

The Political Economy of Sustainable Development: Lessons the Forest Stewardship Council Experience

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Abstract

Introduction

Of all the developing regions of the world, the Asia-Pacific is growing fastest, driven by its own unique “Asian” model of development as practiced by Japan and imitated by the first and second-tier Newly Industrializing Countries (NICs).¹ The Asia-Pacific is a region of incredible economic dynamism where national business-government partnerships have proved enormously effective in raising productivity and exporting high quality consumer durables to markets in North America and Europe. This record of phenomenal economic development sits side-by-side, however, with mounting evidence of serious regional environmental problems linked to air, water and soil pollution, fisheries depletion and deforestation and forest degradation with significant loss of biodiversity. The environmental cost of Asia-Pacific’s rapid growth is raising important questions about the relationship of one to the other. In other high growth regions—Europe and North America—economic development has been accompanied by increased government, business and NGO concern over its social and environmental costs leading to the adoption, albeit belatedly and insufficiently, of various legal and institutional arrangements to modify resource over-exploitation and curb pollution. Such institutional innovation with respect to the environment appears to be eluding countries in the Asia-Pacific, rendering hollow the formal commitments of government and business in the region to sustainable development.

While numerous sectors and cases could be chosen to illustrate the political economic barriers to sustainability in the Asia-Pacific, this paper focuses on forestry and the efforts by the Forest Stewardship Council (FSC) to establish certification in the region. The FSC constitutes an interesting case because of its recognised commitment to meaningful sustainable forest management via the integration of economic, environmental and social dimensions into a single, rigorous forest management standard (Fern, 2004).² With FSC certification in operation for just over a decade, it is now possible to identify some divergent regional patterns.³ Although originally touted as a solution to rampant tropical deforestation in Africa, Asia and Latin America, take up has been greatest in North America and Europe.⁴ FSC certification has lagged behind in developing countries generally and especially in Africa and the Asia-Pacific. While part of the explanation for low adoption rates in developing countries undoubtedly lies in high net costs at the level of the firm, significant political economic barriers to FSC’s adoption have also become evident.

In this article, I investigate the political economy of sustainable development by synthesising the results of four recent case studies of forest certification from Indonesia, Malaysia, Papua New Guinea (PNG) and Solomon Islands.⁵ Business and government in these countries have either ignored FSC or mobilised actively against it. FSC has been not been perceived by these parties as a vehicle for sustainable development but as a threat to business-as-usual. However, the problem is only partially located in producing countries. In consuming countries, too (Japan, Korea, China), FSC certification has been largely ignored as business there competes for low-cost forest products regardless of its legality and sustainability. These countries appear indifferent to the

¹ First-tier NICs were Hong Kong, South Korea, Taiwan and Singapore. Second-tier NICs include Indonesia, Malaysia, the Philippines, Thailand and, most recently, China.

² Fern, *Footprints in the Forest: Current Practice and Future Challenges in Forest Certification* (Moreton in Marsh, Gloucestershire: Fern, February 2004).

³ Ben Cashore, Fred Gale, Errol Meidinger and Deanna Newsom, *Confronting Sustainability: Forest Certification in Developing and Transitioning Countries* (New Haven, CT: Yale Faculty of Forestry and Environmental Studies Publication Series, 2006).

⁴ Ibid.

⁵ Ibid.

ecological shadow cast by their economic development strategies,⁶ highlighting once again the divergence between the rhetoric and reality of sustainable development.

The paper is structured as follows. Following this introduction, I outline the rise of FSC from 1993 to the present. Next, I examine the history of efforts to establish FSC in the Asia-Pacific to create the supply of certified forest products. In the fourth section, I turn to importing countries and the demand for forest products. In the conclusion I argue that the case of FSC reveals an Asian model of development dominated by narrow business-government coalitions that are actively hostile to the concept and practice of sustainable development. This conclusion stands in contrast to the technocentric focus of much analysis of sustainable development, since it draws attention to the need for socio-political change as a condition for its achievement.

