

Trade Associations and Group Certification Programs: How can They Impact the Certification Movement?



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Problems

- Certification is expensive to small companies/landowners
- Companies/landowners were unfamiliar with certification
- Companies/landowners were distrustful of certification systems

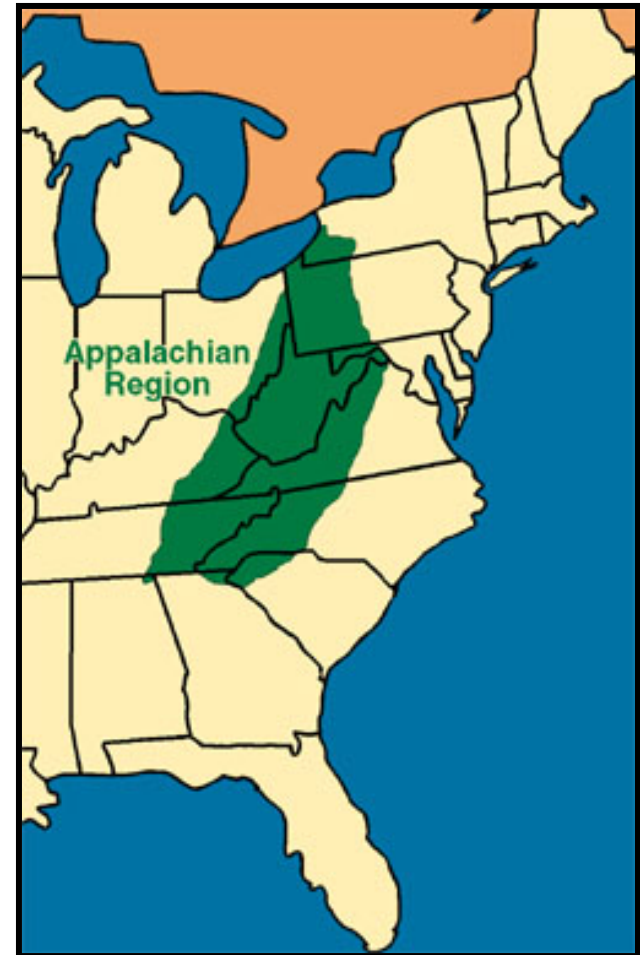


Objectives

- To determine if association membership affects certification pursuance
- To investigate the benefits of and challenges faced by forest certification programs aimed at certifying groups of landowners

Methodology

- Four-page mail-based survey that consisted of three sections was sent to 1,238 primary hardwood manufacturers in the Appalachian region





Methodology

- Case studies of the Appalachian Hardwood Manufacturers Inc, (AHMI) Association, the National Wood Flooring Association (NWFA), and the state of Wisconsin's Managed Forest Law (MFL) group certification



Association Membership Results

- 54% (102) of the 189 survey respondents were association members
 - Of which 50% had multiple memberships
- Appalachian Hardwood Manufacturers, Inc., National Hardwood Lumber Association, National Wood Flooring Association, and Kentucky Forest Industries Association were some of the association memberships listed
- There is a significant relationship between trade association membership and certification status (.05 significance level)

The FREQ Procedure

Table of STATUS by ASSOCIATION

STATUS(STATUS)		ASSOCIATION(ASSOCIATION)		
Frequency		Non-	Member	
Expected		member		
Cell Chi-Square				
Row Pct		N	Y	Total
Certified	1	12	28	40
		18.495	21.505	
		2.2807	1.9614	
		30.00	70.00	
Non-certified	2	74	72	146
		67.505	78.495	
		0.6248	0.5374	
		50.68	49.32	
Total		86	100	186

Frequency Missing = 6

Statistics for Table of STATUS by Q14

Statistic	DF	Value	Prob
Chi-Square	1	5.4043	0.0201



Appalachian Hardwood Manufacturers, Inc. (AHMI) Certification

- In 2006, AHMI created the Verified Sustainable Program
- Based on the Forest Service's Forest Inventory and Analysis (FIA) data
- net annual timber growth in the region > annual harvest levels by more than 2.29 to 1 = sustainable
- Since 2009, over 107 members are participating
- Recently offered FSC to members



National Wood Flooring Association (NWFA) Certification

- Began the Responsible Procurement Program in 2008 to meet certification demand
- Based on the Forest Service's Forest Inventory and Analysis (FIA) data (33 states)
- Open to all members
- Members pay for certification
- 24 companies were interested in the process, these companies represent 70 percent of the industry's domestic hardwood flooring

<i>Tiers</i>	<i>Tier guidelines</i>	<i>Fees</i>
Tier 1	<p>Must procure raw materials from sources that have been NWFA verified sustainable</p> <p>Must verify that raw materials originating from a country listed as high-risk for illegal logging meets NWFA's verified sustainable guidelines</p> <p>In program for 3 consecutive years</p>	Annual SCS audit fees
Tier 2	<p>Must agree to obtain FSC COC certification.</p> <p>Must actively manufacture FSC products and/or trade and actively increase sales of certified products</p> <p>Must join the FSC Procurement Group and meet FSC controlled wood standards for all their non-FSC wood supply</p> <p>In tier for 2 years or program for 5 consecutive years</p>	<p>Based on annual sales:</p> <p>Companies with annual sales of:</p> <p>\$0-20 million pay \$2,000/year</p> <p>\$20-49 million pay \$3,500/year</p> <p>\$50-99 million pay \$5,000/year</p> <p>over \$100 million pay \$7,500/year</p>
Tier 3	<p>Must meet RPP's benchmarks for three or more years without interruption.</p> <p>Must ensure that FSC certified product sales constitute 50 percent or more of overall company sales in a single year</p>	Same as Tier 2



State of Wisconsin

- Has 16 million acres of forestland, of which 70% is privately owned
- Has more than 1, 850 wood-using companies
- Created the Managed Forest Law program in 1985 to encourage sustainable forestry
- Open to all private landowners that own 10 to 2,470 acres of forestland

State of Wisconsin

<i>Property Type</i>	<i>Property Tax Amounts</i>
Non-MFL productive forestland	Average of \$33.34/acre
MFL productive forestland that is closed to public access	\$8.34/acre
MFL productive forestland that is open to public access	\$1.67/acre

Certification in Wisconsin

<i>Land Management Program</i>	<i>Certified Acreage</i>
Wisconsin State Forests	517,734 acres
Wisconsin DNR Land Division	1,080,675 acres
Wisconsin County Forests	2,353,897 acres in 27 counties
Managed Forest Law	2,239,205 acres under 41,875 orders with private landowners
Total	6,191,511 Acres



Conclusions

- Trade associations and group certification programs have positive affects on certification
 - Help inform members
 - Help reduce the complexity of certification
 - Help reduce certification costs
 - Help increase the supply of certified raw material
- The AHMI Trade Association has given its members an inexpensive alternative to third-party certification



Conclusions

- The NWFA has alleviated some of the cost of obtaining Forest Stewardship Council (FSC) certification and has made the process easier for its members
- The State of Wisconsin's DNR has eliminated the expense of FSC and American Tree Farm (ATF) certification and has increased the supply of certified raw material and chain-of-custody certification in its state

Questions or Comments?

