” (Chittiwat 2000).

Before granting the certificate, SmartWood issued one pre-condition regarding wages. The pre-condition was later withdrawn after SmartWood was satisfied that FIO had met the requirements. In their Public Summary, SmartWood’s assessors listed 26 conditions that FIO had to meet in order to retain the

certificate. The conditions illustrate clearly that, at the time SmartWood issued the certificate, FIO's management was in breach of several FSC principles and criteria.¹⁰

As a record of the assessment of FIO, SmartWood has produced a Public Summary of the certification. FSC has certain guidelines about the information that should be available in such summary documents. For example, Motion 26a, which was passed at the 1999 FSC General Assembly, states that "Public Summary Documents shall contain sufficient information to make clear the correlation between the specific results of the certification assessment and FSC Principles and Criteria."

SmartWood's public summary fails to do this. There is extremely limited information in the Public Summary about how SmartWood considered FIO's management against FSC's Principles. For example, SmartWood's 26 conditions are listed in the public summary, but with no explanation of how the conditions relate to FSC's Principles.

The introduction to FSC's Principles and Criteria states,

"FSC and FSC-accredited certification organizations will not insist on perfection in satisfying the P&C. However, major failures in any individual Principles will normally disqualify a candidate from certification, or will lead to decertification. These decisions will be taken by individual certifiers, and guided by the extent to which each Criterion is satisfied, and by the importance and consequences of failures. Some flexibility will be allowed to cope with local circumstances" (FSC 2000: 1).

However, what constitutes a "major failure" is not defined in the principles. A great deal is left up to the individual certifier. Perhaps as an attempt to clarify this, FSC wrote in January 1998, "As from 1st January 1999 ALL certification body scoring and decision support systems must demonstrate explicitly, and at the level of each FSC Principle individually, that the Principle has been met by the forest management enterprise in order for a certificate to be awarded" (FSC 1998).

¹⁰ At the 1999 FSC General Assembly, NGO members of FSC put forward Motion 25, which stated: "Certificates should only be granted on the basis of actual compliance with all Principles and Criteria at the time of assessment, rather on the basis of intentions or proposed future actions." An "overwhelming majority voted against" the motion and the motion was not passed. In other words, FIO has only to promise that it will improve in order to retain its certificate.

SmartWood's Public Summary (produced in June 2001) includes no scoring at all. The Public Summary does not demonstrate at the level of each FSC Principle how SmartWood's consultants believe that the Principle has been met.

However, the draft version of the "SmartWood Certification Assessment Report", dated 24 January 2001, includes the following tables:

SmartWoods scoring principles

Score	Performance	Compliance
1	Extremely weak	Pre-condition
2	Weak performance	Pre-condition optional
3	Satisfactory	Condition optional
4	Favourable	Recommendation
5	Outstanding	

Score for TPP and KKY

FSC Principle	Score TPP	Score KKY
1. Law	3.1	3.3
2. Tenure & use rights	3.0	3.0
3. Indigenous peoples		
4. Community & workers	2.4	2.6
5. Benefits from forests	3.3	3.4
6. Environment	2.9	3.1
7. Management plan	2.7	3.0
8. Monitoring	3.2	3.2
9. Conservation forests		
10. Plantations	2.9	3.0
Aggregated score	2.95	3.08

Source: SCC Natura 2001: 31-32

According to this table, SmartWood judged FIO's management at Thong Pha Phum to be slightly less than "Satisfactory" and at Khao Kra Yang to be just "Satisfactory".¹¹

SmartWood's Generic Guidelines for Assessing Forest Management state: "In order to pass certification, certified operations must have an average score above 3 for each subject area ..." (SmartWood 2000a: 3). If SmartWood's assessors had applied their own guidelines strictly, Thong Pha Phum would have failed against the following principles: 6 (Environment); 7 (Management Plan); and 10 (Plantations); as well as 4 (Community and Workers) for which it received a pre-condition.

However, instead of rejecting FIO's application for FSC certification, SmartWood issued the certificate with 26 conditions.

In August 2001, Richard Donovan of Rainforest Alliance and Jeffrey Hayward of SmartWood wrote,

"Our main function is to determine if their new efforts result in a style of management that is more balanced between social, economic, and environmental values and that meets the principles and criteria of the FSC. This means that we require each management unit to have put in place practices (not just promises) that meet the FSC standards. *They have to meet our conditions or the certificates will be revoked*" (Donovan and Hayward 2001 emphasis added).

Fifteen of SmartWood's conditions had to be met within one year of the certificate being awarded. In May 2002, SmartWood's team was back to check that FIO had in fact met the conditions. SmartWood found that FIO had failed to meet five of the conditions and had only "partially met" seven more conditions. However, instead of revoking the certificate as promised, SmartWood issued a series of "corrective action requests" with new deadlines. These requests are in many cases weaker than the conditions originally imposed and serve simply to let FIO off the hook.

The following is an independent assessment of how closely FIO's two plantations comply with FSC's Principles and Criteria.¹²

¹¹ This was before FIO complied with the pre-condition on wages, which presumably helped boost the scores for Principle 4.

¹² In this section, the quotations in *italics* are from FSC Principles and Criteria (FSC 2000). Not all the criteria under each principle are quoted.

PRINCIPLE 1: COMPLIANCE WITH LAWS AND FSC PRINCIPLES

Forest management shall respect all applicable laws of the country in which they occur, and international treaties and agreements to which the country is a signatory, and comply with all FSC Principles and Criteria.

Perhaps the most obvious law that SmartWood should have considered in the case of FIO is the ban on logging concessions, passed by the Thai government in January 1989. Yet SmartWood's Public Summary includes no mention of the logging ban.

FER's Veerawat Dheeraprasart worked for almost 25 years at the Royal Forestry Department. He stated,

"The logging concessionaire must undertake to recover the logged area to its original condition by the following methods 1) restoration of the area to its original forest condition by giving reforestation costs to the Royal Forestry Department (RFD) or 2) reforestation by their own efforts according to the logging concession guidelines. Almost all the logging concessionaires undertook reforestation according to the second method. As FIO was a logging concessionaire, it undertook its own reforestation according to the logging concession guidelines as well as undertook reforestation on behalf of other logging concessionaires. So FIO does not have the right to undertake logging in these plantations that were planted under the logging concession guidelines. Moreover, Thailand has declared a law that cancelled all commercial logging concessions nationwide in 1989" (Veerawat 2002).

According to SmartWood's Public Summary, FIO has registered both Thong Pha Phum and Khao Kra Yang under the Forest Plantations Act (1992) but Veerawat challenges the legality of this registration:

"The two plantation areas cannot be registered as a plantation under the Forest Plantations Act (1992) because this contradicts the spirit of the law which is intended to promote the private sector to undertake commercial tree plantations and not to provide opportunity for government agencies or state enterprises to undertake logging activities again after the nation-wide logging ban declared in 1989. As FIO is a state enterprise, it cannot use the Plantations Act to seek commercial benefits.

"The Plantations Act declares that the party seeking to register the plantations must have the objective of undertaking the plantations for

commercial purposes. But these two FIO plantations in question were undertaken under the logging concession guidelines to recover the fertility of the forest areas that were logged. The plantations were not, therefore, undertaken with the objective of obtaining commercial benefits. And the FIO cannot claim the right to use the plantations done under the logging concession guidelines since these plantations are not the property of the FIO but belong to the people of Thailand. The FIO's registration of the two plantations under the Plantation Act means that the FIO is taking the property of the nation to register as its own property thus violating the Plantations Act" (Veerawat 2002a).

When asked why there was no mention of the logging ban in SmartWood's public summary, Pearmsak Makarabhirom, one of SmartWood's assessors, replied,

"I feel like the logging ban just did not translate into the Thai society appropriately. Who made the decisions, the official translation of the law? It's the government, they can say you can log, you cannot log. You are doing so legally, you are doing so illegally. I think that it's not very clear. In the case of FIO, I feel it is very complicated. The purpose of some plantations planted by FIO is very clear: it's for commercial purpose. But in many plantation areas now under the FIO the trees were planted by logging concessionaires a long time ago. The purpose was not commercial, but was to form restoration forest. In fact, nobody knows. I think that it's too complicated. How can we know which areas were planted for commercial purposes and which area planted for restoration? And if they planted for restoration, why did they plant a teak plantation like this?" (Pearmsak 2002).

However, for Richard Donovan of Rainforest Alliance and Jeffrey Hayward of SmartWood, there is no confusion and no complications. They explained SmartWood's position on the logging ban as follows:

"As to the issue of the commercial log ban, it is important to be very clear on the scope of the ban. Although TERRA espouses the view that there should be no commercial logging in Thailand, the logging ban does not apply to these teak plantations. ... The logging ban appears to have been extremely important for protecting Thai natural resources and fostering ecological recovery. We respect the logging ban on natural forests and certified operations must do so as well. However, the logging ban does not extend to the teak (or other species) plantations managed by FIO and other organizations/individuals" (Donovan and Hayward 2001).

In other words, SmartWood’s assessors have decided that the logging ban simply does not apply to FIO’s plantations. In doing so, they are ignoring an ongoing discussion in Thailand about the logging ban and the role of the FIO. Further, SmartWood’s position on the logging ban is contrary to SmartWood’s Generic Guidelines for Assessing Forest Management, which state: “The purpose of the certification process is not to assess actual legal compliance; that is the mandated task of government institutions” (SmartWood 2000a: 5).

SmartWood’s Guidelines continue:

“But SmartWood must check with government agencies and other stakeholders to verify that an operation is dealing with legal requirements in a responsible fashion, and in some cases the field assessment can be a valuable way for helping operations improve the quality of their compliance” (SmartWood 2000a: 5).

As mentioned above, SmartWood’s Public Summary contains no discussion about the logging ban in Thailand. It contains no information about any discussions that SmartWood’s consultants had with government agencies or “other stakeholders” about whether FIO’s logging operations are legal. As mentioned above, the SmartWood team’s consultation with Thai NGOs was so weak that SmartWood’s assessors must be in breach of SmartWood’s own guidelines.

The logging ban in Thailand did not appear from nowhere. It was, at least in part, the result of a campaign by villagers and NGOs opposing logging and its impacts on forests and people.

Witoon Permpongsacharoen, editor of the magazine *Watershed*, and a senior NGO figure, described the background to the logging ban as follows:

“In my view there are two things that happened in parallel. One was the campaign on the Nam Choan dam,¹³ which drew the attention of people to national parks and wildlife sanctuaries, especially Thung Yai and Huay Kha Khaeng. At that time at Huay Kha Khaeng, there was a concession area for the Thai Plywood Company, which they had not yet started logging. This became an issue after the Nam Choan dam campaign: how can we get the Huay Kha Khaeng concession cancelled? So people started looking at the relationship between logging concessions and forest areas that we found important to protect.

¹³ The proposed Nam Choan hydropower dam was opposed by a wide range of local groups and an alliance of groups, including academics, NGOs and nature conservation groups in Thailand during the mid-1980s. The campaign was successful and the dam was not built.

“Another thing that happened, in the north of Thailand, was that local people in Chiang Mai started a movement to fight against the logging companies. They blockaded roads in some areas; monks ordained trees. We can say that this was the beginning of the community forest movement in the north, but it started from opposition to logging companies. It became news at a national level. The protests spread to other areas such as Loei province and Rayong province.

“I remember that we organised a conference at Kasetsart University. The meeting involved both groups: a network of people working on protected areas; and local communities that were fighting against logging companies. The idea was to discuss issues surrounding logging in Thailand. The night before the seminar the devastating floods happened in the south. So the seminar focussed on the impact of logging concessions. After the seminar, the various networks demanded that the government impose a logging ban.

“Before the logging ban, everyone thought that it was impossible to stop the logging. Every politician was somehow involved in the logging business. But after the logging ban, the issue changed to ‘the logging ban is wrong, how can you manage or maintain the forest if you take all the forest area back from the companies?’ The argument is that logging is not a bad thing, logging is a way to manage the forest. This is scientific forestry. All the foresters came out very strongly arguing ‘how can we manage the forests without logging?’” (Witoon 2002).

1.1 Forest management shall respect all national and local laws and administrative requirements.

SmartWood’s condition 2 states: “By the end of year 1, FIO must review the Local Administration Organization (TAO) Act (1994) and ensure that the plantations respect all of the act’s requirements” (SmartWood 2001: 30). This implies that at the time the certificate was awarded, SmartWood’s assessors were unable to assess whether FIO’s plantations conformed to FSC’s criterion 1.1. SmartWood’s first-year audit claims that this condition has been “closed”, although no further information is given. Neither does SmartWood explain exactly what is meant by the term “closed”.

When asked about this condition, Surapong Supkai, president of the council of the TAO in Huay Kayeng subdistrict, near Thong Pha Phum, said, “FIO come, they talk, they are invited to the meetings, they come and talk about various things, but they never talk about that, they never talk of that” (Surapong

2002). Surapong's response indicates that even if FIO has reviewed the TAO Act (1994) they have not discussed their finding with the local members of the TAO.

1.2 All applicable and legally prescribed fees, royalties, taxes and other charges shall be paid.

In June 2001, SmartWood issued a condition regarding payments to local authorities. Condition 3 states: "By the end of year 1, FIO will make available at the plantations clear documentation that payments were made for taxes and required fees made in the previous year, which specify date, quantity paid, and to whom" (SmartWood 2001: 30). In the first year audit, SmartWood's assessors claim that this condition has been closed, but provide no further details.

In August 2002, Surapong Supkai, of the TAO in Huay Kayeng subdistrict near Thong Pha Phum, commented,

"Two years ago, we sent a letter to the FIO about these taxes that have to be paid to the TAO from the revenue from the [logging]. The head office in Bangkok replied. They said there are some problems with the process and they still can't pay the taxes. After that they have not done anything.

"Sometimes the head of the FIO comes to the TAO meetings but he never talks about taxes, he just talks of other things. The assumption is that the head office has already replied that there are some problems but they don't talk about it" (Surapong 2002).

When asked about condition 3 and whether FIO had met the condition, Surapong simply said, "Never. For the past two years, never" (Surapong 2002).

Soonan Nawan, a former head man of Ban Wang Nam Khieo, a village near Thong Pha Phum said, "In reality the FIO has not paid any taxes to the local area, and the income they got from selling they've not given to develop the village" (Soonan Nawan 2002).

In Pitsanulok, when Sakorn Songma, of the Centre for Building Local Organisations for Ecological Recovery, was asked about the issue of taxes to be paid to local TAO, he replied, "I went and looked at the income records of the TAO and the TAO did not get any income from the FIO. They only have funds from the central government and from local taxes" (Sakorn 2002).

1.6 Forest managers shall demonstrate a long-term commitment to adhere to the FSC Principles and Criteria.

SmartWood's condition 4 states: "By the end of year 1, FIO's Administrative Board should endorse its commitment to the FSC P&C and should communicate this commitment to a broad range of stakeholders, which may include staff, workers, local district administration, and neighboring communities" (SmartWood 2001: 4-5).

In the first year audit, SmartWood claimed that this condition had been "partially met", without giving any further information. SmartWood's team replaced condition 4 with a corrective action request. CAR 1-2002 states: "Within 6 months, FIO must put into action communication of what its commitment to FSC P&C means in terms of its policies, plans, and activities, especially to the broad range of stakeholders" (SmartWood 2002: 37). It is difficult to see how SmartWood's assessors could consider the condition to be partially met, given the work that FIO still has to do to meet the corrective action request, which is more or less identical to condition 4.

PRINCIPLE 2: TENURE AND USE RIGHTS AND RESPONSIBILITIES

Long-term tenure and use rights to the land and forest resources shall be clearly defined, documented and legally established.

The whole issue of tenure, access and rights to management of natural resources in Thailand is a highly charged political arena. For many years, local villagers and NGOs have campaigned on these issues, demanding land rights for villagers and Thailand's hill-tribes or indigenous peoples.

In both Thong Pha Phum and Khao Kra Yang people were using the land before FIO established its plantations. SmartWood's Public Summary acknowledged that "local farmers used the area for shifting cultivation" but commented "At the time when these plantations were established, 20 to 30 years ago, the shifting cultivators did not have title to the land and therefore the government of Thailand or FIO offered no formal compensation payment" (SmartWood 2001: 11).

2.1 Clear evidence of long-term forest use rights to the land (e.g. land title, customary rights, or lease agreements) shall be demonstrated.

SmartWood's condition 5 states: "By the end of the year 2, FIO plantations shall produce a complete list and an "Ownership Map" that includes the location, area, and period of validity, etc. for each parcel that FIO has land use rights" (SmartWood 2001: 30). This implies that at the time of the

certification FIO was not able to demonstrate to SmartWood clear evidence of use rights to the land.

Condition 6, which related only to Khao Kra Yang, states: “During the period of certification, KKY will take action to legalize KKY’s land area related to forest plantation law – in particular they must confirm their land use rights” (SmartWood 2001: 33). This condition indicates that FIO was unable to confirm land use rights at the time that the certificate was awarded.

A year later, SmartWood announced that condition 6 had been partially met, although the public summary provides no further information. SmartWood’s first year audit replaces condition 6 with a correction action request. CAR 2-2002 states: “By the time of the next annual audit, KKY shall proceed with steps necessary to register the lands of the office, arboretum, and seed orchard (for itself) and of the forest village area (for the forest villagers)” (SmartWood 2002: 37). This indicates that there are still serious doubts as to whether FIO’s activities at Khao Kra Yang conform to FSC’s criterion 2.1.

2.2 Local communities with legal or customary tenure or use rights shall maintain control, to the extent necessary to protect their rights or resources, over forest operations unless they delegate control with free and informed consent to other agencies.

The FIO plantations at Thong Pha Phum were established on behalf of the Kanchanaburi Logging Company. The FIO is a shareholder in the Kanchanaburi Logging Company and undertook the plantations under the logging concession guidelines. To do so it simply took villagers’ fallow land, fields and forest and converted it to teak plantations. The example of Ban Huay Paak Kok, a village near Thong Pha Phum, indicates how the FIO seized villager’s land.

Ban Huay Paak Kok was settled by Karen, Mon and Burmese people fleeing from fighting during the Second World War. Niprapar Riancharoen, a village elder from Ban Huay Paak Kok, described the forest before logging concessions were granted in the area. “It was very fertile forest area at that time. It was so thick that it was always wet. If you washed your clothes it would take them a week to dry,” he said (Niprapar 2002).

According to Niprapar, after the concessions were logged, the FIO received concessions to replant and started to prepare plots for replanting in 1975. The following year, the FIO started planting. Niprapar said,

“They were also encroaching on village people’s land and village people had to start moving their farmland away. Obviously the villagers were using it because there were a lot of vegetables

and other things being grown there. So why were they coming and taking it?” (Niprapar 2002).

Villagers were told that because they did not have land certificates they could not claim rights to the land.

None of the villagers from Ban Huay Paak Kok worked for FIO, partly because the work was very seasonal. Niprapar said, “more than 3,000 households of Burmese came to work on the plantations” (Niprapar 2002).

As a result of losing their land to plantations, villagers were forced to look for new areas to cultivate, and took forest areas across the river from their village.

Niprapar said, “How can they call it sustainable, because it has been planted and now it is being cut and sold? Their ‘sustainable’ should mean that the trees should grow and should be used by the villagers” (Niprapar 2002).

2.3 Appropriate mechanisms shall be employed to resolve disputes over tenure claims and use rights. The circumstances and status of any outstanding disputes will be explicitly considered in the certification evaluation. Disputes of substantial magnitude involving a significant number of interests will normally disqualify an operation from being certified.

SmartWood’s Generic Guidelines for Assessing Forest Management state that resource conflicts should be “addressed in a systematic and legal manner” (SmartWood 2000a: 7). There is no mechanism in place at either Thong Pha Phum or Khao Kra Yang to resolve disputes over tenure claims. SmartWood’s Public Summary observes that villagers living in FIO’s Forest Villages resent the fact that they have not received title to their lands. Elsewhere, SmartWood’s Public Summary comments, “The forest villagers of KKY continue to view that land tenure as the problem [sic]. But they do not know how to proceed with this. They may even be reluctant to talk to unit managers” (SmartWood 2001: 22). Clearly, resource conflicts are not being addressed in a systematic or legal manner as required by SmartWood’s own guidelines.

SmartWood’s condition 7 states: “By the end of year 1, FIO plantations should make plans to formalize existing informal land and resource use arrangements through written agreements or contracts. By the end of year 2, the plans should be implemented” (SmartWood 2001: 31).

In their first year audit, SmartWood announced that this condition had been “partially met” without giving any further details. SmartWood replaced condition 7 with CAR 3-2002, which states, “By the time of the next annual audit, NTFP

collection and other informal resource uses are to be formalized by participatory methods among the users and FIO officers. FIO will implement plans and agreements that are in written form” (SmartWood 2002: 37).

In fact, according to Niprapar Riancharoen, a village elder at Ban Huay Paak Kok, near Thong Pha Phum, villagers are simply not allowed into the plantations. He said, “They don’t let the villagers go into the [plantation] area and try to use it. My son got caught once for entering the area. They tried to put him in jail, but he got him out. They tried to make a case against him, for forest encroachment. He went to take a dead tree to make charcoal and they caught him” (Niprapar 2002).

PRINCIPLE 3: INDIGENOUS PEOPLES’ RIGHTS

The legal and customary rights of indigenous peoples to own, use and manage their lands, territories, and resources shall be recognised and respected.

SmartWood’s Generic Guidelines for Assessing Forest Management comment: “Fairness to indigenous peoples has been one of the founding crucibles of the FSC and the SmartWood program. However, in order to achieve such fairness, first there must be clarity as to which groups constitute ‘indigenous’” (SmartWood 2000a: 7) SmartWood’s guidelines then quote the FSC definition of indigenous peoples:

“The existing descendants of the peoples who inhabited the present territory of a country wholly or partially at the time when persons of a different culture or ethnic origin arrived there from other parts of the world, overcame them and, by conquest, settlement, or other means reduced them to a non-dominant or colonial situation; who today live more in conformity with their particular social, economic and cultural customs and traditions than with the institutions of the country of which they now form a part, under State structure which incorporates mainly the national, social and cultural characteristics of other segments of the population which are predominant” (Working definition adopted by the UN Working Group on Indigenous Peoples) (FSC 2000: 8).

SmartWood’s guidelines continue, “If there are any doubts as to whether groups qualify under this definition, please contact SmartWood” (SmartWood 2000a: 7).

In its Public Summary, SmartWood’s assessment team states that in Thong Pha Phum,

“Historically, the area was used for shifting agriculture by Karen and Mon ethnic groups, who migrated from near the Myanmar [sic] border about 100 years ago. At the time of establishment, in 1978, those people who lived along the river, outside the plantation area, and those new migrants (about 50 years ago) from northern Thailand, cultivated the area that is now the plantation” (SmartWood 2001: 4).

Karen people have lived for centuries in what is now Thailand, predating the arrival of Tai-speaking groups, including the Thai who now form the dominant ethnic group in Thailand (Prasert and Leake 2002: 272). Karen and Mon peoples have their own languages, customs and culture independent of the language, customs and culture of the Thai.

Given FSC’s definition of “indigenous people”, it would appear that there is a strong case for considering the Karen and Mon peoples living in Thong Pha Phum as indigenous. However, a more important point is that it is up to the Karen and Mon people (or people belonging to any other ethnic groups) themselves, and not SmartWood’s consultants, to define whether or not they are indigenous.

The principle of self-identification is recognised in Article 8 of the Draft Declaration of the Rights of Indigenous Peoples, which is currently under discussion at the United Nations Human Rights Commission (Colchester 1999: 6).

The International Labour Organisation’s Convention Indigenous and Tribal Peoples 1989 (ILO 169) makes clear the importance of the principle of self-identification: “Self-identification as indigenous or tribal shall be regarded as a fundamental criterion for determining the groups to which the provisions of this Convention apply” (Article 1(2)).

Tim Synnott, then-head of the FSC Policy and Standards Unit, said in November 2001, “The aim is that FSC should adopt in ALL countries the implications of ALL the relevant [ILO] Conventions, even when some of them are still legally unratified in some countries” (Synnott 2001).

Yet, SmartWood’s assessors report in the Public Summary that “TPP and KKY have not had indigenous people, as per FSC definition. In TPP, most villagers migrated from the lower North of Thailand, e.g. Mae Sot of Tak province, Phrae province, and the Northeast” (SmartWood 2001 12). There is no information in the public summary about how SmartWood’s assessors came to this conclusion or whether they even spoke to any Karen or Mon people living near the plantations.

PRINCIPLE 4: COMMUNITY RELATIONS AND WORKER'S RIGHTS

Forest management operations shall maintain or enhance the long-term social and economic well being of forest workers and local communities.

SmartWood gave FIO a pre-condition against this principle, demanding that FIO increase workers' salaries at both plantation sites. Obviously, given the low wages at FIO's plantations, villagers working for FIO welcome any increase. However, as discussed below, the situation is not as straightforward as reported in SmartWood's Public Summary. There remain serious questions about FIO's employment practices and relations with local communities who are not employed in FIO's plantations.

SmartWood's pre-condition stated that "Prior to certification, FIO plantations will prepare verifiable documentation of workers' wages and other payments that will demonstrate and ensure that the daily wage, piecework production bonus, and/or any other benefits, are increased to meet or exceed the regional norm" (SmartWood 2001: 26). Before issuing the certificate, SmartWood was satisfied that FIO had met this precondition by raising the daily wage to approximately 130 baht (about US\$3.25), depending on the worker's job.

However, in August 2002, more than one year after the wages should have been increased, Soonan Nawan, a former head of Ban Wang Nam Khieo, questioned whether workers at Thong Pha Phum had seen a pay rise. When asked how much daily wages were, Soonan answered, "ninety baht per day":

"I want people to understand the reality that local people have no benefit from this plantation. FIO keeps taking migrant labour from outside. Basically they have a system where they contact a middle man. The Burmese [who are employed to work on FIO's plantations] get 90 baht, and it is written down as 140 baht or 130 baht and the rest of the money is given to the middle man. So the local people don't get anything more than that" (Soonan 2002).

He also explained that he did not trust FIO's documents:

"Those people whose names are there probably don't even work for FIO. They just sign it. They get 10 baht for signing. FIO tells the middle men to hire a group of Burmese people and they give them 90 baht. The Burmese work for 90 baht, the middle man gets 40 baht just for hiring. The villagers who sign their names to validate the whole thing get 10 baht each. FIO is not allowed to hire illegal Burmese immigrants" (Soonan 2002).