Forest Certification

Established in October 1993 at an inaugural General Assembly in Toronto, Canada, FSC grew out of the deep frustration of concerned individuals and groups over the failure of intergovernmental efforts to produce definitive agreements and tough action to protect the world's old-growth forests and associated biodiversity hotspots.⁷ The failure to negotiate a Forest Convention in the run up to the Rio de Janeiro United Nations Conference on Environment and Development (UNCED) was the last straw in a series of intergovernmental failures that included the International Tropical Timber Organisation (ITTO) and the Tropical Forestry Action Plan (TFAP).⁸

FSC was set up to provide a market incentive to forest managers to practice genuine sustainable forest management, challenging them to practice forestry to an independently established, rigorous standard. FSC accredits third-party certifying bodies (such as SmartWood, Scientific Certification Systems (SCS), Société Générale de Surveillance (SGS) and Soil Association Woodmark), which are licensed to conduct audits of forest operations to evaluate performance. Those forest managers meeting the standard obtain an FSC certificate that enables them to publicise their achievement and to use the FSC logo to market their products. A price premium, improved market access, and more secure industry contracts were some of the tangible benefits expected to eventuate along with the psychic rewards of practicing good corporate citizenship.⁹ While price premiums have largely failed to materialise, many companies in North America and Europe have turned to FSC certification to obtain the other benefits over the past decade resulting in a substantial increase in area of forests certified by FSC.

Forest certification has expanded rapidly since FSC's establishment. Not only has the volume of FSC-certified timber grown enormously, but also competitor schemes have been set up in many timber-exporting countries such as the United States, Canada and Finland.¹⁰ FSC stands apart

⁶ A country's ecological shadow is the environmental damage it does outside its borders as a consequence of its trade, investment and consumption activities. See J. McNeill, P. Winsemius and T. Yakushiji, *Beyond Interdependence* (New York: Oxford University Press, 1991).

⁷ Norman Myers, "Threatened biotas: 'Hotspots' in tropical forests", *The Environmentalist* 8, 3 (September 1988), pp. 187–208.

⁸ Fred Gale, *The Tropical Timber Trade Regime* (Basingstoke, Hampshire: Palgrave/Macmillan 1998).

⁹ V. Viana, M. Ervin, J., Donovan, R. Z. Elliott, C. and Gholz, H., *Certification of Forest Products: Issues and Perspectives* (Island Press: Washington DC 1995).

¹⁰ Ben Cashore, Graeme Auld and Deanna Newsom, *Governing Through Markets: Forest Certification and the Emergence of Non-State Authority* (New Haven, CT: Yale University Press, 2004). Developed country competitor schemes include the US timber industries Sustainable Forestry Initiative (SFI), the Canadian Standards Association (CSA), the Australian Forestry Standard (AFS), and many others.

from these industry and government schemes however: a unique body in the global political economy, it is membership based, constituency organised, and North-South balanced. Individuals and organizations that accept the Principles and Criteria (P&Cs)¹¹ of ‘environmentally appropriate, socially beneficial and economically viable’ forest management are entitled to join FSC on payment of a membership fee.¹² When applying for membership, applicants indicate whether they wish to belong to the environmental, social or economic ‘chamber’; and whether they represent developed countries in the North or developing countries in the South. Both constituency and regional designations are important, because decision-making in FSC involves balancing interests (environmental, social and economic) and regions (North/South). In effect, therefore, the organization is composed of six sub-chambers (Environmental North and South, Social North and South, and Economic North and South).

FSC is a standard setting and accreditation body. In relation to standards, it has developed ten Principles and 56 Criteria which, taken, together, set out its current vision of sustainable forest management (SFM) (FSC 2006). This vision is under continuous monitoring, however, and has changed over the years. In 1996, for example, FSC added Principle 10 on Plantations; and in 1998, it changed the wording of its Principle 9 on “primary forests” to focus instead on forests with “High Conservation Values”. Today it is reviewing its policy and standard on plantations, following controversial implementation in certain jurisdictions.¹³ In addition to establishing a standard for forest management, FSC accredits certifying bodies (CBs), licensing them to undertake third-party certification of forest management operations on its behalf. There are currently about a dozen organizations—both not-for-profit and for-profit CBs—accredited to the FSC and entitled to audit forest management operations against the FSC Standard.¹⁴

A forest operation can be assessed against either FSC’s generic forest standard (contained in the P&Cs) as interpreted by the certifier; or, where it exists, against a national or a regional forest standard. The former arrangement has resulted in serious disputes because the P&Cs are written at too high a level of abstraction to enable them to be interpreted accurately and consistently in specific forest operations, resulting in wide inter-CB variation. In some cases, certificates have been awarded that would not have been had there been a national or regional standard in place. However, developing a national or regional standard is difficult since it requires a committed group of individuals within a national jurisdiction to form that can bring diverse constituents together that are often locked in conflict to engage in a standards negotiation process that, in many cases, endures for several years. The process has, historically, been seriously underfunded in most jurisdictions although some—such as Canada’s Boreal and BC regional standards processes—have been exceptionally well funded.¹⁵

While FSC was the first forest certification scheme formally established to promote sustainable forest management, competitor schemes have emerged in the past decade as a consequence of industry and governmental action.¹⁶ Schemes set up early on to compete with FSC’s were the Sustainable Forestry Initiative (SFI) in the United States, the Canadian Forestry Standard (CSA) scheme, and the Finish Forestry Certification Scheme (FFCS). Many more nationally based

¹¹ See details of FSC’s P&Cs see http://www.fsc.org/en/about/policy_standards/princ_criteria, accessed April 2006.

¹² http://www.fsc.org/en/getting_involved/become_member, accessed April 2006.

¹³ See special issue of FSC’s magazine on the Plantations Review, *News and Notes* 3, S1 (31 May, 2005).

¹⁴ See http://www.fsc.org/en/about/accreditation/accred_certbod.

¹⁵ C. Tollefson and Fred Gale (with David Haley and Denise Allen), *Setting the Standard: FSC Certification in BC, Canada and Beyond*, forthcoming.

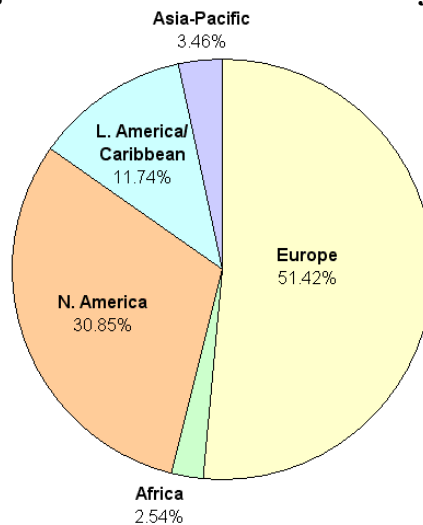
¹⁶ B. Cashore, G. Auld and D. Newsom, *Governing Through Markets* (New Haven, CT: Yale University Press 2004).

schemes have been established subsequently either by industry acting alone or in conjunction with the state, resulting in what one writer has called the “certification wars”.¹⁷ Most of these nationally based competitor schemes to FSC are now grouped under the Programme for the Endorsement of Forest Certification (PEFC, formally known as Pan-European Forest Certification). FSC and PEFC constitute the two major forest certification schemes today and both are compatible with the International Organisation for Standardisation’s (ISO’s) 14001 Environmental Management Scheme (EMS), which can either constitute a third alternative or be a complementary option for interested forest companies.

Forest Certification in the Asia-Pacific

The take up of FSC certification across the world has been very uneven across and within regions. Figure 1 outlines the current situation and several observations can be made.

Figure 1: Percentage of certified forest endorsed by FSC in each region



Source: http://www.certified-forests.org/data/regional_pie.htm, accessed March 2006.

First, developed and transitioning countries in North America and Europe currently account for over four-fifths (82%) of all FSC certified forests. Specific countries with substantial volumes of FSC certified forests include Canada, Sweden, Poland, and the United States. Second, of the developing country regions, only Latin America has substantial volumes of FSC certified timber, which is nationally concentrated in Brazil and Bolivia. Finally, both Asia-Pacific and Africa are performing equally badly at around three percent of all certified forests, a curiosity given that these regions are polar opposites across a range of other socio-economic criteria, including, especially gross national income growth rates.

Within the Asia-Pacific region, FSC certification is also unevenly distributed. Table 1 presents data highlighting a number of anomalies. First, there are a notable number of countries

Table 1: FSC regional totals: Asia-Pacific

Asia-Pacific	Total Area (ha)	No. of certificates
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¹⁷ D. Humphreys, "The Certification Wars: Forest Certification Schemes as Sites for Trade-Environment Conflicts," Paper presented to the 46th Annual ISA Convention, Honolulu, Hawaii, USA, 1–5 March 2005.