SmartWood's Public Summary expressed a similar concern about FIO's documenting of wages at Khao Kra Yang:

"The KKY management will still need to improve the system for documenting the pay to workers, so that this can be made more transparent to SmartWood auditors in the future. For example, the Evidence of Payment Document for Contractors (Piecemeal Work), which is the document signed by the workers upon receipt of their payment, did not include the amount that each worker was paid. Apparently this amount is filled in later, after payment. To ensure fairness, and to be more transparent, the amount of Baht must be put down on the document prior to the payment of the wage to the worker" (SmartWood 2001: 28).

However, SmartWood's concern does not translate into a condition, no deadline is given by which time FIO must comply and SmartWood gives no indication of how they propose to check whether or not FIO has complied with this request.

SmartWood's team added condition 26 after their audit in April 2001 (which was carried out to assess whether FIO had met the pre-condition requirements), and also relates to workers' wages. Condition 26 states: "During the period of certification, FIO plantations will maintain daily wage rates, piecemeal rates, and/or other benefits for workers that consistently meet or exceed the regional standard rate" (SmartWood 2001: 32). However, this condition is not referred to in SmartWood's first year audit.

Richard Donovan of Rainforest Alliance and Jeffrey Hayward of SmartWood claim that the pre-conditions and conditions imposed by SmartWood

"produced some dramatic changes. ... The most important changes were in terms of the relationship between forest villagers and the plantations, and of most concern to us, the distribution of benefits to the workers. In fact, FIO was not initially able to meet our certification standards. SmartWood issued a precondition requiring FIO to raise the level of worker compensation commensurate to the minimum wage in the province. In the villages where people work for FIO this represented income gains of 20 to 40% for most workers. Without FSC certification we do not believe this would have happened" (Donovan and Hayward 2001).

However, if SmartWood cannot prove that this *has* happened, then it is in no position to claim credit. Moreover, as Veerawat Dheeraprasart of FER noted,

wages are not the only issue relating to “benefits to forest workers and local communities”:

“SmartWood focuses on wages more than on other issues such as ecosystems, watershed areas, the Queen Sirikit crab and so on. SmartWood thinks that the point about wages is important for local people, but in reality, the point is that local people want to go beyond this question of wages. For example, local people are now asking whether the plantation is destroying their livelihoods, their culture and their community. They are asking what are the benefits to local people in this area, other than wages? They are also asking other questions like what about local participation in decision making? The point being that when SmartWood talks about local people, they are talking only of a wage-earning kind of population. They are not supposed to have any other interest” (Veerawat 2002a).

“Local people also are saying that they want to manage the forest; it’s not just a question of wanting a factor of wages. They also say that logging a forest is not what they think of as sustainable forest management. They want to do other things like ecotourism or allow research or get non timber forest products which they can sell. And these things they feel can provide them a better standard of living. This is how local people want to use these areas. However, FSC says that wages are important. If FSC claims that wages are important, it’s not true because if it is logged, the area is logged, local people may get wages, but if it is left to grow as forest, local people feel they may get actually long term security rather than these areas logged.”

“The concept of local security is different. It is not just the factor of wages alone. This basically then requires understanding local culture, local context and the many factors involved in local people’s happiness and local people’s living as a community. This question of wages is a very northern aspect where the FSC feels that the community can live on wages alone, but local people in rural Thailand have various other factors even happiness and how to live in a community. And not just one question of how much money can we get. This basically is a reflection of how much unaware of local culture and tradition FSC is. It is unaware of rural conditions because FSC uses standards of urban living such as a good wage” (Veerawat 2002b).

Veerawat also pointed out that there are mechanisms within Thailand for improving wages, and that it is not FSC's or SmartWood's job to enforce national law. He said,

“Whatever low wages there are in the area is something that can be changed within Thailand by Thai laws, because there is a minimum wage act. So if local people are suffering because of lower wages, they can demand and change, there's no need for FSC or SmartWood to come and certify areas so that they can get higher wages. This is the whole point of the local situation” (Veerawat 2002b).

4.1 The communities within, or adjacent to, the forest management area should be given opportunities for employment, training, and other services.

SmartWood's condition 9 states:

“During the period of certification, FIO plantations should ensure that a significant portion of its work force originates from local villages. By the end of year 1, plantations must have an employment register that will document worker names, place of residence, nationality, identity card number, sex, age, and number of days worked” (SmartWood 2001: 31).

Many of the people employed at FIO's Thong Pha Phum plantation immigrated recently to Thailand from Burma. Soonan Nawan, a former head man of the FIO forest village at Ban Wang Nam Khieo, said,

“At first the village members of the forest village could use some land and they were working, but later on things got worse. Nowadays, local people are not working there any more; it's mostly Burmese migrant labour who work in the forest village” (Soonan 2002).

SmartWood's assessment team observe in the Public Summary that “Significant numbers of ‘outside’ workers make up the current labor force – apparently due to low wage rates, which local people find inadequate.” SmartWood's assessors added, “FIO should find the way to make good on their policy of giving priority in employment to local residents (SmartWood 2001: 26).

The “‘outside’ workers,” that SmartWood refers to, are largely Burmese who may not be able to return because of their country's military regime.

SmartWood gives no indication what these people should do if FIO were to sack them in order to employ local people.

Among the documents that SmartWood's assessment team reviewed during the first year audit was one entitled *KKY "almost completed" Employment Register, totaling 234 workers*. No Employment Register is mentioned for Thong Pha Phum. In the first year audit, SmartWood decided that condition 9 had been "partially met", without providing any further information.

SmartWood's first year audit replaced condition 9 with two corrective action requests.

"CAR 4-2002: Within 6 months, and prior to inclusion of any new plantation under the FIO certificate, minimum pay must be raised to the regional minimum wage and the plantation authority undertaking the responsibility of this raise must be supported in doing so by the FIO HQ" (SmartWood 2002: 37).

"CAR 5-2002: Within 3 months, and prior to inclusion of any new plantation under the FIO certificate, the register of the workers must be improved to clearly indicate the tasks and number of days worked by each worker, for the work/task accomplishment per month, along with the exact amount of payment – in order to make the information applicable for audits" (SmartWood 2002: 37).

4.2 Forest management should meet or exceed all applicable laws and/or regulations covering health and safety of employees and their families.

SmartWood's condition 10 states: "By the end of year 1, FIO plantations will provide appropriate safety equipment to those requiring it" (SmartWood 2001: 31). This indicates that safety equipment may not have been available (or adequate) at the time of the certification. SmartWood's first year audit states that this condition was not met. However, rather than revoking the certificate, SmartWood simply replaced condition 10 with two corrective action requests.

"CAR 6-2002: By the time of the next annual audit, FIO shall implement systematic rules and policies within all certified plantations, to offer adequate and similar worker compensation to workers injured on the job and to fairly handle worker health and safety issues [sic], particularly workplace accidents and incidental death" (SmartWood 2002: 37).

“CAR 7-2002: By the time of the next annual audit, FIO shall implement systematic training of workers in use of appropriate safety equipment and practices. Training is particularly important for workers in high risk or high skill operations, such as chainsaw operators or log yarders. Training programs shall be taught by experienced individuals, and utilize appropriate manuals and experiential coursework. FIO shall ensure that all workers are equipped with adequate safety equipment, and using it, for their jobs” (SmartWood 2002: 38).

4.5 Appropriate mechanisms shall be employed for resolving grievances and for providing fair compensation in the case of loss or damage affecting the legal or customary rights, property, resources, or livelihoods of local peoples. Measures shall be taken to avoid such loss or damage.

When FIO established their plantations they simply took the land from local communities. These communities have never received any compensation from FIO.

SmartWood issued a condition relating to relations between FIO and local communities. Condition 11 stated: “By the end of year 1, FIO plantations will appoint one staff member with a mandate and responsibility for implementation and documentation of a formal public consultation process. (This staff member may be considered the ‘Community Relations Officer’)” (SmartWood 2001: 31). This indicates clearly that at the time of certification there was no mechanism for resolving grievances with FIO.

One year later, there was still no community relations officer. SmartWood confirmed in their first year audit that FIO had failed to meet this condition. Again, rather than withdrawing the certificate, SmartWood issued a corrective action request to replace condition 11.

“CAR 8-2002: Within 6 months, FIO shall demonstrate that in all certified plantations there is at least one Community Relations Officer with proper training in place and functioning [sic] with the full support of FIO management” (SmartWood 2002: 38).

When asked whether FIO consults with local people before logging, Chittiwat Silapat of the FIO said,

“Frankly speaking, I don’t really know. But what I have been informed, in those plantations they have started a dialogue in those villages, not really a committee, but some interested groups. They have some dialogue and they have some meetings

from time to time to talk with them. And they have done a really good job. The villagers are very praising of them. Maybe because they generate a lot of income to the area” (Chittiwat 2002).

Veerawat commented,

“This is not a participation process. It is only public relations for the FIO. Participation must begin with decisions on sustainable forest management and whether local people agree or not with the plans. Local people must be in a position to evaluate the FIO’s work” (Veerawat 2002a).

Condition 11 also required FIO to:

- 1) create an updated list of stakeholders, such as contract workers, FIO workers, community members, adjoining landowners, etc.;
 - 2) create an updated list of neighboring villages, their locations and populations;
 - 3) conduct regular meetings with stakeholders;
 - 4) document outcomes of consultation meetings; and
 - 5) use these outcomes to assist in evaluating the social impacts of FIO activities
- (SmartWood 2001: 31).

This condition was to be met “during the period of certification”, but as none of these points are included in CAR 8-2002, it appears that since the first year audit, the condition is no longer required. Comments from villagers indicate that FIO has made little or no attempt to comply with this condition.

In August 2001, Noel Rajesh of TERRA visited Ban Prajam Mai, near Thong Pha Phum. The village is not one of FIO’s forest villages and FIO employs no one in the village. FIO has provided no benefits to the village in the past. The village head man and a village representative of the Tambon Administration Organisation (TAO) told Rajesh that the area had been fertile forest before FIO established its plantations. FIO did not consult with either villagers or local TAO members before starting to log its plantations.

Rajesh also visited Ban Paak Kok, a Karen village which was established more than 60 years ago. Again villagers told him that before the FIO started its plantations, the area contained fertile wet evergreen forest. Then the government awarded logging concessions in the area which led to the clearfelling of almost one-third of the forest area. Once the area was logged, FIO established its plantations. Villagers living in and using the surrounding forest area were pushed out and the FIO did not allow villagers to use the

forest area. Some of the villagers in Ban Paak Kok worked as hired labour in the plantations, but other than hiring the villagers as labour FIO has never provided the village with any infrastructure such as water or electricity.

Villagers in both villages visited were concerned that if the area is cleared of trees there will be impacts such as the drying up of water sources (Rajesh 2002c).

Niprapar Riancharoen, a village elder at Ban Huay Paak Kok, near Thong Pha Phum, remembers that when the plantations were first established, the water table dropped and streams in the area dried up. "We are afraid that if they log, clearcut the area we'll face the same problem. There were actually fights about water, because there was water scarcity at that time" (Niprapar 2002). However, no one from FIO has been to the village to discuss their plans for the plantations with the villagers. Niprapar had never heard of SmartWood, and had only heard of FSC from Veerawat Dheeraprasart of FER.

SmartWood's condition 12 states: "By the end of year 2, FIO plantations must develop a policy and mechanism for formal resolution of grievances, including measures to refer unresolved issues to a higher forum to adjudicate" (SmartWood 2001: 31). In other words, at the time of certification there was no appropriate mechanism for resolving grievances, which is in breach of criterion 4.5. SmartWood's first year audit makes no mention of condition 12 and does not discuss whether FIO has taken any steps towards developing "a policy mechanism for formal resolution of grievances".

PRINCIPLE 5: BENEFITS FROM THE FOREST

Forest management operations shall encourage the efficient use of the forest's multiple products and services to ensure economic viability and a wide range of environmental and social benefits.

In the context of Principle 5, SmartWood defines its mandate as "to evaluate economic viability from the perspective of ensuring, as much as possible, that sound long-term investments are being made by the operation in terms of forest management, conservation and local communities" (SmartWood 2000a: 9).

FIO's forest management in the two plantations that have been certified is focussed mainly on producing teak with rubber production and eco-tourism as sidelines. However, the organisation is heavily in debt and loses money every year. Villagers living near the plantations, but not employed by FIO, receive no environmental or social benefits from the plantation. Local people are not allowed access to the plantations.

SCC Natura's Tomas Jonsson wrote in the FIO project Final Report that "economic forest management' does not exist within FIO since the company runs at a considerable loss each year. ... Undoubtedly FIO's main concern is still the lack of profitability" (SCC Natura 2001: 9).

Jan Attebring, another consultant for SCC Natura, wrote in a 2000 report about certification and FIO that "TPP is maybe too small to be sufficient on its own as a sustainable commercial unit, the possibility to share resources with nearby plantations should be investigated" (Attebring 2000: 3).

However, SmartWood's assessment team seems to disagree with SCC Natura. They wrote in the Public Summary:

"From 2001 onward, eco-tourism revenue is expected to increase due to completion of new tourist facilities, currently under construction. Latex production will increase from 2005 onward, as new rubber plantations established in 1998/1999 come into production. These increasing revenues and profits, along with continued revenue from wood production, will safeguard TPP's economic viability over the next 10 years" (SmartWood 2001: 14).

5.2 Forest management and marketing operations should encourage the optimal use and local processing of the forest's diversity of products.

SmartWood's Generic Guidelines on Assessing Forest Management state that to meet the criteria, the following conditions should be fulfilled:

"FMU [forest management unit] encourages utilization of frequently occurring, lesser known, or less-commonly utilized plant species for commercial and subsistence uses.

"Non-timber forest products (NTFPs) are considered during forest use and processing.

"Local processing is emphasised where possible" (SmartWood 2000a: 9).

Dealing with each point in turn:

- The two plantations are predominantly teak plantations. FIO does not use lesser known or less-commonly utilised species in either plantation, except in buffer zones or conservation zones, which are not logged.
- SmartWood's Public Summary reported that "NTFPs are collected, consumed and sold by local people with sales revenue going directly

to them, not to FIO” (SmartWood 2001: 13). However, Niprapar Riancharoen, a village elder at Ban Huay Paak Kok, near Thong Pha Phum, stated that villagers are simply not allowed into the plantation areas (see comments under Criteria 2.3, above).

- Most of the timber cut in FIO’s Khao Kra Yang plantation is not processed locally. Instead, as reported in SmartWood’s Public Summary, 70 per cent of it is sold to sawmills in Tak province, 300 kilometres away (SmartWood 2001: 14).

5.5 Forest management operations shall recognize, maintain, and, where appropriate, enhance the value of forest services and resources such as watersheds and fisheries.

SmartWood’s condition 1 states: “By the end of year 1, FIO must verify the presence and location of any Watershed Class 1 areas in the plantation area and ensure that no economic activities are carried out there” (SmartWood 2001: 30). Clearly, at the time of the assessment, FIO and SmartWood did not know whether Watershed class 1 areas occurred in the plantation.

Maria Berlekom, a consultant for SCC Natura’s project with FIO, commented in January 2001 that,

“TPP have obtained a map from RFD showing the classifications in the plantation areas. A small portion has been classified as Watershed Class 1 – possibly 1B, which means critical areas with some economic activity. It should be noted that TPP was given the permit to establish plantations before the watershed survey in the area was undertaken. The areas further appear to be fairly flat, and the reason for the classification unclear” (Berlekom 2001: 4).¹⁴

She added that FIO will obtain a similar map for Khao Kra Yang. In the first year audit, SmartWood’s assessors state that this condition has been “closed” although they provide no further information. It is not clear, from SmartWood’s Public Summary, whether FIO will restrict its activities in Watershed Class 1 areas or not.

¹⁴ Berlekom’s comment, that the plantation was established before the Watershed classification, is interesting in that it reveals clearly SCC Natura’s bias. Berlekom writes from FIO’s point of view, and her report makes no mention of villagers who use the same argument: they were using the land before RFD and FIO established their plantations.

When asked about condition 1, Surapong Supkai, president of the council of the Tambon Administration Organisation, Huay Kayeng subdistrict, near Thong Pha Phum plantation, said, “They may have come and done it, but they have not informed us. We don’t know whether they have done it or not. We have no idea whether they have done it” (Surapong 2002).

Although technically FIO may have met the terms of the condition, FIO staff have failed to consult with either the TAO or local people living in the area of the plantation about this condition.

PRINCIPLE 6: ENVIRONMENTAL IMPACT

Forest management shall conserve biological diversity and its associated values, water resources, soils, and unique and fragile ecosystems and landscapes, and, by so doing, maintain the ecological functions and the integrity of the forest.

On Principle 6, SmartWood’s Generic Guidelines for Assessing Forest Management state: “Certification requires that forest managers place attention on the protection or restoration of endangered ecosystems (e.g. wetlands), conservation of threatened/endangered species, and precautionary use of chemicals” (SmartWood 2000a: 9).

6.1 Assessment of environmental impacts shall be completed – appropriate to the scale, intensity of forest management and the uniqueness of the affected resources – and adequately integrated into management systems. Assessments shall include landscape level considerations as well as the impacts of on-site processing facilities. Environmental impacts shall be assessed prior to commencement of site-disturbing operations.

FIO failed to carry out an environmental impact assessment before commencing logging at either Thong Pha Phum or Khao Kra Yang. Maria Berlekom, a consultant with SCC Natura, inspected the Khao Kra Yang plantation in August 2000, shortly before SmartWood’s assessment team looked at the two plantations. Berlekom reported that although FIO had an environmental policy, which “covers all relevant [sic] aspects considered in the FSC P&C ... so far, no summary and analysis of environmental impacts has been made. Guidelines for low impact management have not been finalised” (Berlekom 2000: 3).

Berlekom recommended: “A simple summary of anticipated environmental impacts should be made following the topics in the FCS [sic] P&C (basically principle 6)” (Berlekom 2000: 6).

SmartWood's assessors issued a condition regarding environmental impacts assessments. Condition 15 states:

“Effective immediately, and during the certification period, site inspection with the purpose of evaluating the environmental impact of planned thinning, harvest, or site preparation activities should happen before commencing the operation. Observations in the form of an instruction note to the person responsible should form the basis for implementing the operation” (SmartWood 2001: 31).

This condition confirms that at the time of the assessment, there was no environmental impact assessment of FIO's plantation operations at either Thong Pha Phum or Khao Kra Yang. One year later, SmartWood found that condition 15 had still not been met. Instead of withdrawing the certificate, they issued a corrective action request to replace condition 15 (CAR 9-2002; see below).

6.2 Safeguards shall exist which protect rare, threatened and endangered species and their habitats (e.g., nesting and feeding areas). Conservation zones and protection areas shall be established, appropriate to the scale and intensity of forest management and the uniqueness of the affected resources. Inappropriate hunting, fishing, trapping and collecting shall be controlled.

SmartWood's Generic Guidelines on Assessing Forest Management clarify what FIO's management should do in order to achieve compliance with this criterion: “Threatened, rare, or endangered species or ecosystems are explicitly taken into consideration during all operations” (SmartWood 2000a: 10).

According to the Royal Forestry Department's web-site, the Queen Sirikit Crab (*Thaiphusa sirikit*) was first “discovered” in 1983 by Surapon Duangkhae, who is now the general secretary of Wildlife Fund Thailand. Local villagers call the crab the “three coloured crab” (RFD no date). The crab is only found in Thong Pha Phum and Triyok and is a protected species because of its limited distribution.

SmartWood issued condition 16 relating to the Queen Sirikit Crab, which states:

“By the end of year 2, a simple system for protection and monitoring the condition of the Queen Sirikit Crab habitat should be developed and implemented by TPP. Guidelines for eco-tourism activities, as related to the Queen Sirikit Crab, must be elaborated” (SmartWood 2001: 32).

When asked about this condition, Chittiwat Silapat of FIO commented, “They want us to check the numbers of the crab. This is impossible! I think our men in the area might find some ways to solve this problem. I believe so” (Chittiwat 2002). Chittiwat’s comment illustrates that the management of the habitat of the Queen Sirikit Crab is something FIO had simply not considered at the time of the certification. As Veerawat Dheeraprasart pointed out, “In Thong Pha Phum, the habitat of the Queen Sirikit crab is not demarcated and conserved” (Veerawat 2002a).

SmartWood’s first year audit makes no mention of either the Queen Sirikit Crab or FIO’s progress in developing a system for the protection of the crab within FIO’s plantations.

SmartWood’s assessment team issued another condition relating to rare and endangered species at Thong Pha Phum. Condition 17 states: “By the end of year 1, TPP management must develop guidelines for eco-tourism and access to the rare bat cave, which should be done (to the greatest extent possible) together with Thong Pha Phum National Park” (SmartWood 2001: 32).

Maria Berlekomp, SCC Natura’s consultant, pointed out in a January 2001 report that the bat cave is not in the plantation area and neither does the access path to the cave go through the plantation (Berlekomp 2001: 1). Chittiwat Silapat commented, “in the Thong Pha Phum area there are some rare species. They want us to have something to control the access to the bat cave. It is not in our boundary, but they want us to do that” (Chittiwat 2002). He added, “In my opinion I think that some conditions are not relevant simply because they are not in our control. Like cooperation with the villagers, with the forest officers in the area. I ask them [SmartWood], what if they don’t cooperate? We try, but we cannot control them, we cannot order them” (Chittiwat 2002).

After one year, SmartWood reported that condition 17 had not been met. However, instead of revoking the certificate, they issued another corrective action request. CAR 10-2002 states: “Within 6 months, TPP management shall develop guidelines for eco-tourism and access to the rare bat cave, and implementation is taking place” (SmartWood 2002: 38). The corrective action request is almost identical to condition 17, except that it extends the deadline by six months.

SmartWood’s assessors issued another condition relating to FIO’s compliance with FSC’s criterion 6.2. Condition 18 related to Khao Kra Yang only and states:

“Within one year of certification, initiative should be taken to compile a list of the most important plant and animal species of the area. In the case any rare, threatened, or endangered species are identified, then this should immediately be reflected in the KKY management plan” (SmartWood 2001: 33).

In other words, at the time of the certification, neither FIO nor SmartWood had access to basic data on the plant and animal species in the area of the Khao Kra Yang plantations. It is difficult to see how SmartWood’s assessment team could judge that FIO was in compliance with criteria 6.2 without this information. Yet, SmartWood’s first year audit makes no mention at all of condition 18.

6.5 Written guidelines shall be prepared and implemented to: control erosion; minimize forest damage during harvesting, road construction, and all other mechanical disturbances; and protect water resources.

One of the environmental impacts of FIO’s plantation management at Khao Kra Yang is soil erosion. Veerawat Dheerapasart pointed out that “Khao Kra Yang has problems with soil erosion, because of the higher elevation and slope as well.” He added, “Monoculture plantations cannot help prevent soil erosion because the undergrowth is always being cleared for establishing plantations” (Veerawat 2002a).

SCC Natura’s Maria Berlekom confirmed that soil erosion is a serious problem in some areas of the Khao Kra Yang plantation. She wrote in her August 2000 report:

“The main environmental problem noticed in the KKY-plantation is soil erosion (10-15 cm soil pillars formed, and gully formation) on the steep slopes in e.g. 2523/2524. The eroded area completely lacks ground cover, most likely basically due to lack of light. Some measures to be prevent soil have be [sic] taken – e.g. to plant thin lines of grass, at intervals of 10-15 metres. These grass lines are not thick enough (yet) to capture run-off, and are furthermore not planted along the contour” (Berlekom 2000: 4).

As a footnote she clarifies: “Intsetd [sic] they follow the alignment of the rows of planted teak, which cut diagonally across the slope” (Berlekom 2000: 4, footnote 2).

Although Berlekom was of the opinion that “the efforts taken in the KKY-plantation, should basically be enough to fulfil the environmental criteria for FSC-certification” (Berlekom 2000: 5), she wrote in her August 2000 report:

“The KYY-plantation has no major environmental problems, *except the erosion noted on the steep slopes*. The measures taken to control erosion are not adequate for the following reasons:

- Main cause of erosion is lack of ground cover (which in turn is most likely caused by lack of light, due to the dense canopy). The easiest and most effective measure for increasing ground cover would be thinning.
- The grass is not planted along the contour, and run-off may easily be channelled through the gaps between tufts (leading to formation of rills)” (Berlekom 2000: 5, emphasis added).

To judge from this statement, Berlekom considered soil erosion on the steep slopes at Khao Kra Yang to be a “major environmental problem” and that FIO measures to deal with this problem at that time were “not adequate”.

SmartWood’s assessment, which took place less than two months after Berlekom’s report, dismissed any problems regarding soil erosion and announced that FIO was in any case dealing with the problem. SmartWood’s assessors commented on soil erosion at Khao Kra Yang as follows:

“about 20-30% of KKY’s plantation area is on steep slopes where erosion can be particularly high. KKY is taking steps to mitigate against this by leaving ‘no felling’ buffer-zones and establishing vetiver grass and other ground cover plants to assist in reducing erosion” (SmartWood 2001: 11).

SmartWood issued condition 13 relating to soil erosion in KKY:

“By the end of year 1, KKY should identify existing & potential erosion areas, revise management prescriptions on such areas so as to exclude these from production forestry – thinning and final felling – at least until they are stabilized (by planting of appropriate ground cover)” (SmartWood 2001: 33).

This contradicts Maria Berlekom’s recommendations, which pointed out that ground cover could not grow without thinning to allow more light to the soil on the plantation floor. She also recommended allowing the steep areas to regenerate into “semi-natural forest” rather than cutting them as soon as a ground cover is established (which would not occur anyway in her opinion as not enough light currently reaches the plantation floor).

One year later, SmartWood decided that condition 13 had been “partially met” in their first year audit. As SmartWood’s Public Summary provides no

further illumination, it is left to the reader's imagination how FIO has partially met the condition. Perhaps FIO staff have identified only some of the existing and potential erosion areas, but not others. Perhaps FIO has excluded some areas from production forest, but not others. The point is that from SmartWood's publicly available documentation, we simply do not know.

In any case, SmartWood replaced condition 13 with CAR 9-2002, which states:

"Within 6 months, all FIO certified plantations shall implement pre-harvest site inspection with the purpose of evaluating the environmental impacts (to any sensitive areas, eternity trees, river or edge buffers, conservation areas, research areas, high erosion areas, etc.) from planned thinning, harvest, or site preparation operations. Site inspections are to happen before commencing the operation and the results need to be given in written form and explained to operators" (SmartWood 2002: 38).