Australia	533,162	4
China	439,630	4
Indonesia	274,598	3
Japan	267,706	24
Malaysia	81,389	4
Nepal	10,045	1
New Zealand	673,266	18
Papua New Guinea	19,215	1
Solomon Islands	39,402	1
Sri Lanka	16,251	4
Thailand	921	1
Totals	2,355,585	65

Source: http://www.certified-forests.org/data/asp_table.htm, accessed March 2006.

absent from the list including Burma/Myanmar, Cambodia, Fiji, Laos, the Philippines and Vietnam. Substantial volumes of tropical forest remain in several of these countries and their absence is a concern from the point of view of biodiversity conservation and illegal timber exports. Second, of those on the list, none can claim to be implementing FSC forest certification on a widespread basis. This includes the best performer, New Zealand, which has just over 8% of its total forest area certified under the FSC scheme. Although Australia's total volume of FSC certified forest is comparable to New Zealand's, Australia's forests are 20 times the size (approximately 154 million hectares to about 8 million), leaving only one-third of one percent of forests certified, all in plantations. Finally, some of the countries most in need of improving forest management—Malaysia, Indonesia and Papua New Guinea—have a miniscule percentage of their overall forest estate FSC certified.

Of the twelve certificates issued to companies in Indonesia, Malaysia, PNG and Solomon Islands by June 2004, only six remained in force as set out in Table 2. Notably, all five community forest

Table 1: FSC certificates issued (as of June 2004)¹⁸

	Community	Natural Forest	Plantation	Total
Indonesia	1	1	1*	3
Malaysia	0	2	2	4
PNG	2	0	0	2
Solomons	2	0	1	3
Totals	5 (-5*)	3	4(-1*)	12

*Either currently suspended or no longer certified.

operations that had been certified during the period had not had their certificates renewed, while one certified plantation—Perum Perhutani in Indonesia—had had its certificate revoked.

Barriers to FSC Certification in the Asia-Pacific

Why is forest certification proving so difficult to establish in the Asia-Pacific region? Unlike in the case of Africa, it is difficult to argue that governments and business in the Asia-Pacific cannot

¹⁸ The table is sourced from Connie McDermott, Bill Maynard, Fred Gale, Isreal Bewang, Yati Bun, Dwi Muhtaman, Ferdinandus Agung, Mohd Shahwahid H.O., and Morgan Wairiu, 'Forest Certification in the Asia-Pacific', in B. Cashore, F. Gale, E. Meidinger and D. Newsom, eds, *Confronting Sustainability: Forest Certification in Developing and Transitioning Countries* (New Haven, CT: Yale Faculty of Forestry and Environmental Studies Publication Series 2006).

afford certification, given the regions post-war economic boom based on Japan's post-war recovery, Korea's successful development and China's recent take off. To understand why FSC certification is not becoming established in the region—we must look at the barriers to it at three different levels of analysis—the firm, the state and the region. Via action and inaction at each level, the appeal and feasibility of FSC certification has been hindered as business associations and governments have sought to protect profits, jobs and revenues at the expense of the environment. Evidence for this contention comes from a recent study involving the author of four regional cases: Indonesia, Malaysia, Papua New Guinea and the Solomon Islands.¹⁹ A synthesis of these four studies across the three levels of analysis clearly identifies the political economic problems FSC confronts.

Firm- level barriers

Significant difficulties attend the introduction of FSC-style certification at the level of the firm in the Asia-Pacific. The three most salient are: cost, complexity and scale. Two types of costs associated with forest certification: the direct cost of the certification audit itself and the indirect cost associated with making necessary changes to existing forest management practices to obtain a certificate. Both types of cost are high in the Asia-Pacific region. Direct costs are high because a regional forest certification industry has yet to be established in the Asia-Pacific and interested companies must employ expertise from Europe or North America. Direct certification costs are higher than otherwise since personnel must travel from afar with commissions and per diems paid at Western rates. High direct costs can be further subdivided into fixed and variable costs: the former are those required to hire a CB to send a team to undertake an audit. Even the smallest operation will incur these fixed costs because a team with a minimal number of personnel (usually three) must be assembled, flown to the forest site, and remain there for a minimal period of time. The variable costs are those additional costs incurred as a consequence of auditing a larger operation that requires more time in the field and a more detailed and lengthy written report. Since larger operations can amortise these costs over a larger area, the per hectare cost of certification drops significantly as size of operation rises, creating a barrier to small, community based operations. The consequence is that many community forest operations either do not seek certification or, if they do, do not renew their certificate after it expires (usually after 5 years).