This confirms that one year into the certification period FIO still had not carried out environmental impact assessments before starting logging operations.

Soonan Nawan, former head of Ban Wang Nam Khieo, a village near Thong Pha Phum, has clear opinions about FIO's proposed logging. He said,

"As a citizen of Thailand I don't agree with the plan to cut this area, because cutting this area which has been grown for many years, will cause changes to the forest and to the environment. Even if they plant again they're going to cut again, so the impacts will continue. There seems to be no benefit for the villagers. There's no income for the villagers. It seems they are taking advantage of us for their own benefit" (Soonan 2002).

6.6 Management systems shall promote the development and adoption of environmentally friendly non-chemical methods of pest management and strive to avoid the use of chemical pesticides.

SmartWood's assessors issued a condition relating to chemical use at Thong Pha Phum. Condition 22 states:

"By the end of year 1, TPP must develop guidelines for chemical use, which include a policy to reduce chemical application and to implement safe chemical application methods when they are used. As part of the guidelines, develop a program for training, so that FIO foremen will train workers in the proper safety precautions when applying herbicide and fungicide. Also produce

a list and supporting documentation of all chemicals used in FIO plantations and nurseries” (SmartWood 2001: 33).

SmartWood’s assessors state in the first year audit that condition 22 has been “partially met”, without providing any further information or attempting to explain what this actually means. According to SCC Natura’s Maria Berlekom, FIO sub-contracts chemical spraying to outside firms, who bring their own workers (Berlekom 2001: 5). If this is the case, it is difficult to see how FIO foremen could train the workers that are actually applying the chemicals. It is also not clear from SmartWood’s Public Summary whether FIO has in fact produced a list of all chemicals used.

SmartWood’s assessors replaced condition 22 with a corrective action request in the first year audit. CAR 12-2002 states: “By the time of the next annual audit, TPP shall implement and document its plan to reduce chemical use and to implement a safety standard for chemical applications” (SmartWood 2002: 38). Once again, instead of insisting that FIO meets the conditions previously issued, SmartWood has issued a corrective action request which extends the deadline for compliance.

PRINCIPLE 7: MANAGEMENT PLAN

A management plan – appropriate to the scale and intensity of the operations – shall be written, implemented, and kept up to date. The long-term objectives of management, and the means of achieving them, shall be clearly stated.

This principle clearly states that a management plan is an important part of assessing whether a forestry operation meets FSC’s principles and criteria.

7.1 The management plan and supporting documents shall provide:

- a) Management objectives.*
- b) Description of the forest resources to be managed, environmental limitations, land use and ownership status, socio-economic conditions, and a profile of adjacent lands.*
- c) Description of silvicultural and/or other management system, based on the ecology of the forest in question and information gathered through resource inventories.*
- d) Rationale for rate of annual harvest and species selection.*
- e) Provisions for monitoring of forest growth and dynamics.*

f) Environmental safeguards based on environmental assessments.

g) Plans for the identification and protection of rare, threatened and endangered species.

h) Maps describing the forest resource base including protected areas, planned management activities and land ownership.

i) Description and justification of harvesting techniques and equipment to be used.

Unfortunately, FIO does not have a management plan for any of its plantations. SmartWood's Public Summary observes, "There is no single document called the 'Management Plan'" (SmartWood 2001: 7). Instead there is something called a "management plan file". According to SCC Natura's Tomas Jonsson, "The management plan file is a compilation of documents used for running the plantation operations and registering the outcome" (SCC Natura 2001: 14).

Although FSC's Principle 7 clearly asks for a management plan, SmartWood's Generic Guidelines on Assessing Forest Management allow a loophole: "*Except in very special cases*, absence of a written forest management plan will mean an operation cannot be certified" (SmartWood 2000a: 10, emphasis added). The guidelines list some "very special cases" including that "Significant documentation already exists that meets most, if not all, of the data requirements of a management plan and virtually the only step remaining is to compile and produce an overall management document" (SmartWood 2000a: 11).

Instead of insisting that FIO should compile the information contained in the management file and produce a single management document before a certificate could be issued, SmartWood issued another condition. Condition 23 states:

"By the end of year 2, FIO plantations shall revise the management file to produce an actual management plan that incorporates a wider range of forest management activities, including not only commercial wood production, but also agroforestry, ecotourism, NTFPs, conservation zone management etc." (SmartWood 2001: 31).

For the next two years, in other words, the plantations will be managed without the benefit of a single document called the management plan.

SmartWood’s assessment team made no mention of condition 23 in their first year audit.

SmartWood’s Generic Guidelines for Assessing Forest Management provide a further loophole against FSC’s criterion 7.1. SmartWood’s guidelines state that

“in the SmartWood system, it is crucial to emphasize that field performance matters more than documentation and/or management systems. This does not reduce the need or value of documentation or systems; experience indicates value in them. The question is one of balance between performance, documentation and systems. In SmartWood on-the-ground performance might be regarded as ‘the first among equals’” (SmartWood 2000a: 12).

This presumably provides the SmartWood assessment team with its justification for not insisting on a single document called the management plan, before issuing the certificate. However, this raises serious questions relating to the transparency of FIO’s activities. From the perspective of a forester with full access to FIO’s files, the absence of a single document called the management plan may not be too serious a problem – particularly if the forester in question is a SmartWood assessor that FIO is trying hard to please. If, however, the person trying to find out the information comes from an NGO or a local community, FIO could easily conceal important information relating to its management plans by not releasing some part of the management plan file.

7.4 While respecting the confidentiality of information, forest managers shall make publicly available a summary of the primary elements of the management plan, including those listed in Criterion 7.1.

SmartWood’s condition 24 states: “By the end of year 1, FIO plantations should make the main points of the management plan available to a wide range of stakeholders (local administration, adjacent communities, staff and workers)” (SmartWood 2001: 32). This implies that at the time of the certification, FIO was not in compliance with criterion 7.4. SmartWood’s first year audit reveals that one year later, FIO had still not met this condition.

However, instead of withdrawing the certification, SmartWood issued yet another corrective action request. CAR 13-2002 states:

“By the time of the next annual audit, FIO shall make available for all certified units, a public summary of the management plan

detailing relevant policies, plantation maps, logging operation plans, wood sales, etc. This should be made available to key stakeholders and workers both in terms of written documents (i.e., pamphlet or handout) and described a [sic] stakeholders meetings” (SmartWood 2002: 38).

Although FIO failed to meet SmartWood’s condition 24, the status of the certificate has not been affected in any way. The condition has simply been extended for another year through the corrective action request.

SmartWood’s condition 19 also relates to FIO’s management of the two plantations under consideration. Condition 19 states: “By the end of year 1, define a policy detailing identification, selection criteria, and protection of all eternity trees” (SmartWood 2001: 31). SmartWood’s first year audit claims, without giving any evidence, that this condition has been “partially met”. SmartWood does not define what “partially met” means in the context of a policy. Surely FIO had either produced a policy or it had not. If FIO had produced a policy that did not adequately address the condition, then FIO has not conformed to the condition and the certificate should be revoked.

Once again, SmartWood issued a corrective action request. CAR 11-2002 states:

“By the time of the next annual audit, FIO shall specify protection methods for eternity trees. The following actions shall take place: marking all eternity trees (on the tree itself), mapping the marked trees on the map, systematic monitoring and reporting methods on status and condition of eternity trees” (SmartWood 2002: 38).

The corrective action request is almost identical to the condition, and confirms that FIO failed to meet condition 19 in any meaningful way. SmartWood’s Public Summary gives no further information and the corrective action request appears simply to extend the deadline for FIO to conform to SmartWood’s requirements.

PRINCIPLE 8: MONITORING AND ASSESSMENT

Monitoring shall be conducted – appropriate to the scale and intensity of forest management – to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental impacts.

SmartWood issued two conditions based on FIO’s monitoring at the time of the October 2000 assessment.

Condition 21 states:

“By the end of year 2, results of monitoring soil erosion, and/or soil compaction from all weather or dry weather logging should be incorporated into FIO plantation management planning” (SmartWood 2001: 31).

Condition 25 states:

“By the end of year 2, FIO plantations will develop a monitoring program as part of their overall management planning, particularly to include monitoring environmental conditions of the compartments and such social parameters as source of labor, level of employment, benefits received from agroforestry, NTFPs, eco-tourism, etc. from activities on the FIO land base. An implementation plan, with time frame, would be drafted and implementation commenced” (SmartWood 2001: 32).

Maria Berlekorn, a consultant for SCC Natura, pointed out in January 2001 that there is an inconsistency in these two conditions, in that condition 21 asks for the *results* of soil erosion monitoring to be incorporated into management plans, while condition 25 asks for a *monitoring programme* to be in place by the end of the second year (Berlekorn 2001: 1-2). SmartWood has, however, not clarified the situation. Neither condition is mentioned in the first year audit.

A more important point is that these two conditions indicate that at the time the certificate was awarded, the state of FIO's monitoring was extremely weak. As mentioned above (see comments under criterion 6.5), soil erosion is of particular concern in some areas of FIO's Khao Kra Yang plantation. Although SmartWood's condition 13 related to soil erosion at Khao Kra Yang, SmartWood only requires that adequate monitoring of soil erosion is in place in two years time.

8.3 Documentation shall be provided by the forest manager to enable monitoring and certifying organisations to trace each forest product from its origin, a process known as the “chain of custody.”

The issue of chain of custody is perhaps the most controversial in the certification of FIO. FSC's web-site defines chain of custody as follows:

“Chain of custody is the process by which the source of a timber product is verified. In order for products originating from certified sources to be eligible to carry the FSC Trademark, the timber

has to be tracked from the forest through all the steps of the production process until it reaches the end user. Only when this tracking has been independently verified, the product is eligible to carry the FSC logo” (FSC no date).

As mentioned above (see section on FIO’s History: Illegal logging) one of FIO’s roles is to auction illegally logged timber. There are serious concerns that issuing a chain of custody certificate to FIO could serve to increase the amount of illegal logging in Thailand and the amount of illegal timber entering Thailand.

SmartWood’s Public Summary acknowledged that “nearly 70% of KKY’s wood is sold to mills in Tak Province, 300 km from KKY” (SmartWood 2001: 14).

Veerawat Dheeraprasart, of FER, expressed his concern that such a large proportion of the timber is sold to sawmills in Tak province:

“Most of the illegal teak entering Thailand comes from Burma, and most of it comes through Tak. If FIO is using sawmills in Tak province it is very likely that illegal wood will be mixed with the FIO’s plantation teak. Why should this plantation wood be taken to Tak which is 300 kilometres away from the area?

“This anyway will only increase the illegal teak trade and logging by adding to the sawmilling capacity in Tak province. FIO already has a past record of illegal teak transport in Ta Song Yang in Tak province. In 2539 [1996] and 2540 [1997], the deputy director of the RFD was caught taking a payoff of 5 million baht in Tak from timber businesses who were doing illegal logging of teak” (Veerawat 2002a).

When asked why timber from Khao Kra Yang was sold to sawmills in Tak province, FIO’s Chittiwat Silapat replied, “We sell the timber by bidding. So anyone can buy. So someone who has a sawmill in Tak has the right to transport anywhere” (Chittiwat 2002).

However, FIO’s auctions are not as transparent as appears from Chittiwat’s comments. According to Soonan Nawan, a former head man of Ban Wang Nam Khieo, FIO only started to auction timber from Thong Pha Phum this year. In the past, FIO did not hold auctions but simply informed a small circle of people about the sale of logs. Anyway, Soonan said, “auctions are of no benefit to people who work as labour to plant the trees” (Soonan 2002). According to Somchai Nontasri, a member of the Huay Kayeng subdistrict TAO, FIO does not inform the TAO before auctioning timber from its plantations at Thong Pha Phum (Somchai 2002).

Soonan also questioned the prices FIO obtained from sales of eucalyptus:

“The cost of planting eucalyptus is a massive sum. But when they do their auction and sell the logs they get sometimes less than half of what they’ve spent on planting the trees. I don’t know how this can happen but then I don’t know who comes to buy the trees” (Soonan 2002).

In May 2002, Prapat Panyachatraksa, the Deputy Agriculture Minister, ordered an investigation into FIO officials who helped private firms buy logs at low prices. Prapat told *The Nation* that an initial probe had found some FIO officials had colluded with private firms when FIO held auctions to sell illegally felled timber. He said, “The fraud has been systematically carried out for a long time, causing the FIO to fail to sell logs at reasonable prices” (*The Nation*, 29 May 2002).

SmartWood’s Public Summary makes no mention of illegal logging or of FIO’s role in laundering illegal timber through its auctions, which effectively makes the timber “legal”. Although SmartWood produced a Chain of Custody report on FIO, this report is confidential.¹⁵

PRINCIPLE 9: MAINTENANCE OF HIGH CONSERVATION VALUE FORESTS

Management activities in high conservation value forests shall maintain or enhance the attributes, which define such forests. Decisions regarding high conservation value forests shall always be considered in the context of a precautionary approach.

SmartWood’s Public Summary states: “Neither plantation was deemed to possess High Conservation Value Forests” (SmartWood 2001: 11). This is undoubtedly true, as the plantations are not forests and are extremely unlikely to have high conservation value. However, both Thong Pha Phum and Khao Kra Yang plantations are surrounded by national parks which are high conservation value forests.¹⁶

¹⁵ When asked about chain of custody, FIO’s Chittiwat Silapat referred to SmartWood’s Chain of Custody report, but when asked which report he was reading, he answered, “Cannot show you any more” (Chittiwat 2002).

¹⁶ SmartWood’s Public Summary states that “The KKY plantation is also located in an area classified as National Park” (SmartWood 2001: 10), implying that the plantation is within the boundary of the National Park. When this was pointed out to him, in August 2002, FIO’s Chittiwat Silapat said, “No! Is that in the report? I have to contact SmartWood to correct this. Thank you for this” (Chittiwat 2002). In May 2003, the version of the Public Summary on SmartWood’s web-site includes the sentence “The KKY plantation is also located in an area classified as National Park.”

Before FIO and the Royal Forestry Department commenced their activities in Khao Kra Yang and Thong Pha Phum, both areas had forest which could have been described as of high conservation value. Thong Pha Phum is located in Thailand's Western Forest Complex – one of the largest remaining areas of forest in the country.

In addition, Veerawat Dheeraprasart commented, the “Khao Kra Yang area is an important conservation area, both the plantation as well as the forest, because it's a watershed catchment area of the Wang Tong River.” He added that “FIO's plantation in effect replaced the existing forest area and so violated Principle 9. But SmartWood has ignored the fact that the plantation was formerly a forest area” (Veerawat 2002a).

The plantations have had impacts on the forest in both areas, directly (through conversion of forest and swidden to plantation) and indirectly (through forcing villagers to farm in other forest areas).

PRINCIPLE 10: PLANTATIONS

Plantations shall be planned and managed in accordance with Principles and Criteria 1 - 9, and Principle 10 and its Criteria. While plantations can provide an array of social and economic benefits, and can contribute to satisfying the world's needs for forest products, they should complement the management of, reduce pressures on, and promote the restoration and conservation of natural forests.

A close look at Principle 10 and its criteria indicates that Principle 10 is by far the weakest of FSC's principles and almost any commercially managed plantation would comply with the principle. World Rainforest Movement produced a detailed critique of Principle 10 in February 2001 (WRM 2001). The following is a critique of principle 10, using the case of FIO as an example.

The language of Principle 10 is different to that of the other nine principles. All the other principles include the word “shall”, in the sense that the forest management unit being assessed “shall” comply with the principle. For example, principle 1 states: “Forest management *shall* respect all applicable laws of the country in which they occur” (emphasis added).

In the context of forest certification, principles can be defined as providing an overall goal or objective.

Three years ago, the Centre for International Forestry Research (CIFOR) ran a project entitled “Testing Criteria and Indicators for Sustainable Forest Management”. In one of the reports for this project, CIFOR defined a Principle as follows:

*“A fundamental truth or law as the basis of reasoning or action. Principles in the context of sustainable forest management are seen as providing the primary framework for managing forests in a sustainable fashion. They provide the justification for criteria, indicators and verifiers. Consider that principles embody human wisdom. Wisdom is defined as: a small increment in knowledge created by a person’s (group’s) deductive ability after attaining a sufficient level of understanding of a knowledge area. Wisdom, therefore, depends on knowledge” (Prabhu et al 1999: 86).*¹⁷

It is revealing to look at Principle 10 in the light of this definition. Principle 10 contains neither a “fundamental truth” nor a “law” and it certainly does not “embody human wisdom”. Neither does the Principle provide any justification for the criteria that follow.

Instead, Principle 10 starts by stating that “Plantations shall be planned and managed in accordance with Principles and Criteria 1 - 9, and Principle 10 and its Criteria.” This statement in itself it is not a principle. It could appear in any or all of the Principles. It is simply another way of saying what has already been said in FSC’s introduction to the Principles and Criteria: “major failures in any individual Principles will normally disqualify a candidate from certification” (FSC 2000: 1).

As it continues, Principle 10 becomes more troublesome. The Principle states:

“While plantations can provide an array of social and economic benefits, and can contribute to satisfying the world’s needs for forest products, they should complement the management of, reduce pressures on, and promote the restoration and conservation of natural forests.”

This is not a principle or “truth” or “law” against which plantation management can be judged. Given the social and environmental impact of large-scale industrial plantations, particularly in the South, it would be difficult to argue that FSC’s Principle 10 “embodies human wisdom”. The “knowledge” on which

¹⁷ To give another example, van Bueren and Blom in a report for Trobenbos, a Netherlands based research institution, defined a principle as follows: “Fundamental law or rule serving as a basis for reasoning and action. Principles have the character of an objective or attitude concerning the function of the forest ecosystem or concerning a relevant aspect of the social system that interacts with the ecosystem. Principles are explicit elements of a goal, e.g. sustainable forest management” (van Bueren and Blom 1997: 26).

this statement is based comes from the pulp and paper industry's propaganda in favour of plantations.

Aside from the basic untruths in FSC's statement regarding plantations, the language used does not lend itself to precise interpretation. The principle does not state that plantations *shall* provide an array of social economic benefits, or that they *shall* contribute to satisfying the world's needs for forest products. The principle states simply that plantations "can" do such things without specifying the circumstances required. If unqualified, it is a highly contentious statement, particularly in Thailand, where farmers and local communities have long campaigned (against organisations including FIO) for the right not to have monoculture plantations established on their farmland, commons and community forests.¹⁸

In discussing the "world's needs" for forest products, the language of FSC's Principle 10 ignores the question of whether, by providing forest products (mainly timber in the case of plantations) for the "world", plantation managers are forcing local communities to do without forest products. In the case of the FIO, as discussed below, the purpose of the certification is to increase exports of items such as garden furniture to countries in Europe, where there is a market for "sustainably harvested timber". FSC's Principle 10 ignores questions such as whether Europeans "need" garden furniture more than, say, local communities need medicinal plants, mushrooms, land for swidden cultivation, grazing land for animals, firewood, timber for houses or any of the many other benefits of community-managed forests.

It is, in theory at least, possible for FSC's certifying bodies to make a decision on whether the management of a forest is in accordance with the laws of the country or whether tenure and use rights are clearly defined, documented and legally established (FSC Principles 1 and 2). However, when it comes to

¹⁸ In 1999, the World Bank-WWF Alliance for Forest Conservation and Sustainable Use (which does not "formally recognize any one certification scheme") listed 10 Principles that the Alliance would promote, and which were based closely on FSC's 10 Principles. In the World Bank-WWF version, however, the word "shall" does appear. The World Bank-WWF Principle 10, having stated that plantations shall be designed and managed in accordance with the other nine principles, stated: "Such plantations shall complement overall ecosystem health, provide community benefits, and provide a valuable contribution to the world's need for forest products" (World Bank-WWF 1999). The Alliance's web-site now lists 11 "Criteria" which indicate "what it considers to be essential elements of a robust certification scheme". The website states that "Currently the Forest Stewardship Council (FSC) scheme is the only global scheme that complies with the established criteria" (www.forest-alliance.org accessed 3 November 2002).

determining whether a particular plantation can be said to “complement the management of, reduce pressures on, and promote the restoration and conservation of natural forests”, we are entering a more difficult realm, particularly in the case of FIO, whose certification is helping the organisation export timber grown in plantations which were planted under the terms of the logging concessions which devastated Thailand’s forests.

10.1 The management objectives of the plantation, including natural forest conservation and restoration objectives, shall be explicitly stated in the management plan, and clearly demonstrated in the implementation of the plan.

According to SmartWood’s Public Summary, FIO management objectives are “to manage plantations containing a mixture of original (native) species and/or economic (rubber and fast growing exotic species) species while achieving:

- financial independence (economic viability);
- environmental sustainability; and
- employment and economic opportunities for local communities (social sustainability)” (SmartWood 2001: 7).

Veerawat Dheeraprasart of FER commented, that the phrase “financial independence” means that the point of the certification is “not for sustainable forest management; it is to provide profits so that FIO can survive. SmartWood cannot ignore the fact that they are actually promoting commercial logging for FIO to make profits” (Veerawat 2002a).

SmartWood’s assessment team provided no comment in the Public Summary on these objectives. In fact, FIO’s objectives are simple:

- Planting trees, either native or exotic;
- Making money by cutting the trees down and selling them, or from harvesting rubber; and
- Getting people to work on the plantations.

The term “environmental sustainability” in the context of FIO’s management of tree plantations, is meaningless.

In its critique of Principle 10, World Rainforest Movement pointed out that the “management objectives of industrial plantations are always explicitly stated: the production of large quantities of timber in the shortest time possible” (WRM 2001). FIO’s management objectives are no exception to this rule.

10.2 The design and layout of plantations should promote the protection, restoration and conservation of natural forests, and not increase pressures on natural forests. Wildlife corridors, streamside zones and a mosaic of stands of different ages and rotation periods, shall be used in the layout of the plantation, consistent with the scale of the operation. The scale and layout of plantation blocks shall be consistent with the patterns of forest stands found within the natural landscape.

FIO's plantations were designed and laid out in 1968 at Khao Kra Yang and in 1978 at Thong Pha Phum. Niprapar Riancharoen, the village elder from Ban Huay Paak Kok, near Thong Pha Phum, explained that after the plantations were established on their farmlands, villagers were forced to move to other areas of forest. "They were also encroaching on village people's land and village people had to start moving their farmland away" (Niprapar 2002). Villagers were forced to start clearing fields in forest areas across the river from the village, which they had never previously done because this was their spirit forest.

In fact, rather than "promoting the protection, restoration and conservation of natural forests" FIO's design and layout of their plantations caused increased pressure on forests in the area.

FIO's plantations in Thong Pha Phum and Khao Kra Yang are located in forested areas. In both areas, FIO's plantation blocks stand out dramatically from the surrounding landscape. The rows of monoculture teak trees have little in common with the nearby highly diverse forest, or with villagers' fields. The scale and layout of plantation blocks is not at all "consistent with the patterns of forest stands found within the natural landscape".

SmartWood's Generic Guidelines for Assessing Forest Management explain what FIO should achieve in order to meet this criterion:

"Reforestation supplements natural regeneration, establishes or protects corridors and buffer zones, fills gaps, and contributes to natural forest restoration and/or conservation.

"Wherever possible, plantation management mimics the scale and intensity of natural patterns of disturbance in planting and harvest regimes" (SmartWood 2000a: 15-16).

FIO's management system involves cutting compartments (leaving only a small number of trees) when they reach 30 years old and replanting with teak monoculture. According to SmartWood's Public Summary, an average of 100

hectares is to be logged annually in each plantation. SmartWood's assessment team, however, made no attempt in the Public Summary to describe which "natural patterns of disturbance" would clear almost all the trees over an area of 100 hectares each year, followed by replacement with a monoculture of teak seedlings.

10.3 Diversity in the composition of plantations is preferred, so as to enhance economic, ecological and social stability. Such diversity may include the size and spatial distribution of management units within the landscape., number and genetic composition of species, age classes and structures.

As World Rainforest Movement has pointed out, this criterion is so vague that it would be almost impossible to manage a plantation without conforming to it. The criterion "could be satisfied merely by planting two species of eucalyptus in a huge industrial plantation rather than just one, and planting two different areas a couple of years apart rather than planting all the trees at once" (WRM 2001). In any case, the criterion states that diversity is "preferred" rather than compulsory.

FER's Veerawat Dheerapasart commented that biodiversity in plantations "cannot be promoted because biodiversity in plantations is much less than in forest areas. It is meaningless to talk of biodiversity in plantations" (Veerawat 2002a). Where teak, for example, grows naturally in Thailand's forests, it is only in association with a range of other tree and bamboo species which are barred from a plantation.

However, since FIO's plantations contain teak, eucalyptus and rubber, they are technically in compliance with this criterion.

10.4 The selection of species for planting shall be based on their overall suitability for the site and their appropriateness to the management objectives. In order to enhance the conservation of biological diversity, native species are preferred over exotic species in the establishment of plantations and the restoration of degraded ecosystems. Exotic species, which shall be used only when their performance is greater than that of native species, shall be carefully monitored to detect unusual mortality, disease, or insect outbreaks and adverse ecological impacts.

SmartWood issued a condition regarding the use of exotic species. Condition 14 states: "Before the introduction of new, exotic species, TPP must make a policy and procedures for evaluating the impact of exotic species and state provisions for their management" (SmartWood 2001: 32).

In a report dated January 2001, Maria Berlekom, the SCC Natura consultant, wrote that this condition

“is apparently made based on the assumption that the plantation might introduce new exotic species in the future. There are no plans to do this, and exotic species like *Eucalyptus* spp. will instead be gradually replaced with indigenous species such as teak” (Berlekom 2001: 1).

SmartWood’s condition illustrates the inadequacy of FIO’s management files (as mentioned above, there is no management plan). Presumably based on their reading of the files, SmartWood concluded that FIO might introduce new exotic species, while Berlekom reports that, in fact, “discussions at the plantation and with FIO staff revealed that there are no plans to introduce new exotic species in the plantation” (Berlekom 2001: 3)

Condition 14 also illustrates the weakness of criterion 10.3, which only states that native species are *preferred* over exotic species. According to SmartWood, FIO needs to put in place nothing more than a “policy and procedures for evaluating the impact of exotic species” before it covers areas of Thong Pha Phum in a green desert of eucalyptus monoculture.

In the first year audit, SmartWood’s assessors state that condition 14 is now “closed”, but provide no further details (SmartWood 2002: 37). Whether this means that FIO now has a suitable policy and procedure in place, or whether FIO has assured SmartWood that exotic species will be replaced with teak, is not clear from SmartWood’s Public Summary.