Indirect costs are incurred by forest management operators when, as a result of a certification audit, they are required to alter their forest management practices to conform to FSC's Principles and Criteria. Clearly, the closer the initial practices are to those required by FSC, the less the indirect costs will be of adopting FSC certification. However, invariably managers discover that current practices are far removed from those required to qualify for a certificate. In the Asia-Pacific, indirect costs of certification identified in the case studies include decreased timber volumes as a result of increased reserve requirements and larger riparian conservation zones; increased expenditure safety equipment (including hard hats and boots); and increased costs associated with inventorying the forest management unit and preparing the forest management plan.

These high net costs experienced at the level of the firm are compounded by the thoroughness and resultant complexity of FSC's certification system, its ten Principles and 56 Criteria requiring

¹⁹ Sixteen countries were included in the study overall, from four regions: Asia-Pacific, Africa, Eastern Europe and Latin America. See B. Cashore, F. Gale, E. Meidinger and D. Newsom, *Confronting Sustainability: Forest Certification in Developing and Transitioning Countries* (New Haven, CT: Yale Faculty of Forestry and Environmental Studies Publication Series, 2006).

a forest manager to direct attention to every facet of production. Small-scale and community based operators experience considerable difficulty—in a context of widespread illiteracy, low levels of education, insufficient managerial experience, low intensity operations and minimal resources—in working out what is required to become certified. However, even when operations are conducted at a larger scale under more professional management, forest managers can be daunted by the inventorying, consultation and conservation requirements. While large-scale operations have the resources to overcome the complexity of FSC's P&Cs, their interest in doing so is directly related to the perceived benefits, especially in terms of high market demand and the existence of a price premium. Sadly, however, there is little market demand in the Asia-Pacific for certified forest products (which is dealt with in more detail below); and while the Asia-Pacific case studies do report a significant price premium available for certified timber products, the general perception in the industry is that such premiums are ephemeral and hard to capture.²⁰

A final problem that differentially affects operations in the region is scale. Small-scale operations are not well connected to national and international markets. Many individual and community based operations produce timber sporadically, based on an immediate need for cash to cover the costs of a wedding, funeral, illness and so forth. Such operations are not in the forestry business per se: rather, forestry is an occasional activity undertaken in conjunction with a wide range of other subsistence and income earning activities including farming, fishing, hawking and so forth. Such individual and community based operations are poorly positioned to market their timber because they do not produce a steady volume of timber that consistently meets quality specifications. Retailers and wholesalers of timber and timber products find it difficult to supply their customers from such sources given the stop-start nature of production and the variable quality of timber available. While efforts are ongoing in Solomon Islands and PNG to resolve these problems—by improving forest management, pooling producers, and linking directly with overseas markets—it remains to be seen whether these initiatives are, themselves, economically viable or will require subsidization.

The barriers to forest certification at the level of the firm are not to be underestimated. However, these barriers particularly affect small-scale, low-intensity operators who produce basic forest products on a sporadic basis for local markets. In the Asia-Pacific, on the other hand, there are numerous large-scale producers that are managing forests and exporting higher-value added products to global markets. Larger companies have both the resources and the expertise to adopt FSC certification should they so desire. Instead, however, the overwhelming response of large operators has been either to ignore FSC certification or to mobilise to oppose it by establishing competing national schemes, which are the subject of the next section.