Thong Pha Phum is on the border of the natural distribution of teak in Thailand. SmartWood’s Public Summary does not discuss whether a tree species that does not grow naturally in a particular forest area or area of the country should be considered as an exotic or not.

10.5 A proportion of the overall forest management area, appropriate to the scale of the plantation and to be determined in regional standards, shall be managed so as to restore the site to a natural forest cover.

This criterion confuses forest with plantation. In both Thong Pha Phum and Khao Kra Yang, FIO manages mainly areas of industrial plantations (which are not forest). In the case of Thailand, there are no regional standards and SmartWood simply used its Generic Guidelines for Assessment of *Forest Management* (see section on The Certification Process, above).

SmartWood’s guidelines explain what their assessors should have found in FIO’s plantations in order for them to consider that this criterion had been met:

“Representative samples of existing natural ecosystems are being protected or restored in their natural state, based on the identification of key biological areas and/or consultation with environmental stakeholders, local government and scientific authorities (a 10% target figure is encouraged by [sic] not mandatory).

...

Conservation zones are demarcated on maps and in the field. Forest operations carefully controlled in conservation zones” (SmartWood 2000a: 16).

In SmartWood’s Public Summary, the area set aside for conservation zones is not clear. Page four of the summary states that four per cent of the area of Thong Pha Phum is “conservation zones” while on the following page a figure of six per cent is given for “conservation/restoration”¹⁹ (SmartWood 2001: 4-5). Whether the figure is four or six per cent, it is considerably below SmartWood’s 10 per cent target figure.

SmartWood’s Public Summary states that “FIO’s policy is that approximately 5% of each plantation’s area is to be maintained as ‘natural forest cover’ to provide for conservation of biodiversity” (SmartWood 2001: 10). SmartWood’s assessors, however, make no comment on the fact that FIO’s policy recommends conservation zones covering only half of the “encouraged, but not mandatory” target area in SmartWood’s guidelines. SmartWood’s Public Summary includes no mention of what measures SmartWood took to “encourage” FIO to increase the area of conservation zone at either Thong Pha Phum or Khao Kra Yang.

– At Khao Kra Yang, SmartWood reports that “buffer zones” cover 13 per cent of the area, while “conservation/restoration” covers 9 per cent (SmartWood 2001: 5). Writing in August 2001, Maria Berlekom of SCC Natura stated: “These latter areas (buffer zones, stream banks) appear also to have been classified as ‘conservation areas’ – but it is unclear to what extent natural

¹⁹ Page 10 of SmartWood’s Public Summary repeats the figure found on page five: “TPP has set aside 6 % of the area as conservation zone” (SmartWood 2001: 10).

regeneration is planned for, as some harvesting seems to be anticipated” (Berlekom 2000: 3). SmartWood’s condition 20 states: “By the end of year 1, the KKY management plan should clearly state that conservation areas are areas to be left to natural regeneration and not to be harvested” (SmartWood 2001: 33). SmartWood’s first year audit reports that FIO has met condition 20, but provides no further information.

The exact purpose, location and management of these buffer zones was not clear at the time of certification.²⁰ SmartWood’s Public Summary concludes that “There is considerable opportunity for improved environmental management, particularly in the area of conservation and promotion of biodiversity in the plantations” (SmartWood 2001: 26).

SmartWood’s condition 23 requires FIO to produce a management plan within two years, which is to include

“the exact width of all buffer zones (streams, compartments, and outer boundary) and their desired characteristics/management prescriptions described (e.g. several layers of natural vegetation with a top layer of mature trees, no harvesting). Buffer zones throughout the plantation should be allowed to mature to full tree size without interruption” (SmartWood 2001: 32).

SmartWood’s first year audit makes no mention of condition 23. This condition requires FIO to describe the “desired characteristics/management prescriptions” of buffer zones, which indicates that FIO’s specifications on buffer zones were at best somewhat hazy at the time of the certification. One year after the certificate was awarded, FIO is still not in compliance with criterion 10.5.

²⁰ SmartWood’s Public Summary of the precondition verification audit carried out in April 2001, states: “FIO staff at KKY made the comment that they felt the SW assessment team made an oversight in the original report, not appreciating the full extent of conservation zones. The audit team was taken to visit a semi-natural forest site. Actually, the issue that the original team had made was not that there was insufficient area in conservation zones, but that the objectives behind such zones was not necessarily clear and not communicated well to the community” (SmartWood 2001: 23).

10.6 Measures shall be taken to maintain or improve soil structure, fertility, and biological activity. The techniques and rate of harvesting, road and trail construction and maintenance, and the choice of species shall not result in long-term soil degradation or adverse impacts on water quality, quantity or substantial deviation from stream course drainage patterns.

In its critique of Principle 10, World Rainforest Movement comments, “If this criterion were to be applied consistently, then no large-scale, fast growth, exotic tree plantation could be certified. Yet if applied carelessly, the criterion would allow a great deal of environmentally damaging practice” (WRM 2001).

Unfortunately, SmartWood’s Public Summary appears to indicate that SmartWood’s assessment team applied the criterion carelessly. The word “soil” is mentioned three times:

- “On steep slopes, organic ground covers are established on unstable **soils**” (SmartWood 2001: 25); and
- “Condition 21: By the end of year 2, results of monitoring **soil** erosion and/or **soil** compaction from all-weather or dry weather logging should be incorporated into FIO plantation management planning” (SmartWood 2001: 31 emphasis added).

There is no mention anywhere in SmartWood’s Public Summary of any measures taken by FIO to “maintain or improve soil structure, fertility and biological activity”.

10.7 Measures shall be taken to prevent and minimize outbreaks of pests, diseases, fire and invasive plant introductions. Integrated pest management shall form an essential part of the management plan, with primary reliance on prevention and biological control methods rather than chemical pesticides and fertilizers. Plantation management should make every effort to move away from chemical pesticides and fertilizers, including their use in nurseries. The use of chemicals is also covered in Criteria 6.6 and 6.7.

SmartWood’s assessment team observed in the Public Summary that, “There was no evidence that encroachment, wild fires, pest attack, or illegal felling have threatened or were likely to threaten the plantations” (SmartWood 2001: 25). However, this is not what is asked for in the criterion. SmartWood makes no mention of whether integrated pest management forms “an essential part” of FIO’s management files.

In its critique of Principle 10, World Rainforest Movement comments, “This clause relies so heavily on vague wording such as ‘minimize’, ‘primary reliance’, and ‘every effort’ that it becomes worthless in practice” (WRM 2001). SmartWood’s assessment team illustrate the problem well. SmartWood issued condition 22 regarding FIO’s use of chemicals at Thong Pha Phum (see criterion 6.6 above). However, there is no mention in the Public Summary of how FIO is attempting to reduce the use of chemical pesticides or fertilizers, or conducting research into alternatives. SmartWood’s CAR 12-2002 requests that FIO “shall implement and document its plan to reduce chemical use”, without quantifying what would be a satisfactory reduction. In any case, FIO need only comply by the end of the second year of the certification.

10.8 Appropriate to the scale and diversity of the operation, monitoring of plantations shall include regular assessment of potential on-site and off-site ecological and social impacts, (e.g. natural regeneration, effects on water resources and soil fertility, and impacts on local welfare and social well-being), in addition to those elements addressed in principles 8, 6 and 4. No species should be planted on a large scale until local trials and/or experience have shown that they are ecologically well-adapted to the site, are not invasive, and do not have significant negative ecological impacts on other ecosystems. Special attention will be paid to social issues of land acquisition for plantations, especially the protection of local rights of ownership, use or access.

SmartWood’s assessors make no mention of this criterion in the Public Summary. As discussed above, at the time of SmartWood’s assessment, FIO’s monitoring of its plantations was extremely weak. SmartWood issued two conditions (21 and 25) relating to monitoring (see comments under Principle 8. above). SmartWood concludes that “Considering the environmental and social impacts of plantation activities, the assessors noted that FIO could improve its monitoring, even research and analysis of current practices, in order to be able to assess the results and impacts” (SmartWood 2001: 26).

A strict interpretation of the final sentence would have resulted in FIO failing its assessment against FSC Principles and Criteria. FIO did not pay “special attention” to social issues of land acquisition when it established its plantations more than thirty years ago. Villagers who lost their land or access to forests have to this day not received any compensation from FIO. Only villagers who work in the forest villages have seen any benefits from the plantations.

10.9 Plantations established in areas converted from natural forests after November 1994 normally shall not qualify for certification. Certification may be allowed in circumstances where sufficient evidence is submitted to the certification body that the manager/owner is not responsible directly or indirectly of such conversion.

Because of the arbitrary cut-off date (November 1994), FIO's plantations at Thong Pha Phum and Khao Kra Yang are not covered under this criterion.

6. CONCLUSION: FSC SHOULD REVOKE FIO'S CERTIFICATE

FIO and its supporters argue that Thailand needs large areas of tree plantations because the country currently imports timber at great expense. For example, in a proposal to Sweden's Sida for additional funding for the Organisational Development project (see The Background to the Certification, above), FIO wrote:

"Thailand has to import wood and wood products many billions US\$ annually; as though cease for logging from own forests, while promoting logging from other country's forests. Imported wood is very expensive that people in rural areas can not afford; thus causing illegal felling logs from depleting natural forests" (FIO 1996: 3).

FIO's Chittiwat Silapat expanded on this argument in August 2002,

"When you look at the effect of the logging ban it cost Thailand a lot of money for imported wood and wood products, roughly more than 40,000 million baht. A very huge amount of money. The reason is very simple. We are more and more populated. People need material to build a house so demand is increasing. People who live in the rural areas must pay a higher price for the wood they use for building material than people in the cities because of high transport costs. Even for cement and bricks, they have to pay a high price. They cannot afford it so they go straight to the forest. This is what is happening now. So the logging ban is not the only answer. The demand is still there" (Chittiwat 2002).

However, the reality is that certification of FIO's plantations leads not to import substitution so much as to promotion of further timber *exports* from Thailand to Europe. When FIO received the certification, FIO's deputy managing director, Winai Subrungruang told the *Bangkok Post* that the certification would increase acceptance of the FIO's products in the world market (Phusadee 2001).

Writing in 2001, Tomas Jonsson, SCC Natura's consultant, writing in the FIO project Final Report, was candid about the benefits that certification would bring to FIO:

“The FSC related efforts [towards certification] are partly done as a means to improve the attractiveness of FIO's products since a successful FSC certification will permit eco-labeling of the timber. And this in turn is a marketing advantage since sought after Thai products, like certified wooden furniture, are in much demand as compared to non-certified products” (SCC Natura 2001: 15).²¹

In Thailand, however, while there is undoubtedly demand for timber, there is no demand for *certified* timber. When asked why FIO needs certification, FIO's Chittiwat Silapat replied it was the policy of FIO's new Managing Director, Chanatt Laohawatana. He said “at the moment the image of FIO is getting better and better, because of what we are doing. So it's my belief that this is one of the ways to improve our image.” However, he admitted that “There's no real market for FSC wood in Thailand” and that in the future the timber could be sold internationally. He added, although “there are some buyers from abroad asking for certified logs, I always say to them there is not enough to supply our domestic market” (Chittiwat 2002).

Chittiwat is being somewhat economical with the truth here. In August 2000, he told the *Bangkok Post*, “As the first country in the region with FSC certification, Thailand will have a valuable edge in the area of timber exports. ... As the first country in the region with FSC certification, Thailand will have a valuable edge in the area of timber exports” (Uamdao 2000). Within a month of the certificate being awarded, Chittiwat said, five companies have signed contracts to buy timber from the FIO (Phusadee 2001). A display board outside one of FIO's plantation areas in Thong Pha Phum announces that the plantation has been certified under Forest Stewardship Council system and that with this label, FIO can export its timber internationally.

²¹ Jonsson also observed in his Final Report, “As a fringe benefit of the consultancy FIO obtained new business relations (e.g. with IKEA [the Swedish retailing giant]) as a consequence of the consultant's contact net in Thailand” (SCC Natura 2001: 24). The consultant referred to is Bo Karlsson, who has “assisted IKEA for more than a decade in establishing processing facilities in Asia and Europe. Karlsson is in the process of setting up a joint venture sawmill in Thailand” (SCC Natura 2001: 8).

A company called “Fioline” sells garden furniture in Europe which is manufactured from timber from FIO plantations.²² Fioline advertises picnic tables, benches and chairs and claims that “All our teak comes from sustainable teak plantations in the north of Thailand” (Fioline no date). This statement is highly questionable, particularly since in May 2002, SmartWood found that five of FIO’s plantations in the north of Thailand did not meet the standards required for FSC certification.

In this context, certification becomes little more than a marketing tool, enabling FIO’s timber to reach new markets, particularly in Europe.

A plantation is not a forest

Within Thailand, certification provides FIO with a legitimization of its plantation management. FIO’s offices now display SmartWood signs, which announce FIO’s new status as sustainable “forest” managers: “Certified Forest. This forest is certified as well-managed by SmartWood in accordance with the rules of the Forest Stewardship Council.”

SmartWood deliberately confuses plantations and forests. Since FSC Principles and Criteria currently allow, or even encourage, this confusion, perhaps this is not surprising. However, it is clearly to FIO’s advantage that this confusion continues. It allows the organisation to claim that its monoculture teak plantations are “reforestation”, even when they are repeatedly logged and replanted.

According to the introduction to FSC’s Principles and Criteria, “The goal of FSC is to promote environmentally responsible, socially beneficial and economically viable management of the world’s forests, by establishing a worldwide standard of recognized and respected Principles of Forest Stewardship” (FSC 2000: 1). This statement alone should exclude industrial plantations from the FSC system, since plantations are not forests and do not contribute to the viable management of the world’s forests.

Industrial plantations have little in common with forests. Surapon Duangkhae, secretary general of Wildlife Fund Thailand, commented that

²² Fioline appears to have a link with Kircodan, a Danish garden furniture company. In September 2000, Fioline exhibited its furniture at an international fair for sports and camping equipment and garden furniture in Cologne in Germany. The postal address, e-mail and fax number given in the fair’s brochure for Fioline are identical to those given for Kircodan.

“I think FIO should make clear that what they do is plantations. They do farming, they don’t do forestry. If they use a forest it’s not forest any more, it is their plantation. Because they clearcut, you know, everything, then they just keep the trees that they want. When they plant the trees, after a certain period of time they cut them. Then they plant again. It’s just farming” (Surapon 2002).

Since FSC principles are aimed at *forest* stewardship then it is unlikely that the same principles can be applied to something that is fundamentally different to a forest. FER’s Veerawat Dheeraprasart argues that plantations should not be a part of the FSC system: “Plantations are harmful per se to economics and local people and it’s not necessary [for them] to be included in the FSC” (Veerawat 2002b).

Undermining democracy

In Thailand, a nationwide debate about forests, people and land rights has been going on for at least the last twenty years. Villagers have protested logging operations and industrial plantation developments. Protests against the timber industry led to the ban on logging concessions in 1989. The development of fast-growing tree plantations (particularly of eucalyptus) in the northeast of Thailand has resulted in many protests.²³ Thailand’s newspapers frequently feature discussions of the issues surrounding people and forests in Thailand. Villagers have consistently demanded the rights to manage their own resources through, for example, the Assembly of the Poor.

In 1997, Thailand’s government passed a new constitution. The constitution was the result of an intense public discussion involving government officials, academics, NGOs and representatives of people’s organisations. The Constitution Drafting Assembly consisted of elected members from 76 provinces, selected not from members of parliament but from the public. Several articles from the new constitution are of direct relevance to forest management in Thailand, and to the certification of FIO:

- Article 46: communities’ right to conserve and use natural resources.
- Article 56: the right to a decent environment with requirements to carry out environmental impact assessments.
- Article 58: the right to information.

²³ See Lang (2002) pp. 78-80 for a list of *some* of the protests about tree plantations that have taken place in Thailand.

- Article 79: the state's duty to promote and encourage public participation in the conservation and use of natural resources.
- Article 290: local administration organisations have the power and duty to take part in the management, maintenance and use of natural resources (Kosol 2001, Rasmussen et al. 2000 and Supradit 2002).

FIO's activities conflict with all of these articles of the constitution. FIO's plantations replaced villagers' farmlands and in effect evicted them from their land. FIO has never allowed communities' the right to conserve or use their natural resources. In fact FIO has actively prevented communities from exercising such rights. FIO does not carry out environmental impact assessments of its activities (see comments under criterion 6.1, above). The fact that parts of SmartWood's documentation on their assessment of FIO are confidential (for example the chain of custody report) may be in breach of Article 58 of the constitution, particularly since FIO is a public organisation. FIO does not discuss its activities with the public living near its plantations and has for several years not even paid taxes to the local Tambon Authority Organisation. Yet SmartWood's Public Summary makes no mention of Thailand's constitution.

Neither does the Public Summary mention the draft Community Forestry Bill. Community forestry has been a focus of discussion on forest issues in Thailand for more than 10 years. Academics, NGOs and representatives from villagers' organisations worked together to produce a draft Bill which would give communities the right to manage their forests. Though currently stalled, the Bill is the subject of intense political debate in Thailand. Yet one of SmartWood's assessors is Pearmsak Makarabhirom, of the Regional Community Forestry Training Centre, a Bangkok-based NGO. Pearmsak has for many years worked with NGOs in Thailand, as he puts it, "building the capacity of communities in managing natural resources including forests" (Pearmsak 2002). Pearmsak has been closely involved with the discussions surrounding the drafting of the Community Forestry Bill.

FSC's Principle 10 states that plantations "should complement the management of, reduce pressures on, and promote the restoration and conservation of natural forests". While throughout Thailand, hundreds of community forests managed by villagers are achieving exactly this, FIO's plantations, by contrast, have replaced forest and farmland and have failed to reduce pressures on other forest areas. Indeed, there are concerns that the certification, by legitimising FIO's logging activities, could even result in an increase in illegal logging in Thailand. Veerawat Dheeraprasart explains:

“Illegal logging ... basically happens as part of logging activities. In Thailand anyway, it relates to the history of logging concessions. There may be two types of illegal logging. One is where local people do illegal logging. This depends on the law. For example, previously local people used to cut trees and use the timber, but when the companies were given logging concessions then only the companies could use the forest. Local people’s use then became illegal. The second type of illegal logging is the most serious, and happens when the companies themselves do illegal logging. They basically log areas that are outside the concession and then mix the timber along with the legally logged timber. This has led to the destruction of large areas of forest in Thailand.

“In recent years illegal logging has decreased in Thailand. One reason is because the area of forest in Thailand has decreased. And the second reason is because people in Thailand are more aware of conservation of forests and there are many campaigns to conserve forest areas.

“If FIO does logging there is an increased chance that there will be illegal logging because FIO will log and sell to sawmills. These sawmills can easily mix the FIO’s logs with other logs from illegal log sources. SmartWood’s report, for example tells us that the logs from Khao Kra Yang will be sent to Tak province, 300 kilometres away. This is extremely dangerous because the Royal Forestry Department’s statistics on illegal logging show that Tak province has the highest amount of illegally-logged teak in the country. FIO’s transport of logs from Pitsanulok to Tak will only increase the opportunities for illegal logging in Tak province. SmartWood has totally failed to understand the problems of illegal logging in Thailand. They haven’t even mentioned it in their Public Summary. The taking of logs from Khao Kra Yang to Tak will only help increase forest destruction” (Veerawat 2002b).

While the FIO’s plans for logging, ecotourism and tree plantations continue to threaten the natural forests and the livelihoods of local communities in Thailand, the certification of its tree plantations, in effect, simply assists FIO in delaying meaningful structural changes. With FSC certification, the organisation can continue to seek revenue from destructive logging operations and large-scale monoculture tree plantations.

In March 2002, FIO announced plans to convert 10.5 million *rai* (1.68 million hectares) of forest reserves into plantations. Chanatt Laohawatana, FIO’s managing director, told the *Bangkok Post*, “The country has large tracts of degraded forest land and uninhabited areas. The organisation will make money from this land by planting high-value trees, in particular teak” (Kultida 2002).

By ignoring the ongoing debate on people and forests in Thailand, SmartWood is in effect siding with an elite, whose interests lie in keeping the *status quo* and holding on to, or increasing, their own power. From the Public Summary, SmartWood's assessment team appears utterly unaware that, as a firm hired by FIO, they are making political interventions, as well as dealing with straightforward technical matters. Issues of forest and land are something that the Thai public and their policy-makers are responsible for debating and deciding upon with their own processes and democratic institutions.

According to Noel Rajesh, a forest researcher with TERRA,

“After all the arguments back and forth about stakeholders and reports and appendixes and providing money for poor villagers, it essentially comes to this: through their “certification”, SmartWood is subverting ongoing democratic processes of debate and consultation of what Thai people, particularly the marginalised sections (as opposed to the FIO and the Thai elite), want to do or not do with their forests. SCC Natura's consultants “failed” in their job in providing a debate about certification because it was not in their interests to do so. Neither is it in SmartWood's interests – as long as they keep the discussion focussed on technical issues, wages, wood production plans and so on, they can ignore debates going on in Thai society (involving the public, NGOs, environmentalists, Assembly of the Poor etc.) regarding the purpose of the RFD and the FIO and their roles in forest use and management” (Rajesh 2001a).

In November 2002, two of FIO's plantations remain certified. FER's Veerawat Dheeraprasart has a simple recommendation for FSC:

“The failure to implement the conditions of the first year leads to our demand that FSC revoke the certification. Revoking the certification can only benefit local people as well as the thousands of *rai* of plantations, so that they can be conserved and have the local people's plan for management. Logging the area will destroy these areas, but if they are not logged and the certification is revoked then local people can join with the FIO to figure out a management plan to try and practice truly sustainable forest management. It's not necessary to talk of expanding certified areas; right now it is enough that FSC revokes the existing two areas that have been certified” (Veerawat 2002b).

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THE BRAZILIAN CASE STUDY

Evaluation report of V&M Florestal Ltda. and Plantar S.A. Reflorestamentos, both certified by the Forest Stewardship Council

By Marco Antônio Soares dos Santos André, Rosa Roldán, Fábio Martins Villas, Maria Diana de Oliveira, José Augusto de Castro Tosato, Winfried Overbeek, and Marcelo Calazans Soares

1. INTRODUCTION

Aiming to advance public discussion about the Forest Stewardship Council (FSC)* forest certification system, and to help fine-tune principles and criteria for “good management”, the World Rainforest Movement (WRM) has commissioned two independent studies of the management of homogeneous plantations certified by FSC. One was conducted in Thailand and the other in Brazil. Particular attention was paid to FSC Principle 10, on plantations, and its role among other FSC principles, which refer to actual forests.

These independent studies were motivated by a concern shared today by many socio-environmental movements and organisations in both the South and the North, regarding the certification of millions of hectares of uniform and large-scale plantations of trees. How can such plantations, these movements and groups ask, “be considered ‘sustainable’”? Since the FSC formulated and approved Principle 10, numerous complaints have been lodged against certified plantations. However, mere complaints are not enough if systematic improvements to FSC’s plantation certification system are to be made. Thus the idea of independent assessments of certified companies arose, based on a critical look at the local situation where such companies operate. In the case of the plantations assessed in Brazil, we have used as guidelines the *Summaries and Public Proceedings (PS)* released by the certifiers, the *Brazilian FSC Plantation Certification Models* and the *FSC Principles and Criteria*.

These assessments constitute an attempt to provide elements for a more general discussion of the certification of plantations through FSC in the context of unrestricted demand for plantation products. We assessed two companies

operating in Brazil. The first is Vallourec & Mannesman Florestal Ltd. (V&M Florestal), which in January 1999 obtained the FSC seal through Société Générale de Surveillance (SGS) for all its managed units (234,886 hectares, of which 128,326 are planted with eucalyptus). We also assessed Plantar S.A. Reflorestamentos, of whose operations 13,287 hectares were certified by Scientific Certification Systems (SCS) in two stages between 1998 and 2000.

During one week in October 2002, we listened to various interested parties and visited the areas the companies work in in the districts of Curvelo and Bocaiúva. We studied the certifiers' public summaries (PS) mentioned above, their reports of public proceedings and their monitoring reports. We talked to the inhabitants of areas where the companies are active, trade union leaders, sub-contracted workers, accident victims, pensioners, dismissed workers, city councillors, public inspectors, state deputies, technicians, research workers, academics, non-governmental organisations and representatives of regional public bodies and entities. We consulted available documentation on the region, academic theses, public civil legal actions, and reports by Parliamentary Investigation Commissions.

The first chapter of this report contains a brief general description of the two companies. Chapter 2 critiques the certification process for the two companies, as carried out by SGS in the case of V&M Florestal and by SCS in the case of Plantar S.A. Reflorestamentos. In chapter 3, we comment on the Public Summaries and their insufficient focus on the historical, economic, social and environmental context in which the companies operate. We also attempt to call attention to important issues that the certifiers overlooked entirely. In chapter 4, we record the lack of compliance by the companies with all the FSC Principles. Following our conclusions, a bibliography, list of acronyms and other attachments are appended.

We are not authorised to reveal the names of some of the people interviewed in this report who feared that reprisals would be taken by the companies. In other cases, we decided on our own to conceal names, due to the seriousness of the complaints and the likelihood that the companies would take reprisals. In some cases, therefore, people are identified only as interviewees, local inhabitants or trade union members. These people are nonetheless available for interview by FSC International, under the condition that the necessary discretion is maintained. If they so request, we are willing to take FSC International representatives to talk to these interviewees, and also to take them to the places we visited. Finally, we emphasise our concern over the fear these interviewees feel. Certification firms should not be fostering such an atmosphere of repression and fear.

2. Chapter 1: SOME COMPANY FEATURES

V&M Florestal Ltda.

Vallourec & Mannesman Florestal Ltda. (hereinafter V&M), located in the city of Curvelo (state of Minas Gerais), was founded in the year 2000, three years after the Mannesman Ltda. Company, founded in 1969, mainly with German capital (Mannesmanröhren-Werke AG), entered into partnership with the French Vallourec group, setting up V/M Tubes, located in Europe. Its representative in Brazil is the Grupo V&M de Brasil, of which V&M Florestal Ltda. is part.

The main objective of V&M is to produce timber for charcoal. When it was founded, the company's objective was to provide a substitute for coal at the V&M Brazil steelworks in Barreiro, Belo Horizonte. Today, V&M Brazil are self-sufficient in charcoal and annually produce some 450,000 steel tubes.