National level barriers

At the national level, the establishment of FSC certification in the Asia-Pacific has confronted a set of powerful actors located in business and government that reasonably expect to see a decline in short-term profits, jobs and revenues from its implementation. While business and government in the Solomon Islands and PNG have largely ignored FSC certification, in Malaysia and Indonesia there has been a robust response involving the establishment of competitor schemes. While the official explanation often given for the establishment of Malaysian Timber

²⁰ Most of the studies on forest certification report zero or minimal price premiums for certified timber. However, in contrast the four studies on which the current paper is based report quite high price premiums, with Shahwahid's detailed study of Malaysia suggesting that a premium as high as 37% was being earned on sawn timber. See Mohd. Shahwahid H.O, 'Timber Certification in Malaysia', in Cashore et al, *Confronting Sustainability*.

Certification Council (MTCC) and Lembaga Ekolabel Indonesia (LEI) is the desire to improve forest management while retaining sovereignty over national natural resources, the timing, social forces and content of the respective schemes indicates a coherent business-government strategy to sideline FSC.

The MTCC provides the most evident example of business-government corporatism to sideline the FSC threat. The Malaysian forest industry is extremely important to the Malaysian economy, generating almost five percent of the country's GDP, three percent of export earnings and two percent of total employment.²¹ At a regional level, forestry is a very important contributor to state tax revenues in Sarawak, Kelantan and Pahang. The federal and state governments have aggressively defended their forest industry over the past two decades from external criticism, including timber boycotts launched by environmental activists in Europe and North America. Internally, the country is best described as a quasi-democracy since although there are elections, the country has been ruled by the United Malay National Organisation (UMNO) since 1957 under a coercive policy that, linked with a rampant nationalism, results in individual, group and media self-censorship.

The timing of Malaysia's interest in forest certification is crucial. Malaysia had been an active opponent to forest certification for several years prior to FSC's founding in 1993. At meetings of the International Tropical Timber Organisation (ITTO) for example, Malaysia spoke out vehemently against the concept when it was first mooted in 1988. Between 1988 and 1993, it consistently opposed forest certification at the ITTO as a potential non-tariff trade barrier to Malaysian timber exports.²² Once its business and government leaders were confronted with the reality of FSC certification, however, they quickly mobilised to establish a competitor scheme, with discussions occurring throughout 1994 with cooperation on a Malaysia-Netherlands certification scheme commencing in 1995.²³ The timing suggests that the purpose of the MTCC was not so much to achieve sustainable forest management in Malaysia, as it was to secure Malaysian timber industry exports. This perception is well captured in a comment by Malaysian Primary Industries Minister Dato' Seri Dr Lim Keng Yaik: "Malaysia wanted to revive its timber product exports to Europe where the trade has suffered from the ill-founded perception that the products did not come from well-managed forests".²⁴

In addition to timing, the composition of the groups promoting forest certification in Malaysia illustrates its defensive nature. The Malaysia-Netherlands certification project was established within the Malaysian Timber Industry Board (MTIB), with the latter hosting a "Seminar on Timber from Sustainably Managed Forests" in April 1994 in conjunction with Malaysia's Federal Ministry of Primary Industries.²⁵ As a consequence of the Seminar, in May 1996 a task force on forest certification was formed composed of "representatives from the Ministry of Primary Industries, Malaysia; the Forestry Departments of Peninsular Malaysia, Sabah and Sarawak; the Forest Research Institute, Malaysia; the Malaysian Timber Industry Board; the Malaysian Timber

²¹ Shahwahid, *Forest Certification in Malaysia*.

²² Fred Gale, *The Tropical Timber Trade Regime* (Basingstoke, Hampshire: Palgrave/Macmillan 1998).

²³ Shahwahid, *Forest Certification in Malaysia*.

²⁴ Carol Yong, 'The Malaysian Timber Certification Scheme and the FSC, Case Study 8: Malaysia' in *Trading in Credibility: The Myth and Reality of the Forest Stewardship Council* (London: The Rainforest Foundation 2002), pp.125.

²⁵ Fern, *Footprints in the Forest: Current Practices and Future Challenges in Forest Certification* (Moreton in March, Gloucestershire, February 2004).

Council; and the Faculty of Forestry, University Putra, Malaysia.”²⁶ The task force established a technical committee largely composed of the same groups and together they developed a standard for Malaysia’s forests based on ITTO Criteria and Indicators (C&Is). Notably, no Malaysian environmental civil society organizations (ECSOs) were involved in the development of the Malaysian standard, and it was not until 1998 with the incorporation of the MTCC (then called the National Timber Certification Council, NTCC) that the Malaysian Nature Society (MNS) and the World Wide Fund for Nature Malaysia (WWF Malaysia) were invited to join the newly constituted Board. While this was very late in the day to begin involving environmental stakeholders, both WWF Malaysia and MNS did join in the hopes that the draft standard could be altered to meet the needs of environmental and social activists. However, this proved impossible to achieve. MNS was not invited back onto the reconstituted MTCC Board in 2002 while “WWF Malaysia resigned from the Board in January 2002 due to disagreements over the MTCC’s decision to launch a scheme using standards that had been developed without balanced stakeholder participation.”²⁷

In addition to the timing of the MTCC scheme and the composition of its founders, the content of the standard that emerged from the stacked negotiation process emphasised the technical elements of forest management, downplaying environmental and social elements.

These rational expectations interact with several presumptions concerning the achievement of sustainable development, notably that it should be (a) largely costless; (b) based on existing institutional arrangements; (c) guided by mainstream forestry discourse; and (d) employ modern technology.

of four cases studies that inform this article suggest that the major national barriers are (a) traditional sustained yield forest management discourse; (b) government and industry hostility; (c) unresolved indigenous peoples conflicts; and (d) widespread corruption and patchy adherence to the rule of law. Interestingly, while forest discourse has, over the past decade or more, moved on from SYFM in many developed countries—as witnessed by the demise of exclusively forestry schools and their restructuring to include environment—conventional sustained yield still rules in the teaching of forestry in the region. The problem with this approach is that it narrows the training of foresters to focus exclusively on the task of growing straight trees fast for the industry. In the field, such individuals are not well equipped to take on the broader tasks of ecosystem-based forestry management, which involves consideration of a much wider range of tasks and associated duties.

In addition to embracing a largely unreconstructed conception of SYFM, governments and industry in the region have been extraordinarily hostile to FSC-style forest certification, with both the Indonesian and Malaysian governments devoting substantial national resources to replacing it with nationally based certification schemes. In Indonesia, for example, the government launched its Lembaga Ekolabel Indonesia scheme in early 1993 as the threat of FSC arrived, aiming to get control of the certification agenda in the country to ensure it was not held hostage to a single scheme. LEI was endorsed by industry, but had a broader-based group responsible for its development that included a number of moderate environmental NGOs such as LATIN and SKEPHI. While LEI has been able to work in conjunction with FSC in the country via the Joint Certification Protocol (JCP), critical environmental organizations continue to monitor its

²⁶ Shahwahid, *Forest Certification in Malaysia*.

²⁷ Fern, *Footprints in the Forest*, p. 71.

evolution very carefully to ensure that operations are not certified where there is massive internal conflict over indigenous peoples rights. In fact, however, in Indonesia, such conflict is massive and so LEI has been unable to certify many operations either itself or as part of the JCP system.

Government and industry hostility derives from fears over profits (industry) and revenues and jobs (governments). There is a sense, too, that FSC as a new governance system, threatens government directly because it offers an alternative, voluntary and global approach to regulation that conflicts with the heavy emphasis in states in the region on a post-colonial, trenchant requirement that its sovereignty be respected. Quasi-authoritarianism in many jurisdictions coupled with low literacy and levels of education make it easy for elites to manipulate individuals via the media to support state-sponsored approaches over those from the outside.

Unresolved conflict over indigenous peoples rights plagues forest certification in Malaysia and Indonesia. In these two countries, traditional, customary law has been replaced by modern, positive law with the state seizing control over rights to land and redistributing it to those it determines worthy. In Indonesia and on Malaysia-control states in Borneo, in particular, this modern system of centralised tenure has run into significant opposition from traditional communities who find that their forests are clearcut by large national companies that export the timber and leave very little wealth behind locally. While the state may benefit from forest-led development, traditional communities can be devastated when their livelihoods are destroyed by rampant logging. In Malaysia and Indonesia, there have been many local demonstrations against the forest industry, although the industry in turn finds it relatively easy to bribe local leaders leading to intra-community conflict also.