The Public Summary (PS) of the certification data show that V&M has 235,886 hectares of land in the State of Minas Gerais in four different districts, as displayed in the table below, which also indicates the average charcoal production for each district.

Zone	Total area (ha)	Area planted (ha)	Average charcoal production (m ³)
Curvelo	46,147	33,867	350,000
Bocaiúva	47,577	33,457	300,000
João Pinheiro	87,899	40,567	390,000
Brasilândia	54,263	20,435	240,000
Total	235,886	128,326	1,280,000

Source: Public Summary (PS) of V&M Florestal certification (SGS Forestry)

The 235,886 hectares belonging to the company are located in 25 properties of sizes varying from 1,000 to 36,000 hectares. According to the company, eucalyptus is planted in blocks averaging 25 hectares each, each block surrounded by roads serving as fire breaks. The species of eucalyptus planted include *Eucalyptus camaldulensis*, *E. urophylla*, *E. cloeziana*, *E. citriodora*, *E. grandis* and *E. pellita*. Recently, the original trees have been replaced by cloned plants that ensure greater homogeneity, productivity and efficiency; the new owners of the company, the Vallourec Group, want to reduce costs by 10% to 15%. Each property, except the two smallest ones, features an open space within the plantations where charcoal is produced. Traditionally,

large numbers of small round ovens have been used, and in 1998, the company still had 1,500 ovens of this type. However, SGS's Public Summary states that these traditional ovens are gradually being replaced by large "modern' stacks" of which, in 1998, there were already 300. Once produced, the charcoal is transported to the V&M Brazil factory which lies, on average, 360 kilometres from the plantations.

After the failure of its first eucalyptus plantations, the company set up a research centre on the cultivation of eucalyptus species. No concrete data have been published on the 107,560 hectares that are not planted with eucalyptus. According to SGS's Public Summary, the company has nearly 60,000 hectares of native reserves, although there is no indication of their location. In other areas, eucalyptus may well have been planted unsuccessfully; still others may be usable as pasture.

Over the years, the company has endeavoured to lower costs to ensure profitability. Automation has been an extremely effective strategy, for example the use of machinery in extraction and transportation of timber. One larger-scale machine replaces almost 70 chainsaws. The introduction of new charcoal ovens has also left many workers unemployed. Another important strategy to lower costs is outsourcing of timber extraction and charcoal production. These strategies have helped reduce the total number of workers since the 1980s, and the number of outsourced workers today far exceeds the number of regular employees (see the following table).

V&M Florestal	Stable workers	Outsourced workers	Total
1998	----	----	3,000
1999	838	1,701	2,539
2000	726	1,619	2,345
2001	672	1,470	2,142

Source: Public Summary (PS) for V&M Florestal certification (SGS Forestry)

Outsourcing frequently worsens the working conditions and threatens the rights of charcoal labourers and plantation employees who before being outsourced had been contracted directly by V&M. The company does, however, try to get contracting firms to adopt some minimal responsible practices, for instance, contracting workers legally and signing workers' cards issued by the Ministry of Labour. According to the PS, V&M has always supported campaigns against child labour, a problem in the zone and specifically in charcoal production activities.

The company is creating, on all its properties, 25-metre-wide corridors of native vegetation separating compartments of eucalyptus 500 metres wide. These corridors are an important advertising tool for V&M, as it would seem that it is the only company, of the dozens operating in the same sector in Minas Gerais, which has put them in place. The company also advertises itself as employing “*labour in the field, taking development to the rural areas of Minas Gerais and even contributes considerably to the reduction of the greenhouse effect*”. (Charcoal is considered to contribute less to global warming than coal.)

Plantar S.A. Reflorestamentos

Plantar S.A. Reflorestamentos (hereinafter Plantar), whose shares are held by the Moura family, was founded in 1967 and is involved in:

- Forestry services to major companies, mainly in the pulp sector (the company is currently planting trees on 350,000 hectares of other firms’ land in various states in Brazil);
- Cast iron metal works; and
- Plantation of eucalyptus on its own lands.

The company has some 15 plots of land totalling 280,000 hectares. These are devoted mainly to eucalyptus cultivation, aimed at the production of charcoal to supply its own iron works. Plantar’s plantation and charcoal operations share some of the same features as those of V&M and other companies:

- They were established at the same time as V&M’s projects, and in some of the same zones;
- They feature eucalyptus grown in monoculture (the company propagates around 10 million seedlings annually, increasingly as clones);
- They use short-term rotations; and
- They tend to outsource important activities.

Recently the company has started producing barbeque charcoal, with some success in the domestic market.

Plantar’s application for an FSC certificate, unlike V&M’s, covered only part of its plantations – some 9,419 hectares in the municipality of Curvelo. This application was made in 1997. In 2000, another 3,868 hectares were added, bringing the total to 13,187 hectares. To date, however, only 4.8% of Plantar’s plantations are certified. Plantar uses the eucalyptus wood from these certified plantations to produce barbeque charcoal, which accordingly can be sold at

a higher price. But Plantar may also have a longer-term strategy in mind, given the company's attempts to court extra investment through the Clean Development Mechanism (CDM) and sale of so-called "carbon credits". The fact that the company has only certified a small part of its plantations does not prevent it from announcing on its website that certification "*ensures that our forest is well managed, according to FSC principles and criteria, that is to say, it is managed in an environmentally responsible, socially beneficial and economically viable way*". This gives the false impression that the certificate is valid for all the company's plantations.

3. Chapter 2: CERTIFICATION AS CARRIED OUT BY SGS AND SCS

In this chapter, we intend to question some aspects of the certification process carried out by SGS and SCS. On analysing the Public Summaries (PS), we observe that the certifying companies follow certain steps in their work, that is to say there is a certain sequence of activities, for which they use manuals, checklists, itineraries or defined methodologies. What problems occur are therefore likely to be repeated in other certification exercises. Here we examine some of these problems.

The Composition of Certification Teams and the Content of their Assessments

The SCS team certifying Plantar comprised a specialist in forestry resource planning and management and another specialist in environmental planning and management. No one on the team was qualified in social or economic analysis. This may explain why the PS reflects none of the necessary understanding of the local economy, the workers' situation, the local communities and other realities that are not directly related to silviculture itself but are extremely important in the assessment of FSC Principles and Criteria (see chapter 3). The SCS team – despite being specialists in forestry resources and environmental management – also failed to analyse the environmental history of the area, which has seen the violent destruction of the native *cerrado* vegetation.

The SGS team certifying V&M involved more people – five – and was more balanced: a SGS-Qualifor coordinator, a forestry engineer, an expert in ecology, a sociologist and a university professor in silviculture and environment. Even so, it is vulnerable to the same criticisms as SCS. The PS it produced lacks a sound study of local socio-economics, the labour situation, the local communities' situation and the environmental situation. The absence of these

studies once again makes it difficult to assess adherence to certain principles and criteria formulated by the FSC for the certification of forestry plantations.

Participation of Interested Parties in Certification

The PS for V&M enumerates various “interested parties” with whom, according to SGS, “*meetings and discussions were held*” (p. 30), but does not comment on the results of these meetings and discussions. Trade union members mentioned in the list of “interested parties” supposedly consulted by SGS deny that they were consulted during the certification process in 1998. Members of one trade union testified, indeed, that they had learned that the company had obtained the FSC seal only when they saw posters on the wall of company headquarters in Curvelo advertising the fact.

SCS, for its part, claims to have “*contacted various companies providing sub-contracted services to Plantar, local leaders and NGOs*”, including the NGO Associação Mineira em Defesa do Meio Ambiente (Association of the Minas Gerais State in Defence of the Environment, or AMDA) and the mayor of Curvelo, both of whom are reported as having a favourable opinion towards the company (SCS PS 2.3, p. 4). However, SCS does not mention any service-supplying company among its “*main contacts and comments*” (p. 5). It states that it “*did not contact the Rural Workers Trade Union in the zone because there is none in activity in the city of Curvelo*” (2.3, p. 6). Nor did it attempt to investigate the reasons for this surprising absence, nor to contact the Minas Gerais Federation of Rural Workers’ Trade Unions (FETAEMG) in Belo Horizonte or the Minas Gerais Extractive Industry Workers Federation (FITIEMG), which directly represents the working class in the eucalyptus zones.

In addition, SCS and SGS both failed to contact other important “interested parties” including:

- The (Federal) Public Ministry of Labour (MPT) of Belo Horizonte (MG), which for years has been investigating or prosecuting illegal activities undertaken by practically all the companies taking part in charcoal production and practicing outsourcing, including V&M and Plantar;
- The Regional Labour Office (DRT), which, in March 2002, prosecuted some 50 companies, among them Plantar and V&M, for illegal outsourcing of labour and for not respecting the labour environment;
- The Parliament of the State of Minas Gerais, which over the past 12 years has set up at least three Parliamentary Investigation Commissions (CPI) to investigate the practices of forestry companies, including those of V&M and Plantar;

- The Extractive Industry Workers Federation of Minas Gerais (FITIEMG) in Belo Horizonte (MG), which represents and defends the interests of wage earners and salaried employees who work in forestry and charcoal production, and which has denounced illegal sub-contracting and slave child labour among the charcoal stacks of companies planting eucalyptus;
- The Federation of Agricultural Workers of the State of Minas Gerais (FETAEMG), which represents rural workers trade unions in the state;
- The Montes Claros (MG) Pastoral Land Commission (CPT), an organisation originating in the Catholic Church respected for its defense of peoples' right to land. The Commission monitored and accompanied closely the work of the first Parliamentary Investigation Commission (CPI) set up in 1994 to look into plantation companies, including V&M (Mannesman at the time) and Plantar. It also verified the existence of slave labour on the companies' property;
- The state deputy, Rogerio Correia, author of the so-called Pequi Law (Law 13965/01) promoting cultivation, extraction, consumption and marketing of *pequi* (*Caryocar brasiliense*), a typical fruit from the savannah zones, in addition to other typical fruit;
- The Montes Claros Centre for Alternative Agriculture (CAA) which is fully aware of the impacts of eucalyptus cultivation on the savannah and which develops activities aimed at the sustainable use of the savannah by the local communities, verifying their economic, social and environmental sustainability;
- The State University of Montes Claros (UNIMONTES) which, since the Pequi Law (Law 13965/01) has become a reference centre with a view to coordinating research, maintaining a database, preparing and disseminating teaching materials, promoting recovery of the local culture and other activities related to the *pequi* and other fruit and native *cerrado* products.

“Corrective Action” Requests, not Denial of Certificates

SGS and SCS adopted similar systems to deal with the fact that V&M and Plantar were not in compliance with FSC criteria or principles. SGS uses the term “Major Corrective Action” (Major CA) to signify a measure that must be adopted in the short term (at the most some months) if certification is not to be denied. “Minor Corrective Action” (Minor CA), in turn, signifies a measure that the company must also adopt, although failure to do so will not result in withdrawal of

certification. SCS uses the term “conditioning” as an equivalent to SGS’s Major CA and the term “recommendation” as an equivalent to the SGS’s Minor CA.

What makes a Major CA, a Minor CA, a conditioning or a recommendation necessary? The answer is not clear. The fact that V&M had conducted no fauna survey and therefore had no fauna monitoring plan led SGS to require a Major CA. The fact that the company had not taken any stance over the dismissal of thousands of its workers over the past 15 years (which had contributed to an alarming level of local unemployment), warranted a request for a Minor CA by SGS. To judge from this example, unemployment seems less important to SGS than wildlife. FSC’s own stance is less clear. It states both that *“Forest management operations shall maintain or enhance the long-term social and economic well-being of forest workers and local communities”* (FSC, p. 4) and that *“Forest management should include the research and data collection needed to monitor ... composition and observed changes in the flora and fauna”* (FSC, p. 8.c2). Yet at no time does FSC clarify which is more important.

What is even more notable about such “corrective action” requests, however, is that the way they are used appears to signal that in reality, nothing can prevent certification. For example, SGS’s finding that V&M possessed no management plan for non-cultivated zones in its plantations (or 45% of the certified area) neither delayed nor prevented certification. All V&M had to do to get a Major CA changed into a Minor CA was to say it was planning a survey and management plan of the flora and fauna in the non-cultivated zones. Were FSC Principles and Criteria to be genuinely enforced, it would take years for V&M to bring its operations into compliance. Yet for SGS, it was sufficient for the company to submit plans or programmes without showing any evidence of concrete and monitored actions. Even SGS’s Minor CA demanding that V&M provide concrete support to generate alternative employment was dropped following the first monitoring, without a single alternative job verified as having been generated (see Chapter 4 – Principle 5: Benefits from the Forest). Further examples abound. It is accordingly worth asking the following questions:

- Can all violations of FSC principles and criteria be handled merely by corrective action requests, “conditionings” or recommendations?
- What is the point of imposing conditions and recommendations if compliance therewith is not sufficiently monitored and if concrete evidence of the problem having been solved is not demanded?
- Shouldn’t evidence that a company has abided by all relevant FSC principles and criteria be collected *before* granting it the FSC certificate?

Public Access to the Public Summary

None of the “interested parties” we visited had knowledge of the Public Summaries (PS) made by SGS and SCS, including the trade unions that SGS listed as having been consulted. Nor were “interested parties” in possession even of general information on the FSC and what forest certification means.

In addition, information on the first and second V&M monitoring visits by SGS were available to the public only in English and only on the SGS-Qualifor website. Only with the third monitoring visit in December 2001 did the language finally switch to Portuguese, the official language of Brazil. This behaviour made public access to information regarding certification of the V&M plantations even more difficult for “interested parties” such as trade unions in a country where very few people know English.

It should be noted that, in contrast to SGS, SCS placed a Portuguese version of its Plantar certification on the internet, together with comments on the monitoring visits. However, the report it published is shorter than the version on V&M that SGS made available in English.

4. Chapter 3: THE REGION’S SOCIAL, ECONOMIC AND ENVIRONMENTAL CONTEXT

The Public Summaries SGS and SCS have produced contain little information on the general socio-economic context of the territory where the certified management units are located. Even the most minimal references are lacking on the inhabitants and the plantations’ history, spatial dynamics and surroundings or hinterland. Without this information, it is impossible to assess the real impact of eucalyptus monoculture on nature and on regional society, rural or urban.

How do you assess the impact of plantations without a comparison with what preceded them? How do you measure costs and benefits without an understanding of the relevant range of sectors, cultures and land uses in regional socio-economic context? How do you calculate economic viability of certified management projects without a detailed study of federal, state and municipal public policies, tax incentives, lines of credit, funding, tax exemption, research and state investment?

The SGS Public Summary of January 1999, certifying V&M, devotes three paragraphs to the subject of “contexts”, in the course of referring to Land Use History (p. 5) and to Social Aspects (p. 7).

“MAFLA’s (read V&M’s) plantation area is made up of many small farms (*fazendas*) scattered over a large area. Most of these farms have been planted with eucalyptus for some time, with many areas already being replanted after three rotations. The farms were purchased by the company from farmers who had generally cleared the land for pasture or planted eucalyptus” (p. 5).

Using a general and imprecise language – scattered with words such as “many”, “large”, “most”, “some time”, “generally” – the summary makes it impossible to undertake a careful interpretation of actual land-use history, as it lacks spatial, temporal and quantitative references. Basic information is missing, on both the micro- and macro-territory: the dynamics of the rural zones; the society that lives around the plantations; their organisations and institutions; traditional communities; the little villages; rural exodus; family agriculture; community grazing land; and the importance of *cerrado* species for medicine, cooking, handicrafts and the construction of housing.

On social matters, the report limits itself to stating that:

“Due to the very dispersed nature of the plantations, there are several communities within the area covered by MAFLA’s [read: V&M’s] plantations including Curvelo, João Pinheiro, Bocaiúva, Brasilândia, Paraopeba and other smaller communities. The area is largely agricultural, although there is a large hydro-electric power station. Mannesman is an important employer and also contributes significantly to local tax revenues” (pp. 7-8).

No reference is made to urban zones, cities and districts around the plantations where the charcoal workers and their families live, the places where the city infrastructure is concentrated, outpatient clinics, schools, churches, various civil associations, trade union premises, handicrafts and small trade geared to the local market, feasts and important dates when people gather, or the communities’ main problems.

SCS’s 1998 Public Summary on Plantar maintains the same silence about the zone’s socio-economic context. The five paragraphs devoted to the regional context (Article 1.4: Characterisation of the environmental and socio-economic context) are limited to making a superficial analysis of Brazil in general, commenting on the 1965 forestry law, a line on tax incentives from 1967 to 1988, the Minas Gerais State Forestry Institute (IEF) and IBAMA. It does nothing more than locate by coordinates and altitude the municipality of Curvelo, where the plantations are located, and classify the original vegetation.

This is obviously not enough information for FSC to be able to place the plantations in context. The Public Summaries and monitoring reports say more through their gaps and omissions than through what is written in them. For example, they contain no mention of the long struggle by the (Federal) Public Ministry of Labour against illegal sub-contracting undertaken by various companies planting eucalyptus for charcoal or pulp, among them V&M and Plantar, both of whom were found to be flagrantly infringing the law. Nor do they contain a single line on the legal proceedings initiated by the Regional Labour Office (DRT) in March 2002, when the two companies received summonses regarding slave labour and child labour. Nor do they refer to the Investigation Commissions (CPI) set up over the past eight years in the Parliament of Minas Gerais, which again cited the two companies. Nor do they mention the efforts of technicians, trade unions, inspectors, delegates, deputies, senators, journalists and others to address charcoal workers' problems in Minas Gerais. This despite the fact that between 1998 and 2002, the problems plaguing the charcoal industry were covered extensively by the most important mass media outlets in Minas Gerais, who criticized the companies and publicized the relevant actions of the Public Ministry of Labour and the Parliamentary Investigation Commission. The certifiers' disregard for this context has prevented them from grasping many of the most basic relevant facts regarding the territory where the forestry management units are located. Even "public domain" information went unnoticed in the FSC audit. Hence the "message" that the FSC seal is transmitting to the final consumers – that the product is environmentally responsible, socially beneficial and economically viable – comes, in this case, from a source unqualified to pronounce on such matters.

The SGS report on V&M does comment on "unemployment and outsourcing" – which it links to the international dynamics of globalisation – and the supposedly proactive position of the company on the eradication of child labour. The SCS summary on Plantar, however, does not even approach such issues, making it seem that they are not even relevant, as if the actions of Parliament, the Public Ministry of Labour (MPT) and the Regional Labour Office (DRT), together with the mobilisation of civil society over the companies' illegal operations, news of which filled the pages of the newspapers before, during and after the certifiers' assessments, had never taken place.

The absence of a careful reading of the socio-economic universe where the plantations are located prevents a sound scientific assessment being made of the real impacts of eucalyptus monoculture on the region's society and environment. The auditors have taken an impressionistic and subjective

approach to choosing their subject matter, selected only the most uncritical interlocutors, undertaken field visits guided by only the narrowest interpretive horizon, and ignored temporal and spatial context.

This part of our report will devote itself particularly to filling gaps in the auditors' knowledge about the "*cerrado*", which has often also been forgotten by regional authorities. Only if they had undertaken an in-depth study of native ecosystems and their local use would the auditors have had the elements necessary to assess the impacts of eucalyptus cultivation and the "adaptation" of large-scale eucalyptus monocultures to their environment.

According to the *Tropical Database* (1995) disseminated by the University of Brasilia, the savannah is the second largest biome in South America, with 200 million hectares, covering a fourth of the area of Brazil. There are various types of savannah: dense savannah (dense forest and *cerrado* with trees of between 8 and 15 metres), savannah (open forest with trees of between 5 to 8 metres), open savannah (open bushy formations), rough savannah (grasslands with occasional bushes) and clean savannah (grasslands with scant or no bushes or trees).

Over the past years, research on this little-known biome and its surprising biodiversity has proliferated. The savannah, it appears, has close to 10,000 species of trees and plants, 195 of mammals, 780 of fish, 180 of reptiles, and 113 of amphibians. According to a survey made by the University of Brasilia, the *cerrado* has 130 species of timber trees, 65 species of food plants, 24 species of fibre-producing plants, 18 species of cork trees, 29 species of trees producing oils and fats, 170 species of medicinal plants, 32 species of plants used for handicrafts, 167 species useful for bee-keeping and hundreds more having potential as forage. And further research is likely to uncover still more facts of importance, according to specialists in the biome (University of Brasilia, 2001). Yet the *cerrado* is endangered by agriculture, silviculture (large-scale plantations of eucalyptus and pine) and, in some zones, urban spread. In Minas Gerais alone, almost half of this biome has been destroyed over the past thirty years. The expansion of the agricultural frontier has contributed to new blights and diseases in monocultures, according to research by the University of Brasilia on the changes in phytonematoid communities caused by the conversion of natural ecosystems into ecosystems planted with eucalyptus, pine, soybeans and rice. This explains the need for an intensive use of agrochemicals to guarantee the productivity of forestry plantations in *cerrado* zones if monoculture is chosen.

Research carried out by Carlos Alberto Dayrell at Riacho dos Machados, a *cerrado* zone near Montes Claros, shows how, over time, the local populations

have learned how to live harmoniously and sustainably in the biome:

“The diversity of the native flora is also of capital importance for the *geraizeiros* (inhabitants of the *cerrado*) ... extractive activities contribute up to 42% of the annual gross production and provide, in addition to external income generated by the marketing of some products, food that is rich in vitamins, minerals and proteins, edible oils, soap, remedies, medicinal plants, timber, etc. ... typical family agro-ecosystems use between 26 and 78 different species of native plants. One of the families surveyed showed a knowledge of 114 different plants: their use (food, medicinal or others), their most common location in the landscape, their form of reproduction (seeds or cuttings) and, in many cases, the month in which they flower or the fruit can be harvested” (Dayrell, 1998).

The Savannah Network of Non-Governmental Organisations struggles to conserve the *cerrado* in accordance with Agenda 21 and the Biodiversity Convention, seeing it as a “national heritage” similar to the Mata Atlântica and the Amazon region. In order to ensure sustainable use of the savannah, the Network defends Extractive Reserves and Agro-extractive Settlements.

5. Chapter 4: VERIFICATION OF FSC PRINCIPLES AND CRITERIA

PRINCIPLE 1: Compliance with laws and FSC principles

“Forest Management shall respect all applicable laws of the country in which they occur, and international treaties and agreements to which the country is a signatory, and comply with all FSC Principles and Criteria.”

Forest management by V&M and Plantar has clearly and continuously infringed Brazilian laws, as well as certain international treaties signed by Brazil such as the International Labour Organisation (ILO) Conventions and the International Pact on Economic, Social and Cultural Rights (IPESCR). This was the unanimous conclusion reached by our research group following fieldwork carried out around the two companies’ plantations and study of reports and documentation from various sources in Belo Horizonte.

First, V&M and Plantar have openly disregarded one of the main Brazilian environmental laws, the CONAMA 001/86 resolution, which requires companies of their size to obtain permits through the submission of a EIA/RIMA (see also Principle 6).

Second, the two companies' violations of labour laws have been meticulously reported and recorded in the reports of the Parliamentary Investigation Commission (CPI) (Final Report of 11 June 2002), in the lawsuits lodged by the Federal Public Ministry of Labour (MPT) in June 2002, and in the monitoring actions and proceedings undertaken by the Regional Labour Office (DRT) on 11 and 23 March, 2002. According to the CPI's final report, "*nearly 40 inspectors entered into action*". Both V&M and Plantar were caught in the act and subsequently described as practicing outsourcing that degrades working conditions and as illegally creating underemployment. According to the MPT, quoting the specific jurisprudence:

"the consultative nature of an activity confided to a third party is a fundamental element in the legality of outsourcing, as the company cannot refuse to carry out the business for which it was set up, under the penalty of the corporate contract being considered as fraudulent and transferring to others the risk inherent in the company's activity" (MPT, 2002).

The final report of the Parliamentary Investigation Commission (CPI) set up on 23 October 2001 noted, in June 2002, many irregularities on the part of V&M, Plantar and 42 other "reforestation" companies. Their crimes involve the outsourcing process, precarious labour relationships, abominable working conditions, slave and child labour, and deforestation of the *cerrado*. It is important to note that this is the third CPI comprising deputies from Minas Gerais. On 16 May 1994, the first CPI "*was set up to investigate, within 120 days, debt slavery in forestry and charcoal production in the north of Minas Gerais*" (Parliament, 2002). On 29 June 1995, another commission was set up for the same purpose, and on 19 August 1995 of the same year, a third commission was established "*to investigate the complaints against the so-called 'charcoal mafia' that operates mainly in the north of Minas Gerais*" (Parliament, 2002). Taken together, these CPIs have produced (with the direct assistance of the Public Ministry, the DRI and the rural workers' trade unions) a wide knowledge of the sector.

Faced with so much pressure from Minas Gerais civil society, rural workers' trade unions, parliamentarians, and advocates and inspectors in the Ministry of Labour, the companies were obliged to sign an "Adjustment in Behaviour Agreement" which "eliminates the figure of contractor". While some companies complied, V&M, according to the Ministry of Labour's advocate, refused to sign the first agreement and continues to act in violation of labour law". The advocate stated during our field research that he would prosecute the company as a result. Even the companies that did sign the "adjustment agreement",

moreover, were subsequently found not to be in compliance. This was one of the reasons for setting up the last CPI, which, in 2002, reported

“fraudulent outsourcing, crimes against the organisation of labour, ecological destruction, infamous remuneration levels, deterioration of working conditions, 12-hour working days, lack of pay for hours spent in travelling to and from the workplace, back problems, hypertension, lung diseases, [and] premature aging caused by unhealthy working conditions.”

The Commission also found problems in *“housing the workers, hygiene, drinking water, food, transport”* and even a *“black list”* in violation of International Labour Organisation (ILO) provisions regarding freedom of trade union organisation.

Economic, social and cultural rights have also been infringed – rights to development, to water, and to land – as we will see later in this report. FSC principles and criteria, as interpreted and applied by SGS and SCS, have resulted in the awarding of a seal which is treated by V&M and Plantar as if it makes them “immune” from the enforcement of Brazilian laws and international treaties signed by Brazil.

PRINCIPLE 2: Tenure and use rights and responsibilities

“Long-term tenure and use rights to the land and forest resources shall be clearly defined, documented and legally established.”

It was impossible to carry out a broad survey in the region to corroborate the long-term tenure and use rights of the territory managed by V&M and Plantar. However, many of our interlocutors questioned the occupation of “restituted lands” by V&M, Plantar and other companies planting eucalyptus. (These are lands without registered land titles, and that therefore belong to the state, but are not in public use. Often, traditional communities have lived on such lands. During the military dictatorship, however, private companies often occupied such lands. For example, a firm might buy 50 hectares legally, but then register their purchase with officials as one of 100 hectares, illicitly “renting” 50 hectares of “restituted lands” in the deal.) “Contracts” made between the plantation companies and the state under the old dictatorship are about to expire, compromising the apparent “agrarian stability” of the zone. Our survey noted clear evidence of disputes with company neighbours over property and traditional use and tenure rights.

According to university professors from the UFMG (Federal University of Minas Gerais), NGO technicians and research workers in the northern region of Minas Gerais, residents of plantation areas and the cities of Curvelo, Bocaiuva

and Montes Claros, as well as the literature consulted, most of the land in the north of Minas Gerais was state-owned “restituted land” leased out on a long-term basis, approximately 20 years, to companies planting eucalyptus in the 1970s and 1980s. People who had been resident in the area in the 1960s-1980s recalled that Rural Minas, a state enterprise, had prepared and signed the renting contracts of “restituted lands” with the companies and controlled the system of conversion of “restituted lands” to “reforested” lands. There is no sure knowledge of the scale or the extension of the “restituted lands” within the territory held and used by eucalyptus companies in Minas Gerais today, but apparently nearly two million hectares are involved. Some of the testimonies we gathered during our fieldwork spoke of very high figures: between 80% and 90% of the land such companies came to own was land originally held by the state and used in traditional ways by the local people. This is the *cerrado* “without palisades” described by the writer João Guimarães Rosa.

According to the final report of the CPI:

“The largest areas of restituted lands are to be found in these regions (north, northeast and northwest MG). By means of a loan or rental for reforestation and charcoal production, the state granted a large part of these lands to large iron and steelwork companies. Furthermore, in accordance with IEF data, presently there are over two million hectares planted with eucalyptus. Only a quarter of the area was planted using company resources. Therefore, most of the plantations, that is to say a million and a half hectares, obtained funding from tax incentives offered until 1986”.

“Behind these horrible crimes,” the CPI continues, “are the large iron and steelwork companies and cellulose and paper producers” (Parliament, 2002).

On this same subject – “restituted lands in Minas Gerais” – *ISTOE*, an important national weekly magazine, published a long article on 15 July 1998 under the title “Some Yes, Others No”. The article noted that “*an area of 265,100 hectares which should have been given back to the state shows that agrarian policy in Brazil is one thing for those who are landless and another for the companies.*” According to journalists Alan Rodrigues and Luiza Villaméa, “*two years ago the government of Minas Gerais should have been returned 23,600 hectares of the 265,100 that it had leased out in 1975 to 19 reforestation companies in the north of Minas and the Valley of Jequitinhonha*”. Many of the contracts signed between the companies and the dictatorship in the 1970s, Rodrigues and Villaméa explain, expired between 1998 and 2002.

Furthermore,

“...the companies disregard the commitment they signed to create forest districts in exchange for tax incentives. They did not fulfil their part and, in addition to not giving the land back that they have exploited for over two decades, they now attempt to incorporate it into their equity, basing their claim on the law of *usucapião* which grants real estate to whomever has exploited it for 20 consecutive years”.

Some landless families of rural workers hope that *“the state will recover the restituted lands and they will be able to settle there and ensure their right to the land, to work and to income”*.

The assessments made by SGS and SCS overlook these facts. Their reports offer no guarantees that the companies are not involved in the occupation of restituted lands. The Public Summaries for V&M and Plantar point out only that these companies have “tenure” of the property, but say nothing about the origin of the tenure or about “restituted lands”. Nor do they mention the innumerable policies and incentives granted by the central and state government that, during the military government, promoted the unsustainable occupation of the *cerrado*.

Some local inhabitants maintain that most of the lands V&M occupies were restituted lands. They mention as an example the Pé do Morro *fazenda*, whose 5,000 hectares of land is now in the hands of V&M Florestal. If such lands are indeed restituted lands, the companies do not in fact enjoy legal tenure, contrary to what the PS for V&M states. According to the inhabitants, these lands should be returned to the local communities at the end of the contract. Some people interviewed stated that the contract implied that the companies paid the State of Minas Gerais a sum which in turn was invested in the promotion of eucalyptus cultivation in this State.

Near the Pé do Morro *fazenda* in Bocaiuva, we found two villagers with land disputes with the company. The first one had seen an area of 57 hectares invaded by V&M in the 1980s. The company has already planted and cut eucalyptus twice on this parcel of land. Yet the villager does not accept this occupation of his land and lets cattle enter the zone under dispute. The other villager is a rural producer who insisted that he did not want to be identified because he was afraid the company might persecute him. He affirmed that nearly all the company managers had gone to visit him. This neighbour also said that all the lands in the neighbourhood were restituted, that the company had nevertheless bought tenure rights to it from the state, and that it had then

also bought out, one by one, the occupiers of the restituted land. He himself, he said, had not lost out, but the company had fenced in some 120 hectares. He said he took the company to court and managed to recover part of the lands but that he does not touch it, as it is *cerrado*. He also stated that there were more disputes of this nature in the zone, as was later confirmed by neighbours. The villagers concerned want to graze their cattle on the plantations that now occupy their lands but are afraid the cattle will die of agrochemical exposure. Such livestock deaths have already been reported.

PRINCIPLE 4: Community Relations and Workers Rights

“Forest management operations shall maintain or enhance the long-term social and economic well-being of forest workers and local communities.”

Treatment of Plantar and V&M workers (and their families living in urban outskirts) violates both this FSC principle and Brazilian labour laws, as is demonstrated by a wealth of evidence from fieldwork; testimonials by workers at Plantar and V&M; interviews with outsourced workers, disability pensioners and dismissed workers; visits to neighbourhoods on the outskirts of Curvelo and to homes of charcoal workers’ families; documents obtained during the field work; the CPI report; the civil action lodged by MPR; reports of the DRT; and interviews with the procurator, deputies and trade union members.

Disputes between small farmers and the companies are rife around the plantations. They concern agrarian problems, farm boundaries, agrochemical use, blocking of roads or disruption of access, and water management. The urban economy is also affected negatively by the companies’ strategy of outsourcing, eliminating jobs, and paying only minimal taxes. The social and economic well-being of the charcoal workers and local communities has not been enhanced by the companies under study.

Community relations

Before V&M and Plantar established eucalyptus plantations in Curvelo municipality, many small and medium-sized companies used *cerrado* products to manufacture pasta, castor oil, leather, saddles, shoes, cotton oil, textiles, sweets, and liquor and other *pequi* products. Rice, beans and maize were planted and traditional dairy farming and livestock raising was practiced. At that time, Curvelo had a population of approximately 15,000.

Eucalyptus monoculture did away with the bases of the region’s traditional economy by taking over restituted lands, concentrating and fencing in fields, cutting down the *cerrado*, competing with agriculture and cattle-raising, and uprooting peasants. Industries benefiting from raw material from the *cerrado*

went bankrupt. The grazing crisis destroyed the urban micro-economy that depended on it. Even traditional textile industries that generated many jobs were obliged to close their doors. The *pequi* is the main symbol of resistance to this de-structuring of the economy, the culture and regional society by firms that call themselves “reforestation companies,” including V&M and Plantar. The *pequi* is habitually consumed by the population in the *cerrado* zone and is deeply rooted in regional culture and cooking. For the *geraizeiros*, the *cerrado* inhabitants of Minas Gerais, the *pequi* does not belong to anyone, because it belongs to all. Accordingly, they maintain their ancestral right to take it wherever it is, on public or private land, fenced-in or unfenced land, etc. Wherever it was, the *pequi* was always “accessible” to the regional society. Since the 1960s, due to logging and large-scale plantation of eucalyptus, the *pequi* and all that it represents have been under serious threat. So much so, that at the market in Curvelo we did not find any *pequis* for sale. Some tradespeople commented on the difficulty they have in obtaining this fruit, which was previously so accessible.

Many of the disputes between the companies and the families of small farmers date back to the time the companies arrived. There have been many complaints about V&M, which had promised jobs and better living conditions to small farmers who sold their lands to the company. In the end, some farmers insisted on remaining on their lands, isolated and surrounded by eucalyptus plantations.

Some older farmers in the Curvelo area remembered that for having refused to sell their lands, the company contaminated their streams with agrochemicals, depreciated the price of their lands and obliged them to sell for less. They consider V&M and Plantar’s management and agrochemical use to be responsible for the extinction of fish in their streams, mainly the *piau* and the piranha that the rural families used as food. In Bocaiuva, cattle were poisoned. In Curvelo, some families complained, rheas (ostrich-like native birds) were also poisoned and cayman disappeared.

As we pointed out under Principle 2 (tenure and use rights and responsibilities), V&M’s and Plantar’s land registration and demarcation is also disputed. According to farmers, when the companies received restituted lands from the state, the firms also fenced in additional restituted or private lands. This problem warrants its own special audit, and for the certifiers to have remained silent about it is irresponsible.

Regarding water, a resource which is both increasingly scarce in the north of Minas Gerais and contaminated by agrochemicals used in plantation

management, indicators are alarming. Dozens of municipalities have declared a “state of public emergency” due to a prolonged drought directly related to large-scale eucalyptus monoculture. The relevant zone is the site of what technicians at the Montes Claros Centre for Alternative Agriculture identify as one of the greatest contiguous blocks of eucalyptus plantations in the world, covering 1,200,000 hectares. In the Curvelo area, near Paiol de Cima, small farmers say that the company should restore a stream that has completely dried up, having previously flowed eleven months out of the year. The farmers say that following logging of the eucalyptus and especially during re-sprouting, the local water situation is even more serious. A farmer from a neighbouring community confirmed this.

Plantar was implicated in another significant conflict with rural Curvelo area dwellers during the first quarter of 2000 when the company built a new nursery and diverted a route traditionally used by many inhabitants of Canabrava, Paiol de Cima, Meleiros, Cachoeira do Choro, Paiol de Baixo, Gomos and other settlements. According to a number of local small farmers, teachers, students, trade union members, city councillors and their family members, Plantar diverted the original route because it did not want “dust” from the dirt road to affect the eucalyptus plants sown in the nursery. With the help of the Municipal Executive Power, Plantar increased the route’s length by nearly five kilometres, negatively affecting students, teachers and other community members who even today have to cover the distance on foot. Some 900 students and teachers from the Sergio Eugenio School were particularly affected.

In order to build this detour, Plantar levelled off some 400 square metres of a watering place that should have been considered as a permanent conservation area. In addition, it contracted for three dams to be built on the Boa Morte river to supply the nursery’s water needs, although this had a deleterious effect on the water used by the local inhabitants, who started building cisterns out of concern for water quality. Many local leaders demanded that Plantar install a system recycling water from the nursery back to nearby streams. In Paiol de Baixo, some washerwomen complained that the company has caused them to have to walk further to have access to water. According to local leaders, all of these complaints were passed on to SCS, which agreed to visit the site. Once again, however, SCS did nothing. The inhabitants of the zone also called SCS’s attention to a threat made by the mayor of Curvelo, Maurilio Guimarães, to community leaders that he was *“not responsible for those who continue to use the traditional route”*. According to the community leaders, Plantar manager Marcos Tavares de Deus acknowledged the damage caused

to the communities but stated that the company would have incurred larger expenses had it chosen another site for the nursery: CR\$90,000 instead of CF\$45,000. According to one leader of the affected communities, Plantar did not have any discussions with the community. *"All was done more or less in secrecy. First, they built the dam, and then they diverted the route. It took us all by surprise."* The SCS reports do not contain any mention of this conflict.

Some city councillors, opposing the mayor, state that the water crisis is so serious that there is now a specific policy to build 75,000 artesian wells. They demand that Plantar be made responsible for a part of the costs. The water crisis and agrochemical contamination of springs across the Curvelo zone have given rise to a mineral water boom. According to a councillor from the region, *"anyone who is able avoids drinking the water from the COPASA Water Company"*. It is alleged that about 70% of the inhabitants of Curvelo, even some sectors of the most underprivileged classes, prefer not to risk drinking COPASA's piped water out of fears of cancer and kidney problems. Some SENAR (National Service for Rural Learning) instructors also complain about the very poor water quality.

In Felixlandia, surrounding the Buriti lagoon, Plantar purchased forage lands to plant eucalyptus. Local people note that these grasslands offered more opportunities for local employment than the plantations which replaced them.

According to small farmers and cattle ranchers in the Curvelo area, companies such as V&M and Plantar, by purchasing land indiscriminately, end up inflating its price, leading to many small and medium-sized owners selling their plots. For example, in 2000, Plantar purchased a property of approximately 120 hectares of *cerrado* vegetation in the zone of the Lagoa do Capim *fazenda*. According to some local inhabitants, the company logged this vegetation and planted eucalyptus, causing the cattle-ranchers in the zone to fear the agrochemical contamination in local rivers.

Eucalyptus plantations have tremendously hampered the sustainable development of a region with an economy in ruins, banished family agriculture and cattle-raising, felled the *cerrado*, deprived regional society of the services it provides, and worsened poverty. Local rural society has concluded that V&M and Plantar are unsustainable companies, devastating the way of life of the *geraizeiros*.

One final point to note about community relations is that none of the people interviewed near the V&M and Plantar plantations were aware of FSC certification of the two companies, despite claims to the contrary in SGS's and SCS's Public Summaries. Inhabitants maintain that the only

communication they receive from the companies consists of “correspondence” or printed matter telling them how to avoid fires.

Labour relations

Nothing can excuse SGS’s and SCS’s absolute silence, in their Public Summaries and annual monitoring reports, regarding the serious labour problems in V&M’s and Plantar’s certified forestry management units, especially given the prominence of the issue in local political discussion and the Minas Gerais press and on television. Sub-human labour conditions, excessively long working hours, child labour, illegal outsourcing, subjection of the workers, irregular transportation, unhealthy and degrading work, blacklisting of worker leaders, lack of freedom and union autonomy – all this has been the subject of innumerable articles in the regional mass media as well as public debates in several municipalities and the state and federal parliaments. As noted above, over 40 inspectors have been mobilized to pursue various proceedings and actions by the Ministry of Labour and its regional DRT office in support of the Federal Public Ministry of Labour’s civil action against the two companies. Ignoring these data, SGS’s PS instead praises V&M’s initiative and solidarity on the issue of child labour:

“Child labour has also been a significant issue in the region and there have been a number of campaigns to try to eradicate this practice. Mannesman [read V&M] has supported these campaigns. ... (SGS PS, p. 8).

In March 2002, V&M, Plantar and 40 other companies were again prosecuted by the DRT, this time for the illegal exploitation of 646 workers in timber extraction and charcoal production in the areas registered. Immediately, the Regional Labour Official responsible for the operation was removed from his post, suggesting the political power the companies have over society and the region’s public bodies.

According to a state union advisor, modern ovens, increasingly used by V&M, do not resolve the problem of the working conditions of charcoal workers, who continue to be exposed to dangers including smoke from the ovens, which, although less hazardous than that from conventional ovens, still constitutes a problem. For example, one worker in the Santa Cruz *fazenda*, at Felixlandia, where modern ovens are used, works 12 hours a day controlling almost a dozen ovens, yet at the time of our visit was not wearing a protective mask against toxic gases. According to an investigation made in 1994 by the Ministry of Labour (FUNDACENTRO) of the Corredor *fazenda* that belonged at the time to Mannesman, carbon monoxide (CO), an odourless toxic gas, was

found in concentrations of between two and 10 times more than the permitted value in areas where charcoal workers were loading the new-model ovens amid a lot of smoke. Given the carbon monoxide poisoning which is the likely result of such exposures, it is not surprising that informers report illnesses and untimely deaths among charcoal workers.

Another death, according to union members, has been caused by one of the enormous doors of an “improved” oven falling on a worker. This worker had been sub-contracted and his family received no compensation; yet according to two union members, the company has no policy to compensate even regular workers who suffer from work-related diseases or accidents, or to compensate the families of those who have died due to work-related activity. Eucalyptus workers are also very ill-paid, earning, according to union members, little more than half the wages of sugar-cane cutters.

The only reason why even more work-related accidents and illness are not visible at V&M, workers say, is that employees are afraid that if they report them, they may lose the basic food packet ensured in the Collective Agreement, which contains the makings for one basic daily family meal. No records are kept and frequently workers oblige themselves to work even if they are sick. The number of labour claims against the company is unknown, as the unions do not follow these processes, but is believed to be large. In one case, a union leader who had never had any training or skills improvement courses from the company had an accident which was not recorded. In another, his wife, who worked in a V&M kitchen, injured her skull when an object fell on her head in an unlighted pantry where she had gone to look for something. She claimed against the company, but lost. The judge – who, according to various informants, had never decided a case in favour of a worker – concluded that the accident had been her fault.

SCS’s PS on Plantar also ignores labour relations; not a single line on the subject appears in the report. The PS uses the false claim that no rural workers union is active in Curvelo to excuse its lack of contact with the union in the region (SCS PS, p. 7).

Following their certification by FSC, V&M and Plantar have been monitored by CPI, and the Federal Public Ministry of Labour and the DRT are gathering proof of infractions and crimes against Brazilian labour laws. SCS and SGS certifiers have also continued to monitor the situation, supposedly using FSC principles and criteria which, in theory, are more stringent than their Brazilian counterparts. Yet however precarious and marginal the position of the judiciary in Brazil and Minas Gerais, and however easy it is to elude Brazilian labour

laws, official state monitoring of labour relations in V&M and Plantar is still superior to that of the FSC system with all its purportedly serious principles, criteria, models, methods of assessment, monitoring and “independent” certifiers.

What with the mechanisation of forestry and the outsourcing and abuse of labour, both V&M and Plantar have ended up destroying jobs. In 1998, V&M employed 3,000. In 1999, the number declined to 2,539. In 2000, the figure dropped further to 2,345 and, in 2001, to 1,908. The number of regular employees, meanwhile, declined from 1,500 in 1998 to 654 in 2001, while the number of sub-contracted employees rose from 1,500 in 1998 to 1,701 in 1999, dropping again in 2001 to 1,254. Yet SGS did not see fit to set out any conditions for continued certification based on these trends. And it showed little interest in the impact of the associated dismissals on the life of the workers and their families, many of whom had been left without remuneration on the urban outskirts of Curvelo, Pompeu, Bocaiuva, Montes Claros and elsewhere, where public services have become overloaded.

In addition to illegal outsourcing and dismissals caused by the introduction of new technologies without prior impact studies, there were also dismissals related to labour intensification and over-exploitation. According to company workers, with the increasing number of dismissals in V&M, tasks that used to employ 20 workers today employ only three, generating more work-related diseases and accidents, although no records exist. Residents of an area near V&M's charcoal depot near the village of Trevão on the highway, declared that in August 2002 all those working in charcoal packing were dismissed. In its reports, SGS related such dismissals to nothing more than generic movements of global capital and the nature of the industrial cultivation sector in Brazil. There were no suggestions of a need for a company policy providing assistance and qualifications to help dismissed workers reinsert themselves into the labour market. Yet such measures are clearly needed in view of the fact that state unemployment benefit is insufficient and lasts too short a time to enable these workers and their families to wait for a new job in decent conditions. If the FSC seal is expected to differentiate responsible from irresponsible companies, those receiving it in the Brazilian context must have specific policies for the families of dismissed workers, who, without employment or income, are cast into social exclusion by the companies themselves, at the expense of public authorities and regional society.

The destiny of the people dismissed from Plantar is no different from those dismissed from V&M. In a visit to neighbourhoods on the poorest outskirts of

Curvelo, such as Ponte Nova, Saroba 2, and Mato Engenho, where workers dismissed by Plantar or by its contracting companies live, our investigating team turned up evidence of a labour crime. A worker, whose name we shall not reveal for security reasons, was dismissed from Plantar when two months pregnant. The dismissal occurred three years and seven months before the date of our fieldwork. According to the former worker, she was dismissed because a box containing plants was dropped in the nursery where she worked. The destiny of this worker is no different from that of others Plantar has dismissed: critical social exclusion. In the Ponte Nova neighbourhood, where she lived, many of the daughters of charcoal workers of V&M, Plantar and their outsourced companies became child prostitutes.

Both V&M and Plantar have been mentioned in the CPI's 2002 report as companies practicing illegal outsourcing and degrading labour conditions. In the course of a Public Civil Action, Dr. Geraldo Emediato de Souza and Dra. Adriana Augusta de Moura Souza, inspectors from the Federal Public Ministry of Labour, gathered explicit evidence, during various exhaustive municipal surveys, of lack of compliance with labour laws both at V&M and at Plantar. According to Emediato, Plantar was willing to review its illegal process of outsourcing, signing a "commitment agreement" during 2002. Regarding V&M, however, the SGS report states only that the company has "minimum standards" for accepting the services of an outsource contractor company ("*... MAFLA's [V&M's] response has been to develop a standard for all contractor companies detailing the minimum level required ...*") (SGS PS, p. 8).

A former employee of V&M described in detail how the outsourcing process took place in the sector where he worked in November 1998. This is his testimony:

"When V&M outsourced the "maintenance" sector where I was earning 452 reales, the contracting company where I was "designated" wanted to pay me the minimum wage at the time, around 130 reales. The contracting company wanted to win me over with the possibility of a 'premium' per hour worked. I would be doing the same job as I used to do at V&M, but for a salary 75% lower. I was losing health insurance, the basic basket and overtime. I had only a few years left before retiring."

His case was similar to those of 20 other former co-workers at V&M in the same sector. He alleged that V&M and its contracting companies never provide extra compensation to labourers for unusually hazardous or health-threatening work. Outsourced workers are supposed to earn according to how much they

produce, but their labour document says that they are paid the minimum wage.

V&M was also accused by various trade union members, the Public Ministry of Labour (MPT), the CPI and the DRT of providing a “black list” to local contracting companies to ensure that they did not hire “troublemakers”. The company was also accused of re-hiring, after two years, dismissed workers if they had not lodged any labour claim in the courts. This offense, documented by MPT, is an infraction of ILO Conventions 87 and 98 regulating freedom and autonomy of trade union representation. Both V&M and Plantar use procedures that, in practice, prevent workers from organising in such companies, also in breach of the provisions of ILO Conventions 87 and 98. When the union members enter company premises to call assemblies or to distribute pamphlets to the workers, it is alleged, they are called to order, and even asked to leave the work site. Another illegal practice of the two companies is to rotate workers among far-flung sites, making it difficult for them to join a specific rural workers union (STR).

Workers’ fear of losing their jobs or being persecuted for joining a rural workers union was noticeable; also the fear that their names might be quoted in our report. The most active union workers are constantly sent far from their union bases. We were able to observe that in cases where they are carrying out “rural work”, worker leaders are registered as if they were urban workers to prevent them from becoming rural union members. Furthermore, we were informed that, according to the Minas Gerais Federation of Agricultural Workers (FETAEMG), V&M chooses the rural unions with which it will negotiate. There have been cases of workers receiving an extra bonus for belonging to certain unions that have signed agreements that are favourable to the interests of the company, with clauses violating labour laws. The unions that attempt resisting end up by having pressure put on them by the members themselves, who do not want to lose the benefit of extra bonuses offered by the company. This is a case of non-compliance with FSC principles 1.1 and 1.3.

Workers interviewed alleged that any training provided by V&M or Plantar is purely symbolic or derisory. If a worker has his own chainsaw, the companies outsource him and he pays an assistant (sub-sub-contracting), who learns just as he himself learned, through observation and practice.

Most accidents are considered “personal errors” and the requisite Labour Accident Communication (CAT) is not filled in. As a result, the workers are not paid compensation and only in extreme cases are they removed from their functions and pensioned off. V&M workers receive a basic food basket,

but if they are off from work even one day, even if the sickness is serious and they have a medical certificate, they and their families lose the right to this benefit for one month. A simple reading of the Collective Labour Agreement of 26/09/2001, signed by V&M and the Rural Workers Union of Pompeu, Bom Despacho, Caetanópolis, Curvelo, Felixlândia and Paraopebas, with the help of the Minas Gerais Federation of Agricultural Workers (FETAEMG), reveals a series of clauses flouting labour laws.

Nor are the health and security clauses of Brazilian labour law complied with, putting not only their lives, but the survival of their families, at risk. According to what we learnt from current and former employees of V&M and Plantar, together with testimonies those on sick leave and on disability pensions, the worst accidents take place mainly in the maintenance sector and in the plantations.

Workers complain both about low-quality drinking water and the companies' refusal to supply sun block to workers constantly exposed to the sun. Cases also exist of pensioned-off ex-employees disabled by brain problems caused by ant poison, mainly Mirex. Among the symptoms noted were speech disabilities (in two people interviewed) and mental illness (in an employee who had to be hospitalised for six months in a mental home outside Minas Gerais, in Sao Paulo state. We also observed a large number of lung and back problems among the charcoal workers and Repetitive Effort Lesions (REL) in women working in the nurseries, in spite of which they continue working, many with swollen and bandaged hands. From what we could observe, most of the workers affected, while they associate their afflictions with their work, do not receive any information on the subject, do not know how to take their cases to court, and do not receive any assistance. Proud to have even arduous and ill-paying work that can give them some status within their families and communities, many local workers who lose their jobs for medical reasons tend to repeat the company line that they are at fault as individuals. Thus, even though their world has broken down, they go on stoically trying to survive. V&M does not have a health care policy for people with disability pensions or for those who have been dismissed and their families. Plantar does not provide medical assistance even to registered and active workers.

Although many people working for V&M and Plantar are women, there are no specific gender-sensitive policies. The result is prejudice to women and their children. Without day-care centres near the workplace, women workers find it practically impossible to continue breast-feeding their babies after returning from the four months' maternity leave required by Brazilian law, as they usually leave their homes at 5:30 in the morning and get back at 7:00 at night.

Malnutrition is one result. Unfortunately, none of the FSC principles and criteria specifically addresses safeguards for the health of women working in the certified companies, as they should do. Thus, the right to day-care centres for children is not mentioned. We also received complaints about rheumatic diseases, which are probably caused by constant exposure to freezing water in the tree nursery and a very cold general working environment in the winter.

In addition, workers are transported to and from work in old and unsafe vehicles and have to wait almost an hour after work to be taken home.

It is alleged, moreover, that the DRT and local hospitals (with which V&M has an agreement and to which it provides financial assistance), as well as local politicians, are excessively under the influence of the two plantation companies..

PRINCIPLE 5: Benefits from the forest

“Forest management operations shall encourage the efficient use of the forest’s multiple products and services to ensure economic viability and a wide range of environmental and social benefits.”