The issue takes rather a different form in PNG and Solomon Islands, where the vast majority of land remains under customary tenure. In theory, therefore, there cannot be conflict between traditional and modern land law since both are the same. In practice, however, significant conflict remains since logging companies, usually foreign owned by regional powers like Malaysia, engage in corrupt practices to obtain logging contracts by bribing politicians, bureaucrats, and local community members to obtain logging licences. The net result is the same, although the tenure arrangements differ massively: community dispossession from the land, rampant logging, and community and environmental destruction.

The final difficulty confronting forest certification at the national level is, in fact, the widespread corruption alluded to above. Indonesia and PNG score poorly in Transparency International's Global Corruption Index; and while there are problems with TI's approach, it does capture the relative ease with which bribery and illegal logging can occur in these two countries. The problem here is that, with so much illegal logging going on, the incentive for those who are doing it legally is significantly diminished since they must compete already with illegal logs on the market, which sell at a very competitive price.

Regional level barriers

The costs of certification to the firm and the hostility of governments and industry to FSC interact at the regional level with demand factors in Japan, Korea and China to produce a regional climate that is also hostile to forest certification. The problem confronting producers in the Asia-Pacific region is that there is almost no demand for certified timber or certified timber products. The huge demand for timber, initially from Japan but now extended to Korea and China, is not accompanied with any realisation in these countries about the ecological shadow cast by their consumption activities. With buyers failing to discriminate between certified and non-certified

timber—or even between legal and illegal timber, the regional dynamic sends a powerful signal through the market place that, at the end of the day, nobody really cares.

While efforts have been made—and continue to be made—to create an environmental consciousness among consumers in the region, traditional authoritarian cultures make it especially difficult to take root. In Japan, for example, there is no culture of community group formation and the giving of charitable funds to such groups to foster interest group pluralism. Indeed, the opposite is largely the case, with a communitarian culture in existence that promotes allegiance to the group and the burying of individuality in the pursuit of collective outcomes. While this cultural predilection works exceptionally well to generate massive and efficient production outcomes—via Toyotaism, for example—it also generates business-government corporatist politics in favour of business as usual and crimps the size and operation of civil society making it difficult to get alternative views heard.

If it is difficult to get the environmental message out in modern, democratic Japan it is almost impossible in rapidly urbanising, modernising, authoritarian, developing China. Chinese leaders are enthralled with production, which is currently legitimating the continued existence of rule by an authoritarian leadership (called communist although it can hardly be considered that anymore). Under such an authoritarian arrangement, and with pressing internal problems related to managing the uneven development process, there is very little done currently to make China more sustainable in regional or global terms. There could be some advantages to such authoritarian structures, however, if they were penetrated by environmental thinking. Instead of having to convince a myriad of actors as one does within corporatist or pluralist political systems, one only has to convince a handful that there is a problem and action could be undertaken to address it centrally. However, to date, Chinese authorities have not really received the message concerning their ecological shadow in the region and—given the pressing internal realities—there is little sign of this occurring soon although perhaps the Beijing Olympics could be a vehicle for generating regional awareness.

Conclusion

FSC-style certification is in trouble in the Asia-Pacific. Confronted by lack of demand by regional powerhouses like China, Korea and Japan and active opposition from a state-industry corporatist alliance at the national level, interested firms and communities confront the massively expensive task of restructuring their operations for little apparent gain and a great deal of attendant pain. Unlike operators in North America and Europe, the basic rule of law has not become fully established in Asia, and high volumes of illegal logs depress timber prices generally and undermine the rationale for doing any more than ensuring one does not get caught (or that one has enough money to pay the bribe if one does).

In this regional context, is there anything to be done? Efforts to expand supply in the region via the use of grant aid to PNG, Indonesia and Malaysia are worthwhile as demonstration projects to prove that certification is feasible but on their own they can do little to alter the regional pattern. Rather than focusing on increasing supply, the environmental movement must turn its attention to increase demand. While many groups have been working to achieve this in the past, a more concerted effort is now urgently required. China must be turned round. It is sucking in vast quantities of resources including timber which it is using to feed its furniture industry for export to Europe. European consumers of Chinese sourced timber could, therefore, put pressure back on Chinese producers to mend their ways.

A concerted effort on China is required to improve demand in the region. Only then will forest certification become a reality in the Asia-Pacific.