Neither V&M nor Plantar complies with this principle. Eucalyptus plantations do not provide multiple products and services to the communities and local economy, but only eucalyptus timber for charcoal, with the possibility of some additional, very small-scale uses. Nor are eucalyptus plantations economically viable in the sense of being employment providers: since the 1980s, large-scale dismissals have been the norm. Even the non-plantation or cerrado areas held by the two companies (which in V&M’s case run to 107,560 hectares) are off limits to local communities seeking to make use of their multiple products and services. This actively hinders employment and income generation.

Most eucalyptus planted by V&M and Plantar is used for charcoal for iron works and barbecues. The sole beneficiaries are the companies themselves. Certification, according to trade union members, has functioned to expand the firms’ markets for barbecue charcoal, wood fuel for ovens, tar and powdered charcoal, even for export. While honey production is an interesting and viable use of eucalyptus on a small scale, it is likely to disappear as flowering eucalyptus is replaced by cloned eucalyptus. Cloned trees guarantee greater timber productivity, which benefits the companies, but prevent local communities from obtaining economic benefits.

What few social benefits are provided by eucalyptus cultivation and the production of charcoal, meanwhile, have declined due to the decrease in

labour requirements. According to union members, while in 1985, the V&M Company still employed nearly 2,500 workers, today it employs only 600 workers, of which a mere 100 are regular workers of the company itself, 500 being outsourced. One reason for the decline in employment, as mentioned above, is the introduction of new ovens to make charcoal and new machines to harvest trees, each of which replaces 70 workers. Union members also observe that other employment alternatives are lacking in the region. No company policy exists for helping to reinsert dismissed workers into the labour market. It is only while they work for the company (providing they are not outsourced) that they manage to receive some kind of training.

In the PS for V&M, SGS dictates the following "Minor Corrective Action" for the company: "*Certified companies must actively support and promote alternative job opportunities affected by the reduction of staffing in forest and charcoal activities.*" SGS notes that, at present, "*There is no formal programme to do this*" (Minor 002 4.1.4; SGS PS, p. 34). According to the PS, this condition is intended to promote other uses of eucalyptus (such as for furniture wood) in local trade. The most important focus for this proposal was the city of Curvelo which, according to the SGS, "*is bankrupt and has no industry*" (SGS PS, p. 36). Indeed, one Curvelo city councillor reported that meetings to discuss the subject had been held. So far, however, nothing has happened, since at present the company is unable to offer eucalyptus suitable for furniture-making. Moreover, at the end of the PS, SGS lifts the Minor Corrective Action requirement on the grounds that V&M has prepared a new plan. A few meetings plus a plan, however, are meaningless in themselves unless there is some guarantee that they will result in concrete action. No such guarantee exists, nor any prospect that the serious unemployment caused by the company will be eased.

Traditional communities living in *cerrado* zones where V&M and Plantar have established themselves had the customary habit of collective use of the *cerrado*. When V&M arrived, however, according to CPT, CAA and union members, it started occupying and fencing in *cerrado* zones, even on "high plateaux" with low vegetation where local communities used to graze their cattle collectively. Thus V&M disrupted the flow of economic, social and environmental benefits from what *cerrado* inhabitants call "*common grasslands*" or "*loose grasslands*". As Carlos Alberto Dayrell explains,

"The food for cattle in the suelta (loose) cerrado zones is quite diversified. In addition to native hay, the cattle feed on an infinite number of roots and shoots that ensure their survival. At least 32 different species of plants that the cattle eat regularly were

mentioned. In general, the cattle are taken to zones of cultivated forage only when they are about to give birth, at the height of the drought until the beginning of the rains (August/November) and later, in the middle of the rainy season (February/April). The rest of the time, whenever possible, cattle are raised in open zones” (Dayrell, 1998).

Local communities also used to harvest the region’s typical fruit, such as *pequi*, *mangaba*, *panan* and others, in addition to medicinal plants. The land belonged to everyone. On fencing in the *cerrado* zones, the companies generated conflicts with local communities that could no longer benefit from an essential service provided by the native vegetation; the fences caused environmental, social and even cultural damage. According to union members, the Canabrava community, which lost its collective pastures in the 1980s due to V&M’s actions, are still indignant today. In protest, they use openings in the fencing to let the cattle in to graze, burn down trees out of “pure indignation” and make charcoal out of the company’s eucalyptus. Although the community has been fined by the State Forestry Institute (IEF), the dispute has still not been settled in a satisfactory manner.

As noted above, the *pequi* is a typical fruit of *cerrado* zones and is sold informally in the streets of the cities in the region. According to the Montes Claros CAA, *pequi* harvests can yield up to R\$2,000 per hectare of *cerrado* and can be a perfectly viable activity. Dayrell observes that

“The fruit is harvested practically all the year round, but the main harvest coincides with the rainy season from October to March. It is mainly young people and women who harvest the fruit, but when it is for marketing, or to make oil or soap, the men help in the harvest and help to process the fruit. The fruit most marketed are: *pequi*, *coquinho azedo*, *panan*, *murucuya*, *cajuzinho* and *coco catole*. Oil (*rufão*) is extracted and soap is made from other fruit (*macauba* and *tingui*). They are processed by hand and in general it is the women who do it with the help of the men. A family at the Tapera *fazenda* usually produces an annual amount of 300 litres of *pequi* oil. It consumes between 30 and 50 litres per year and sells the rest at prices ranging from R\$2 to R\$5 per litre. The harvest period provides fruit for the animals (fowl and pigs) with a certain regularity, mainly when the maize harvest is harmed by the drought” (Dayrell, 1998).

In Montes Claros, 8,500 tonnes of *pequis* are marketed during the harvest. In contrast to eucalyptus plantation, this activity is carried out without government

support and within the framework of the informal economy, generating low-cost employment and income for the population. To promote the cultivation, extraction, consumption, marketing and processing of *pequi* and other native *cerrado* products, a state deputy, Rogerio Correia, prepared a Pro-Pequi Law. Yet, startlingly, SGS's PS on V&M and SCS's on Plantar do not make any mention of the enormous potential for sustainable *cerrado* use, to which FSC should give priority in its certification strategies.

PRINCIPLE 6: Environmental impact

"Forest management shall conserve biological diversity and its associated values, water resources, soils and unique and fragile ecosystems and landscapes and, by so doing, maintain the ecological functions and the integrity of the forest."

V&M and Plantar do not respect the native flora and fauna; on the contrary, they helped to destroy the *cerrado*, a unique biome, burning large areas to produce charcoal, and then planted eucalyptus in the 1970s and 1980s. This process has affected the local population and flora and fauna up to the present time: the quality and quantity of water resources have deteriorated, animal species have disappeared, monocultures have come to predominate, soils have eroded, and agrochemicals have been extensively applied, including oxifluorfen, a herbicide explicitly proscribed by FSC. No Environmental Impact Assessment or Report (EIA/REIA) has been submitted, in violation of Brazilian law.

According to the Montes Claros CPT representatives, V&M, owner of 47,577 hectares in the region, arrived in the 1960s, occupying *cerrado* zones and removing the native vegetation with tractors and large chains. Before planting eucalyptus, the company exploited the *cerrado* for charcoal. In Bocaiuva district, where over 33,000 hectares of eucalyptus were planted, natural water sources including rivers and streams started drying up. Dayrell states that

"The cerrado, with its peculiar soil and vegetation formation favoured by underground fauna, was able to rapidly absorb rainfall, even the most intensive rainfall, and store it in the underground water table that could be 100 meters deep. The cerrado soils' capacity to absorb rain water was described by the writer Guimarães Rosa, who had a deep knowledge of the Brazilian backwoods, in his work 'Grande Sertão: Veredas':

"The passing cerrado. The cerrado is here alone – the space. The sun. The sky not wanting to be seen. The hard sands. The

stunted trees. ... Does it rain there? It rains – and no puddles appear, currents do not form, no mud is produced: in a few minutes, all the rain runs into the soil, like an entering oil' (Guimarães Rosa, Luz & Monção, 1995: 3).

"Following deforestation, the rains frightened the inhabitants because of the quantity of mud and sand flowing in from the cerrado, obstructing the marshes and watercourses. As Mr. Geraldo [a Dayrell interviewee] explained:

"As the older people say, the eucalyptus is bad for the waters. But it is not only the fault of the eucalyptus, it is also the fault of logging that makes the water run towards the headlands and that is blocking the wells. This is a whole subject to itself. You see, logging razes everything because of the erosion that comes and blocks all the wells.'

"They finished off the wild animals, an important source of protein for the *geraizeiros*. An inhabitant who impotently watched it happen, tells us what he saw:

'In this zone there were many deer, agouties, tatus, partridges, sariemas, parrots – there were many. Today you do not even hear a cricket singing in the eucalyptus. If one were to come, it would get sick for sure. All is finished. It was a deception! What was left retreated towards the corners where there was something green, and today there is nothing to be seen.'"

It should be noted that, according to the PS for V&M, the mean annual rainfall in the zone of Bocaiuva is approximately 1,000 mm. A specialist on the subject, Walter de Paula Lima, one of the most important technical advisers to the eucalyptus sector, stated at a conference in the State of Bahia on the establishment of the Veracel Cellulose company, that in eucalyptus plantations located where the annual average rainfall is under 1,200, the water balance can be unfavourable, reducing downstream flows and damaging soils and springs.

According to technicians and union members, the whole *cerrado* region is a good catchment and storage area, provided that the excellent conditions of this biome are harnessed; some of the most important and biggest Brazilian rivers like the São Francisco are fed by the region. Yet when V&M's predecessor Mannesman Florestal destroyed *cerrado* vegetation on its 5,000-hectare Pe do Morro purchase with tractors and chains, small rivers, including

the Canabrava, Bom Jardim, Extrema, São Gregorio and Agua Boa, dried up. The Tabatinga River, which also passes through the Pe do Morro *fazenda*, dried up as well. At the same time, another small river, the Vaquejado, which lies some distance away from the plantations, retains a good flow. Union members complained that no work is being done to restore the rivers or tackle erosion problems.

At the Meleiro *fazenda* belonging to V&M in Curvelo, meanwhile, the river Meleiro is disfigured in various stretches, where water quality and flow has dropped. We found dried-up, degraded springs and eucalyptus plantations on lands that should be permanent conservation lands.

Nearby, we found that some previously-permanent streams had become occasional (during our visit they were completely dry and the springs that had previously fed them also dry). Some local people reported the disappearance of various species of fish in the micro-estuary of the Boa Morte and Paiol streams and the Ribeirão River.

The Plantar nursery is located some 12 kilometres from Curvelo. According to the inhabitants, in order to install the nursery, the company diverted a hundred-year-old road to get access to the good quality water fundamental for its work at the Boa Morte river. As noted above, this detour, undertaken without consultations with the community, increased the distance the neighbouring communities have to walk by five kilometres. While the old road still exists, at the time of our field work it was closed with a fence, making it impossible, even for pedestrians, to use. Even for anyone daring to jump the fence, the road is unusable, since it is blocked by the company's nursery. During construction, the company also levelled off a watering place. By placing insufficient drainage pipes without due care at the same location, they widened and raised the riverbed upstream while reducing river flow downstream. Activities at Plantar's eucalyptus nursery, meanwhile, contaminated surface water in the riverbed with fertilisers and other agrichemicals, preventing communities in the drainage zone from using it and compelling them to install cisterns. A sign on the edge of the plain indicates that a project to restore the Boa Morte river is being studied. However, the project appears to be nothing more than a plan to stop planting eucalyptus in this zone.

In the municipality of Felixlândia, a spring called Cabeceira do Buriti is in a clear process of degradation, and the small local community is concerned over the Buriti River which rises from it. The water level of an adjoining reservoir has dropped by almost 2 metres and its flow has decreased almost 50%. According to locals, the water supply has fallen since Plantar's eucalyptus

plantations were established on grazing lands in the spring's catchment area. The inhabitants, who have lived there for over 40 years, were never consulted by the company. They are afraid that they will have to abandon the region if the problem persists. They also mentioned how weed killers were applied, again without consultation, before the eucalyptus was planted, killing fish, *sariemas* (a local bird) and rheas. Unlike agriculture, they observe, eucalyptus plantations do not represent a source of employment in the region.

According to the Montes Claros CAA, V&M recently purchased land planted to eucalyptus from the Reflorage company, which established itself in the region in 1992. The environmental impacts of this eucalyptus plantation provoked a major mobilization of the peoples in the communities that depend on the Riachão river: Montes Claros, Mirabela, Coração de Jesus and Brasília de Minas. The local committee for the defence of the Riachão river, the flow of which had considerably diminished, made the following declaration in a letter disseminated on 13 July 2002, under the title of "Riachão letter of commitment":

"Eucalyptus monoculture and major irrigation projects have brought with them disorderly deforestation as well as abusive consumption of water and intensive use of agrochemicals, leading to the extinction of the river's source, affecting nearly 18,000 people and 3,000 families" (Riachão letter of commitment, 2002).

With the Reflorage land, V&M inherited an enormous socio-environmental debt towards these families which remains unpaid. Due to diminished river flow, only 12 large estate-holders who live in the zone through which the river flows (immediately below the eucalyptus zones) are able to benefit from it; the the lives of the 3,000 families who live further downriver is very hard.

Based on fieldwork undertaken during May and June 1998, SGS's PS for V&M affirms that the company "*uses relatively few chemicals and is committed to minimising the current use while seeking alternatives*" (RP SGS, p. 21). Additionally, SGS maintains, "*the chemicals used by MAFLA [read: V&M], in general, are not particularly toxic*" (RP SGS, p. 22). Only after the second monitoring operation in February 2001 does SGS report that the company uses two agrochemicals – the fungicide benomyl and the weed-killer oxifluorfen – two products that FSC prohibited in its provisional policy of the year 2000, considering that they were toxic and residual, according to SGS itself. During the third monitoring exercise in December 2001, V&M stated that they were no longer using benomyl, but admitted to continued use of oxifluorfen, requesting an exception from SGS, which in turn sent the request to FSC International.

This use of oxiflourofen and benomyl is an unmistakable sign that eucalyptus does not adapt well to the *cerrado* biome. (Interestingly, a study by Filgueiras and Pereira, disseminated by the University of Brasilia, enumerates 419 species of fungus associated to thousands of *cerrado* plants (BDT, 1995).) The question is, how is it that SGS discovered this matter, which would appear to be serious, only by the second monitoring exercise, that is, nearly three years after the first certification visit? There are two possible answers: either SGS did not have a correct picture of the agrochemicals applied at the time of certification, or V&M omitted this information at the time. What position, it must be asked, did FSC International adopt in all this? We believe it must have accepted the exception requested in December 2001, as the notice boards outside the eucalyptus *fazendas* which we viewed during our field visit in October 2002 indicated that V&M continues to use the FSC seal.

Local communities and union members confirmed that V&M sprays chemicals from a plane. The company maintains that the aircraft is only for the application of fertilizer. However, community and trade union members affirm that they have observed fish and cattle dying following spraying by plane, which strengthens the suspicion that agrochemicals are applied in this way. The trade unionists have also denounced the company's use of tractors instead of manual labour to apply ant-killer. Such mechanized methods of application result, our interviewees attest, in more chemicals being used, and in greater environmental impact. In the third monitoring report by SGS, dated 2001, it is noted that there has been an increase in the use of ant-killers. V&M maintain, however, that the "*use is variable, according to the characteristics of each plot of land and species of eucalyptus*" (Third SGS monitoring report, p. 5).

According to the PS, V&M lets the understory grow after a year or two to increase biodiversity. At the Pe do Morro *fazenda* at Bocaiuva, however, we observed eucalyptus trees approximately four years old, without any understory, that is, without any biodiversity.

According to a former worker in Curvelo, as an environmental policy, V&M uses a machine to recover tar from charcoal-oven smoke. The tar is stored in a 20,000-litre tank. Sometimes the tank is filled before the tank truck which removes the tar arrives. When this happens, the former worker stated, V&M buries the excess tar in a well, contaminating the environment. In addition, tar residue is spilled on the ground when workers clean the recovery machine.

According to the PS for V&M, the company has adopted a System of Environmental Management for its areas, a sort of self-monitoring. It is worth repeating that the company refuses to hire a team of specialists to carry out

an Environmental Impact Assessment and Report (EIA/EIAR), a requirement of the National Environmental Council (CONAMA) in its resolution 001/86, thus hindering the work of the state's environmental authorities, the IEF and the State Environmental Policy Council – COPAM (see also Principle 1), according to information from an IEF employee who did not want to be identified. The company is willing only to deliver a Report and Plan for Environmental Monitoring (RCA/PCA), which restricts itself to a superficial analysis without considering measures to contain negative impacts. Yet precisely what is important is to contain negative impacts, which, as became evident during our fieldwork, are many and serious. Plantar, too, lacks an EIA/EIAR.

PRINCIPLE 7: Management plan

“A management plan – appropriate to the scale and intensity of the operations – shall be written, implemented and kept up to date. The long-term objectives of management and the means of achieving them, shall be clearly stated.”

The companies comply with this principle regarding the eucalyptus zones, but there is no consolidated management plan for the zones without plantations.

According to the Public Summaries, very clear eucalyptus management plans exist for the V&M's 235,886 certified hectares and for Plantar's eucalyptus plantations. However, for the 107,560 hectares of V&M which are not zones planted with eucalyptus, but are mainly left to *cerrado* vegetation, no management plan exists. On the contrary, a policy exists to avoid the use of this extremely rich biome. This policy prevents sustainable exploitation that could benefit local communities. As stated in other parts of this report, there is a policy to isolate these areas from the local communities, causing indignation and dissatisfaction among the inhabitants, who have always used them in a collective way. Neither in the SGS report on V&M, nor in the one by SCS on Plantar, have we been able to find any consideration of the traditional *cerrado* management made by the local communities, a subject that has been well studied and investigated by entities such as the Montes Claros CAA.

Furthermore, the PS for V&M states that

“field visits showed that though some of these areas are very valuable natural vegetation in a well-preserved state, other areas are very degraded” (RP SGS, p. 20).

We share this opinion: there are strong indications that in the areas not under cultivation, no type of management is carried out.

The PS for Plantar does not specify what percentage of the area it intends to have certified is covered with native vegetation. It was only after a requirement by SCS regarding reserve management was promulgated that Plantar, in the year 2000, two years after certification, purchased neighbouring *fazendas* with natural *cerrado* cover to add them to its certified area and thus comply with the Brazilian Forestry Law requirement that 20% of its property be under a conservation regime.

PRINCIPLE 8: Monitoring and assessment

“Monitoring shall be conducted – appropriate to the scale and intensity of forest management – to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental impacts.”

During field visits and encounters with local communities and organisations, we did not find proof of any precise or careful monitoring of the social and environmental impacts of forest management activities. Chain-of-custody monitoring was also inadequate.

We did not observe any monitoring of environmental impacts on Plantar and V&M lands. We did not see any signposts indicating the existence of springs, watercourses, lagoons, marshes, streams and rivers, nor their names, which by law should be present in Areas of Permanent Preservation (APP). Furthermore, while monitoring of watercourses is required to include measurements of the water level to control variations, we did not see gauges anywhere, although practically all the watercourses had been degraded, become intermittent, or dried up.

If V&M or Plantar had had a plan to monitor social impacts, for example concerning collective grazing lands that were taken away from the local communities or the damage to job security resulting from outsourcing, many of the problems we observed during our field visit would be at least some way toward solution. However, although the companies may have detected such problems, they are not described in the PS, and if a monitoring plan in fact exists (we did not have access to any), it has not led to concrete action. According to the V&M PS, “procedures for monitoring of operations and for internal audits have been developed” in order to improve the company’s operations, including on the environmental front, but no mention is made of social impacts, and no evidence was uncovered in the field of attempts to better corporate performance.

In addition, the ability of both V&M and Plantar to monitor chains of custody is in question. Yet such monitoring is crucial for ensuring that charcoal bearing

the FSC seal – and the companies produce charcoal not only for ironworking but also for direct sales to consumers and other purposes – is in fact derived from timber grown in certified management units.

The first problem concerns V&M. The Environmental Control Permit (which indicates origin and destination of charcoal and at the same time is a permit from the authorities for the transport) shows that V&M still purchases native charcoal made from timber from the *cerrado* to the north of Minas Gerais. This was confirmed by several lorry-drivers we interviewed, who told us that between 10 and 15% of the charcoal they transport to V&M do Brasil comes from the *cerrado*. According to these drivers, no cargo inspections are made on the road. Surprisingly, although the lorry-drivers are a fundamental source of information for those who study and investigate the charcoal sector in Minas Gerais, including the CPI, the MPT and the DRT, neither SGS nor SCS seem to have interrogated them regarding the two companies under assessment. This is important, since, aside from a purely technical, abstract and conceptual plan, there is no guarantee that V&M's supposedly certified charcoal really comes from the management units assessed rather than these *cerrado* sources. Not only promises, but also documented, steady monitoring of V&M's chain of custody is necessary if native charcoal from the *cerrado*, passed through the hands of local tradespeople to the V&M factory in Belo Horizonte, is to be distinguished from the charcoal made from V&M's certified eucalyptus units and which is also transported to the V&M do Brasil factory, as well as being used for other applications, such as powdered and barbeque charcoal.

The second problem concerns Plantar. As only about 5% of the company's lands – those used to produce barbeque charcoal – are certified, the uncertified remainder being earmarked for charcoal for its iron works, external and independent monitoring is essential to guarantee that timber from non-certified forestry management units, or even native timber from the *cerrado*, does not find itself with a "certified" label. Because one charcoal is nearly impossible to distinguish from another, even the most detailed plan describing what land or even what tree the charcoal is supposed to be coming from is by itself powerless to guarantee that certified charcoal is not in fact being mixed with or replaced by non-certified or even native charcoal.

PRINCIPLE 9: Maintenance of high conservation value forests

"Management activities in high conservation value forest shall maintain or enhance the attributes which define such forests. Decisions regarding high conservation value forests shall always be considered in the context of a precautionary approach."

V&M has not managed to satisfy this principle. It is only over the past few years that it has started, for the first time, to make an inventory of the fauna and flora in areas not planted with eucalyptus. SGS monitoring leaves doubts about whether sufficient data are available to define high conservation value cerrado zones. In defining such zones, moreover, V&M and Plantar should take advantage of the deep knowledge of local communities about this biome.

The PS for V&M called for a Major Corrective Action (Major CA) to monitor systematically some species of fauna on the company's lands and to assess the impact of activities carried out by the company on its plantations. In response, the company contacted the Federal Universities of Viçosa and Minas Gerais, which submitted a proposal to gather data with a view to a subsequent monitoring plan. This action alone, together with some internal measures in the company, somehow resulted in the Major CA's being downgraded into a Minor Corrective Action (Minor CA). According to the SGS report, during the second monitoring visit in February 2001, over two years following certification, a *"meeting was held with the research team from the UFLA [Federal University of Lavras] at which progress on this large-scale, extremely valuable and pioneering research work was discussed"* (2nd SGS monitoring, p. 4). What is surprising is that this University was not involved in research on fauna, but only on flora (see below). During the meeting, UFLA stated that less than 50% of over 1,500 plots of *cerrado* had been studied. This led to SGS's turning the Minor CA back into a Major CA, as so far, no concrete proposal for monitoring was available.

The new Major CA demanded that the company prepare a realistic plan to finalise the survey work and start monitoring. However, during the third monitoring visit by SGS, ten months later in May 2001, it was observed that a monitoring programme was already under way in May 2001, that is to say, only three months after the second visit, when over 750 plots scattered across a very large area had still been awaiting study. Somehow, within only three months, a survey of 750 plots was supposed to have been finished. Clearly, SGS has been neither precise in its analysis of monitoring needs nor thorough in its surveying. Yet V&M has been holding the FSC seal for nearly four years without being seriously questioned on this issue.

V&M's PS demanded another Major CA to gather data, map native vegetation on company land, and protect it through a *"Programme for management of the cerrado"* (SGS PS, p. 43). The company hired the Federal University of Lavras (UFLA) to carry out this work over a 24-month period and was rewarded by seeing the Major CA downgraded to a Minor CA. In the first monitoring visit in November 1999, the company anticipated that the relevant field survey

would be ready at the end of 2000. However, during the second monitoring visit in February 2001, it was observed that less than 50% of the fieldwork had been carried out. SGS then converted the Minor CA back into a Major CA requiring a finished field survey as well as a management plan for *cerrado* zones. This management plan was set to be completed by June 2002. By the third monitoring visit of December 2001, the survey of flora had been concluded. That is to say, in ten months V&M had managed to finish over 50% of the fieldwork. According to the SGS, they had also established what measures were to be taken in the case of each type of negative impact identified. SGS apparently has raised no questions about the remarkable speed with which all this work was completed, nor lodged any criticisms of the contents of the management plan. Nor has SGS suggested at any point that local communities be consulted about the *cerrado* zones. This is in spite of the fact that they are the leading specialists in the biome. As Dayrell observes,

“... on studying typical family agro-ecosystems, we saw how they quite frequently make use of between 26 and 78 different species of native plants. One of the families investigated showed a knowledge of 141 different plants: their uses (for food, medicine, or other things), their most common location in the landscape, their reproduction (through seeds or cuttings) and, in many cases, the month in which they flower or their fruit is harvested” (Dayrell, 1998).

Let us compare this quotation with what SGS’s PS on V&M has to say:

“On (V&M) non-working days, there were three main objectives ... [one was] to provide some kind of environmental education: in general in the local agricultural sector the degree of knowledge on soil and water conservation and protection of the flora and fauna is not very high. Non-working days are an opportunity for MAFLA management (read V&M) to explain to the local farmers the importance of such issues” (SGS PS, p. 39).

Yet despite what SGS says, it is precisely the local farmers who should be the “educators”, as they have a good knowledge of the environment and know how to use and protect it, while it is the companies who have burned large areas of *cerrado*. In the words of the writer João Guimarães Rosa, “A teacher is not one who has always known, but the one who has suddenly learned.” (Guimarães Rosa, 1985). Dayrell (1998) records the following:

“...gathering firewood is nearly always done by choosing the oldest, driest or fallen wood. When *cerrado* trees are cut down,

it is only selectively (except for tilling or for forage), and the cutting is carried out in a way which facilitates sprouting. It may seem that cutting is done randomly. However, one informant stated that when *geraizeiros*, the inhabitants of the *cerrado*, are going to cut wood, if it is an uncommon tree, they always make sure that there is another, younger one of the same species that can replace it. Once I saw a *geraizeiro* pulling up plants in a grassy zone. I asked him why he did not pull up other species and he answered by telling me of the use of the species he had not pulled up” (Dayrell, 1998).

The so-called “common grasslands,” located in the high plains, have an enormous social and cultural importance, because they were areas of collective use. According to testimonials gathered in Bocaiuva, the occupation and fencing in of such areas by V&M even now causes dissatisfaction among the local communities.

In 2000, according to SCS, Plantar purchased new land totalling 2,975 hectares of native vegetation in order to satisfy a legal requirement of the Brazilian Forestry Code. Without explaining its rationale, the company then classified the land by conservation area, preservation area and legal reserve area.

PRINCIPLE 10: Plantations

“Plantations shall be planned and managed in accordance with Principles and Criteria 1 – 9, and Principle 10 and its Criteria. While plantations can provide an array of social and economic benefits, and can contribute to satisfying the world’s needs for forest products, they should complement the management of, reduce pressure on, and promote the restoration and conservation of natural forests.”

As documented in this report, V&M’s and Plantar’s tree plantations do not satisfy FSC principles 1-2 and 4-9. Nor have they reduced pressure on natural forests. Most of the plantations were established on land with native cerrado vegetation, and helped destroy this threatened biome while causing social, environmental, cultural and economic damage. They continue to do so: as late as 2000, Plantar felled a cerrado zone. It also perpetuates damage to natural forests by expelling people from newly-purchased properties. V&M, meanwhile, continues to purchase charcoal made with timber from the cerrado to produce steel, a practice that is contrary to FSC Principle 10.

This report shows that the companies investigated, V&M and Plantar, did not comply with various elements of FSC Principles 1 to 9, making certification illegitimate. Moreover, although most of V&M and Plantar's forest destruction was carried out prior to 1994, and thus falls outside FSC's review, local communities continue to suffer from not being able to use collectively-managed *cerrado* areas that were converted to eucalyptus. Far from protecting what native vegetation remains, the thousands of hectares planted with eucalyptus ended up becoming a hazard. According to the inhabitants of Curvelo, moreover, Plantar has more recently felled a *cerrado* area of some 120 hectares, which it had purchased in 2000 in the zone of Lagoa do Capim, in direct violation of the conditions for certification.

According to the PS for V&M, at the time of certification the company had not yet established the size of the blocks to be cut, which varied between 30 and 50 hectares. The SGS demanded a Minor CA to oblige the company to establish a fixed size of 24 hectares, to minimize the environmental impact when a block was cut. During its first monitoring, in November 1999, SGS cancelled this Minor CA, as the company had established a maximum size of 24 hectares for plantation blocks. However, during our field work at the Pe do Morro *fazenda* in Bocaiuva, we saw several blocks of between 41.62 to 48.89 hectares, as indicated by signs on the edge of the road.

The PS for V&M further states that the company is opening up wildlife corridors every 500 metres in all the eucalyptus plantations. Yet it was only on the last day of our fieldwork that we observed a wildlife corridor, exactly 25 metres wide. Whether a corridor so narrow could be effective in the conservation of native fauna has been questioned even by one of the PS reviewers. This reviewer, whose name does not appear in the PS, maintained that "*wildlife corridors should be at least 50-100 metres wide to be useful*" (SGS PS, p. 43). The SGS reacted to this criticism by saying that the subject would be discussed during the monitoring visits. However, we did not find any further comment on the matter in the three monitoring reports disseminated by SGS.

One informant, who did not want to be identified, gave us evidence of the use that is made of native charcoal in the form of an Environmental Monitoring Permit. This Permit, issued by the State Forestry Institute (IEF) on 25 October 2002, authorised the transportation of 60 cubic metres of native timber from Curvelo to V&M do Brasil S.A. in Belo Horizonte. This steelworks uses charcoal as a source of energy for steel production. This use of native charcoal calls into question the assumption that tree plantations will obviate the exploitation of non-renewable sources of timber, as well as V&M's more specific claim that their plantations help to conserve the *cerrado*. It also violates Brazilian

law forbidding the cutting of *cerrado* without a permit. According to the lorry-drivers interviewed, use of native charcoal is possible because there is no inspection on the highway, and, indeed, in our travels from Curvelo to Montes Claros, we saw no such inspection.

6. Chapter 5: FINAL CONSIDERATIONS

The aim of this report is not to denigrate the importance of FSC or of forest certification in general. On the contrary, it attempts to help achieve a fundamental objective that FSC has defended since its creation: to guarantee that consumers who purchase products with the FSC seal can be certain that the product they are buying comes from forests managed in a sustainable way, providing local social, economic and environmental benefits.. After having assessed the certification of Plantar S. A. and V&M, which in 1998, with over 235,000 hectares, became the largest company in Brazil whose tree plantations had received the FSC seal, we can state that any such consumer certainty would be sadly misplaced.

In our view, FSC members, who will be the first to receive this report, must now decide which cases of certification of forestry plantations need to be corrected in order to save the seal's credibility, taking into account not only FSC principles and criteria, but also the procedures adopted at present for certifying organisations and their operations and the ways in which certification is carried out. As a contribution to this discussion, we would suggest that the following points be considered.

This case study makes clear the enormous contrast between the social, economic and environmental "poverty" of eucalyptus monoculture plantations and the social, cultural, economic and environmental "wealth" of native forest (in this case *cerrado*) management. For final consumers, it represents a lack of transparency and credibility for a product to bear the FSC seal without it being known whether that product comes from an "industrial" plantation of exotic species belonging to a mega-company located in the middle of the *cerrado* or from a cooperative of local communities that manages the *cerrado* and its endogenous species in a sustainable way. The bifurcation between Principles 1 to 9, which were approved by the members of FSC at the end of 1994, and Principle 10, which was approved only in January 1996, following appeals from tree plantation companies, is another reflection of this intractable difficulty.

FSC and its certifying agents need to understand better the meaning of "benefits" from forests (Principle 5) and "disbenefits" from plantations. They

also need to take seriously the fact that Principle 10 requires compliance with the first nine principles governing forests. When discussing plantations, SCS and SGS focus only on a single benefit (eucalyptus raw material for charcoal, paper pulp, etc.) and do not take sufficient account of the concomitant disruption of the flow of traditional or collective benefits associated with use of native vegetation by local communities. Because it replaces native vegetation, modern monoculture cannot conserve biodiversity and its associated values (Principle 6). On the contrary, it always causes significant negative impacts on the quantity and quality of water, animal and plant biodiversity, and soil protection. The economic and social benefits (Principle 10) of products such as charcoal for steel production or timber for paper pulp production are small compared to the negative social impacts of the associated industrial plantations on the lives of workers and the negative socio-economic impacts on the life of local communities. This is well-documented in the publications of many countries where large-scale monoculture tree plantations exist. FSC thus needs to understand more thoroughly the contradictions implied in its inclusion of the possibility of certifying industrial monoculture tree plantations in the structure of its principles and criteria.

As NGO representatives with an environmental, social, indigenous and union focus, we believe that the “sustainability” of large-scale tree plantations depends, primarily, on acceptance by local communities; they must be the first to be invited to participate in the discussion, together with FSC members. Of course, no silviculture system is equal to the *cerrado* biome, which is extremely rich environmentally, socially, culturally and economically. We are certain that the present model is inadequate because it provides practically no benefit to the local population; on the contrary, it causes negative impacts.

We consider that any new model of silviculture must achieve diversity in the plantation itself, not merely through provision for “wildlife corridors.” There is no doubt that non-homogeneity in the plantations will reduce short-term production of timber, but, on the other hand, it will increase social, environmental and economic benefits, in addition to ensuring a better ecological balance, as shown by agro-ecology. In this way, it will enable tree plantations to insert themselves into, and adapt to, the local biological, social, economic and cultural environment.

We hope that many members of FSC, consumer groups and company representatives will want to take part in this discussion, and that it will have good agricultural results. At the same time, we know that market thinking, for example that of the paper pulp market, tends to exclude this type of discussion. Competition only admits discussion if it is to further increase productivity.

However, we believe that it is necessary to make the effort due to the necessity of including those who, owing to the current model of eucalyptus plantations and other large scale monocultures:

- Have lost their lands, their commons and their sources of survival;
- Have suffered accidents in activities extracting timber and producing charcoal, or have been poisoned by agrochemicals;
- Have lost their sources of water and fish;
- Have lost their employment; or
- Have lost their childhood and their hope of a better life.

Very often, these impacts are due to increasing consumption, mainly from the countries of the North. Hence it would be helpful for FSC to pay more serious attention, and to require its certifiers to pay more serious attention, to its own emphasis on the “importance of ... avoiding overconsumption and overharvesting.” FSC can no longer pretend that it is “not its job” to deal with such issues. It is already dealing with them by default. More broadly, through its performance with regard to Plantar and V&M, it has implicitly taken a (rather reactionary) stand in the debate over what kind of sustainable society is desirable, and what kind of debate should be had about that society. FSC needs to be more self-aware that it has taken that stand, and to subject that stand to rigorous review.

We believe that FSC has two paths ahead:

- To continue certifying mega-plantations such as those of V&M and encompass a large chunk of the market while being subjected to constant complaints that increasingly undermine its credibility; or
- To thoroughly revise its certification policy for tree plantations and recover the legitimacy that so many people from North and South (including the authors of this report) are still willing to foster.

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Acronyms

Major CA - Major Corrective Action

Minor CA – Minor Corrective Action

AMDA – Association for the Environmental Defense of Minas Gerais (acronym in Portuguese)

PPA – Permanent Preservation Area

CAA – Centre for Alternative Agriculture

CAT – Communication of a Labour-related Accident (acronym in Portuguese)

COPAM – State Environmental Policy Council (acronym in Portuguese)

CPI – Parliamentary Investigation Committee (acronym in Portuguese)

CPT – Pastoral Land Commission (acronym in Portuguese)

DRT- Regional Labour Office (acronym in Portuguese)

EIA/RIMA – Environmental Impact Assessment and Report (acronym in Portuguese)

FETAEMG – Minas Gerais Federation of Rural Workers Trade Unions (acronym in Portuguese)

FITIEMG – Minas Gerais Federation of Workers in the Extractive Industry (acronym in Portuguese)

FSC – Forest Stewardship Council

IEF – State Forestry Institute (acronym in Portuguese)

MAFLA – Mannesman Florestal Ltda. (after 2000 V&M Florestal Ltda.)

CDM – Clean Development Mechanism

MG – Minas Gerais (State of Brazil)

MPT – Public (Federal) Labour Ministry

ILO – International Labour Organisation

IPESCR – International Pact on Economic, Social and Cultural Rights

RCA/PCA – Report and Plan for Environmental Monitoring (acronym in Portuguese)

PS – Public Summary Report of certification assessment

SCS – Scientific Certification Systems

SENAR – National Service for Rural Learning (acronym in Portuguese)

SGS – General Society for Monitoring (acronym in French)

STR – Rural Workers Union (acronym in Portuguese)

UFLA – Universidad Federal de Lavras

UFMG – Universidad Federal de Minas Gerais

FMU – Forestry Management Unit

UNIMONTES – Universidad Estadual de Montes Claros

V&M – Vallourec & Mannesman Florestal Ltda.

RECOMMENDATIONS

In the introduction to this book, we emphasized that many plantations have already been certified by the FSC, “thus weakening the struggles of local communities to recover their territories or restore previous ecosystems.” Documenting and analysing the problem, we hoped, would enable this book to “serve the purpose it was intended for: to convince FSC that much needs to be changed regarding its approach to the certification of plantations.”

In line with that approach – and based on the findings of the case studies – we would like to make one general recommendation, complemented with three more specific recommendations:

GENERAL RECOMMENDATION

The FSC should suspend further certification of large-scale industrial tree plantations.

SPECIFIC RECOMMENDATIONS

Certification of large-scale industrial tree plantations should remain suspended until the FSC, under directions from its board, carries out a full review of problems such as those documented in this book. This review should have several components:

1. General assessment of plantation certification

- Internal in-depth discussion of Principle 10 itself, which we believe to be largely responsible for the problems addressed in this book.
- Analysis of the political implications of FSC certification in countries where local peoples’ movements are struggling against plantations.
- Analysis of the contradiction of FSC certification of plantations in countries where logging bans are in place or where local communities are struggling to implement such bans, and thus where FSC certification results in the undermining of local community efforts to protect forests.
- Analysis of why only large or very large plantations have been certified.
- Reflection on why certification of plantations has often counted against community forest management.
- Analysis of the negative relationship between certification of plantations on the one hand and, on the other, forest restoration and local peoples’ livelihoods.

- Reopening of the debate on partial certification, which allows all of a company's operations, no matter how damaging, to benefit from the good publicity associated with certification of a part of those operations.

2. In-depth research on the social and environmental impacts of large-scale tree plantations, including:

- The impacts of plantations on land tenure and local peoples' access to land.
- The relationship between plantations and water resources.
- The impacts of plantations on biodiversity.
- The impacts of plantations on soils.
- The relationship between all of the above and the availability of livelihood resources to local people.
- The comparative virtues of plantations and community-based resource management.

3. Independent studies on certified plantations that are being challenged by local NGOs and local communities, featuring:

Identification of a broad array of such cases.

Clear terms of reference for the research teams, ensuring that all social, cultural, political, economic and environmental issues will be addressed.

Clear guidelines regarding the composition of the research teams sufficient to ensure balance among all the necessary expertises and balance between plantation proponents and critics.

Prior consultation about all of the above with affected communities and local NGOs.

Adequate consultation, during the studies themselves, with all parties involved, with a special emphasis on affected communities.

Discussion of the research findings during the research process itself.

Implementation of measures to address the problems identified by the research.

Establishment of staff incentives ensuring that this research and any followup measures take account of the scientific and historical realities on the ground in each local area investigated.

The WRM, the authors of this book and the Friends of the Earth partner organizations are open and willing to collaborate in the implementation of the above recommendations, particularly by accompanying FSC members to visit local communities affected by plantations and by providing them with relevant information on documented impacts of large-scale tree plantations.

ANNEX: WRM Critique of FSC's Principle 10 (Plantations)

- Comments on the FSC's Principle on Plantations

It is important to begin by highlighting the fact that to receive FSC certification, a plantation company needs to comply with all FSC's principles and not only with the principle concerning plantations specifically principle 10.

Having said that, we shall focus on principle 10, which, as it currently stands, appears to allow unsustainable industrial tree plantations – particularly in the South – to receive certification in spite of their negative social and environmental impacts. What follow are comments on the different criteria included under principle 10.

“Plantations shall be planned and managed in accordance with Principles and Criteria 1 - 9, and Principle 10 and its Criteria. While plantations can provide an array of social and economic benefits, and can contribute to satisfying the world's needs for forest products, they should complement the management of, reduce pressures on, and promote the restoration and conservation of natural forests.”

In the South, all of these claims have already been proven unachievable in practice:

- Large-scale industrial monocrops have provided “an array of social and economic benefits” only to the rich.

- What does “can contribute to satisfying the world's needs for forest products” mean in a Southern context? Plantations produce only two forest products: timber and pulpwood. These two – and especially the latter – are aimed at endless over-consumption by Northern countries and Southern elites. The beneficiary is therefore not “the world” but the rich world. All the other products which are produced by real forests (food, fodder, water, medicine, shelter, fuelwood, etc.), which satisfy the needs of local communities, are almost totally absent from plantations and the local world therefore does not benefit from plantations.

- In most cases, plantations have resulted in the destruction of native forests or other native ecosystems such as grasslands and have not contributed to “complement the management of, reduce pressures on, and promote the restoration and conservation of natural forests”. The fact that, despite this, the principle states only that plantations “should” promote conservation, not that they “must”, signals its detachment from the real world.

“Principle 10.1. The management objectives of the plantation, including natural forest conservation and restoration objectives, shall be explicitly stated in the management plan, and clearly demonstrated in the implementation of the plan.”

- The management objectives of industrial plantations are always explicitly stated: the production of large quantities of timber in the shortest time possible. Large plantation companies often write natural forest conservation and restoration objectives into their plans, but more as a public relations exercise than as a genuine management objective.

“10.2 The design and layout of plantations should promote the protection, restoration and conservation of natural forests, and not increase pressures on natural forests. Wildlife corridors, streamline zones and a mosaic of stands of different ages and rotation periods, shall be used in the layout of the plantation, consistent with the scale of the operation. The scale and layout of plantation blocks shall be consistent with the patterns of forest stands found within the natural landscape.”

- There is no positive relationship between industrial plantations and forest conservation. Wood produced in industrial plantations does not, as a rule, substitute for wood extracted from natural stands: the former is mostly aimed at the production of pulp and paper, while the latter is aimed at the timber industry, which requires high-quality wood.

- There are a number of negative relationships, through which large-scale plantations actually promote deforestation. In the first place, most plantations in the tropics substitute for primary or secondary forest, which are clearcut and/or set on fire prior to planting. Secondly, people displaced from their land by plantations have to clear new forest areas in order to survive. Thirdly, it is not unusual for the news that plantations are going to be established in a certain area to result in its deforestation by local speculators in order to be able to sell the land to the plantation companies. Additionally, roads leading to plantations open up new forest areas to encroachment. Fires originating in plantations, in addition, can extend to nearby forests. In consequence, large-scale plantations are usually both direct and indirect causes of deforestation.

- Most plantation companies are able, if pressed, to make at least a token attempt to set up “wildlife corridors, streamline zones and a mosaic of stands of different ages and rotation periods.” However, this does not mean that local ecosystems (forests, grasslands, wetlands and so forth) will not suffer, because there will usually be a number of companies occupying a given area. Wildlife corridors isolated within a sea of eucalyptus or pines are not of much significance for the conservation of wildlife. The same is applicable to the preservation of streamline zones. The impact of these plantations on water must be dealt with at a basin level and not at plantation level. The impact of large masses of fast-growing trees in a given area have already resulted in the disappearance of water courses and profound changes in the water cycle. Finally, almost all companies plant what could be loosely interpreted as “mosaics” of stands of different ages and rotation periods. By itself, however, this implies nothing about the impacts on water, soils, flora and fauna. The size of each “tile” in these so-called “mosaics” is likely to be far larger than in a forest because it is determined by the commercial need to be able to have something to harvest every year, not by ecological criteria.

- What is the meaning of “The scale and layout of plantation blocks shall be consistent with the patterns of forest stands found within the natural landscape”? What happens in cases such as Uruguay, Argentina and South Africa, where plantations are established on grasslands? Such plantations have already been certified in those three countries. Can this be interpreted as meaning that grassland ecosystems are unimportant to the FSC? And in all cases, how can a eucalyptus or pine plantation “be consistent with the patterns of forest stands found within the natural landscape”?

“10.3. Diversity in the composition of plantations is preferred, so as to enhance economic, ecological and social stability. Such diversity may include the size and spatial distribution of management units within the landscape, number and genetic composition of species, age classes and structures.”

- This clause is so vague that it could be satisfied merely by planting two species of eucalyptus in a huge industrial plantation rather than just one, and planting two different areas a couple of years apart rather than planting all the trees at once. In fact, most large industrial plantations already comply with the letter of this principle simply because to do so enhances economic stability (more protection against specific predators). However, such inadequate measures cannot appreciably enhance either ecological or social stability (although the protection against pests provided by some diversity could protect the jobs of plantation workers who might otherwise lose their jobs if the

plantation were to be decimated by insects or fungi). And even this call for minimum diversity is not mandatory but merely “preferred”.

“10.4. The selection of species for planting shall be based on their overall suitability for the site and their appropriateness to the management objectives. In order to enhance the conservation of biological diversity, native species are preferred over exotic species in the establishment of plantations and the restoration of degraded ecosystems. Exotic species, which shall be used only when their performance is greater than that of native species, shall be carefully monitored to detect unusual mortality, disease or insect outbreaks and adverse ecological impacts.”

- This criterion leaves the door wide open to fast-growth exotic tree plantations, which “are based on their overall suitability for the site and their appropriateness to the management objectives” (the production of large volumes of homogeneous raw material for industry). Native species are again only “preferred”, not “required”, and if “performance” is measured only by how much industrial wood a species produces, then all industrial plantations will comply with this criterion automatically. There is therefore a need to define “performance” clearly, because most native species’ “performance” in the production of water, soil, food, medicine, fodder, etc. is usually far better than that of alien species which produce little – or none – of these goods. The last sentence (“Exotic species ... shall be carefully monitored to detect unusual mortality, disease or insect outbreaks and adverse ecological impacts”) is very confusing. Are the adverse ecological impacts referred to impacts on the plantation or of the plantation on neighbouring ecosystems and local production?

“10.5. A proportion of the overall forest management area, appropriate to the scale of the plantation and to be determined in regional standards, shall be managed so as to restore the site to a natural forest cover.”

- Here again appears the confusion between forest and plantation. (the “overall forest management area” includes industrial plantations, which are not forests.) In addition, what “proportion” of the plantation is to be returned to “natural forest cover”? One per cent? 10 per cent? 50 per cent? Who will determine the regional standards? What if the area never had forest cover (e.g. Uruguay, Argentina, South Africa)? Are plantation owners then exempted from restoring part of their operations to non-plantation vegetation?

“10.6. Measures shall be taken to maintain or improve soil structure, fertility, and biological activity. The techniques and rate of harvesting, road and trail construction and maintenance, and the choice of species shall not result in

long term soil degradation or adverse impacts on water quality, quantity or substantial deviation from stream course drainage patterns.”

- If this criterion were to be applied consistently, then no large-scale, fast growth, exotic tree plantation could be certified. Yet if applied carelessly, the criterion would allow a great deal of environmentally damaging practice. Who will decide whether this clause has been met or not? Most large plantation companies include (at least on paper) measures and techniques for environmental conservation. However, all their activities will necessarily have impacts – almost always deleterious – on soil structure, fertility, biological activities and water. From our perspective, there is already enough evidence that, other things being equal, the species, harvesting methods, and maintenance techniques chosen for industrial monoculture plantations will result, as a rule, “in long term soil degradation or adverse impacts on water quality, quantity or substantial deviation from stream course drainage patterns.” Yet of course theoretical studies can be found that claim that this need not be the case, and company studies that claim that fertility and hydrology have not been affected. Who will decide which experiences or set of studies are to be taken seriously? The FSC criterion is mysteriously silent about this key question.

“10.7. Measures shall be taken to prevent and minimize outbreaks of pests, diseases, fire and invasive plant introductions. Integrated pest management shall form an essential part of the management plan, with primary reliance on prevention and biological control methods rather than chemical pesticides and fertilizers. Plantation management should make every effort to move away from chemical pesticides and fertilizers, including their use in nurseries. The use of chemicals is also covered in Criteria 6.6 and 6.7.”

- This clause relies so heavily on vague wording such as “minimize”, “primary reliance”, and “every effort” that it becomes worthless in practice.

- What are referred to as “pests” and “diseases” are frequently those native species which happen to be able to find food within the plantation (a food desert for most native fauna). Eradicating them is in fact a blow to local biodiversity. “Integrated pest management” is hardly great boon in itself if it implies nothing more than the protection of the exotic species against its few local (or exotic) predators. In addition, companies can easily claim that they are “making every effort” to move away from chemical pesticides and fertilizers without actually doing anything to lower their chemical use. In accordance with clause 10.6 (soil fertility), they will argue that there is no available substitute (given the scale of their plantations) to chemical fertilizers. They

are already trying, they will say, to replace pesticides with silvicultural methods (thinning, pruning, spacing, etc.) for economic reasons, but, sadly, must still rely on chemical pesticides to a high degree. It is revealing, moreover, that criterion 10.7 says nothing about “moving away” from using herbicides, which are also harmful chemicals.

- In many countries, plantation trees themselves easily become “invasive plant introductions”. What “measures shall be taken to prevent and minimize” such introductions in South Africa, for instance, where it is the introduced eucalyptus, wattles and pines which have turned into “invasive species” in the native ecosystems?

“10.8. Appropriate to the scale and diversity of the operation, monitoring of plantations shall include regular assessment of potential on-site and off-site ecological and social impacts (e.g. natural regeneration, effects on water resources and soil fertility, and impacts on local welfare and well-being), in addition to those elements addressed in principles 8, 6 and 4. No species should be planted on a large scale until local trials and/or experience have shown that they are ecologically well-adapted to the site, are not invasive, and do not have significant negative ecological impacts on other ecosystems. Special attention will be paid to social issues of land acquisition for plantations, especially the protection of local rights of ownership, use or access.”

- This is perhaps the best-written criterion. However, its presupposition that “local trials” – which are always small-scale – can prove the appropriateness of a large-scale industrial planting of a species to an ecosystem in general is mistaken. Small local trials can determine, up to a point, likely rates of growth of an industrial species on a site. They can also determine, to a certain extent, whether the species is likely to be invasive (although if it is in fact invasive, the trial itself will probably result in an invasion). But the only effective test of the social and environmental effects of large-scale plantations are large-scale plantations themselves. The criterion should therefore be revised to specify that no plantations will be certified in areas where there is enough evidence of substantial negative impacts (social, environmental or both) caused by existing large-scale plantations.

- The last sentence (“Special attention will be paid to social issues of land acquisition for plantations, especially the protection of local rights of ownership, use or access”) points in the right direction, but what does “special attention will be paid” actually mean? Does it mean that no certification will take place if any local right has been violated? What if the violation occurred at the hands of speculators or the government before the company bought or rented

the land? And again, who decides whether enough “attention” has been paid to land rights issues? The clause is tellingly silent on this question.

“10.9: Plantations established in areas converted from natural forests after November 1994 normally shall not qualify for certification. Certification may be allowed in circumstances where sufficient evidence is submitted to the certification body that the manager/owner is not responsible directly or indirectly of such conversion.”

This raises a series of questions – why November 1994? Why “normally” shall not qualify for certification – who decides what is “normal”? Who judges the evidence presented and on what criteria? Would a signed slip of paper saying “I wasn’t there when it happened and I didn’t do it” suffice? If a second company buys up the plantation from the company responsible for clearing the forest, can the second company then be certified? Presumably the second company wasn’t directly or indirectly responsible for the “conversion”.

In sum, Principle 10 does not seem to offer nearly enough guarantees to end-consumers that wood from industrial plantations is produced in a socially equitable and environmentally-friendly manner. Neither is the principle very useful for people struggling against plantations at the local or national levels. The main issue (large-scale monocrops) is not taken into account. The problem is not the tree species (eucalyptus, pines, acacias, etc.) but the overall plantation model, which the FSC unjustifiably accepts without discussion. We believe that this principle is clearly insufficient and needs to be substantially modified before it can be said to be appropriate to the reality of large scale industrial tree monocrops.