



Why Certify? The Cost of Forest Certification in BC

FOREST CERTIFICATION HAS BECOME A COMMON TERM IN THE FORESTRY world. It has received a wide acceptance by large forest companies in British Columbia and Canada. Forest certification as a sustainability mechanism is commonly viewed as a part of doing business. However, the cost of forest certification is considered by many stakeholders to be a major drawback that precludes greater involvement of smaller forest companies.

The main forest certification systems used in BC are Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI) and Canadian Standards Association Z809 (CSA). The process of forest certification involves both direct and indirect costs, and those can be substantial. Direct costs cover, for example, collecting data and information, monitoring efforts, training staff, tracking timber for chain-of-custody certification, or paying for certification audits. Indirect costs involve a possible loss of revenue due to required changes in forest management.

The estimates of the cost of forest certification vary dramatically. The cost has been reported from a minimum of \$5,000 US (for small forest parcels of 5-20 ha) and a low of \$0.1 US per hectare for large industrial companies. Other US estimates reported costs ranging \$0.07-0.49 US per ha for larger companies and \$6.45–39.31 US per ha for companies with less than 4,000 ha of forest land.

The cost of certification is often considered commercially sensitive information. No data or estimates on the cost of forest certification per hectare is publicly available in BC. However, there are BC cases in which certification was dropped due to its high cost and insufficient price premium for certified wood products. The cost of forest certification per hectare varies significantly and depends on a number of factors (Table 1).

Despite a high cost, more than 50% of annual allowable cut (AAC) in BC is allocated to certified companies (according to 2011 Apportionment). Nine of the largest companies that control over 45% of the AAC are certified.

What motivates companies to become certified? The reasons include the following:

- **Certification ensures market access.** Forest certification eases access to some environmentally sensitive markets, such as Europe. While general customers of large ‘big box’ stores are typically unaware of forest certification, large publishing houses, buyers’ groups and governmental procurement policies tend to shape the demand for certified wood and paper products.
- **The demand for green building certification promotes forest certification.** A number of green building codes specify the use of certified wood products, which drives architects and builders to search for certified wood product sources.
- **There is a demand for certification products through the supply chain.** Suppliers to large forest companies are often expected to be compliant with certification requirements. Sometimes the compliance to forest certification requirements is included into contractual obligations.
- **Certification helps to prove legality of timber procurement.** Although forest certification does not cancel the need to comply with the *Lacey Act* or European FLEGT regulation requirements, it is considered to lighten the burden of proving legality of timber.
- **Certification helps to avoid costs of public relations.** Forest certification is known to help with improving relations with various forest stakeholders (e.g. environmental groups, local communities, First Nations), thus reducing the possibilities of costly conflicts.
- **Certification can bring a price premium for some products.** Certain high-visibility value-added products (e.g., furniture) are reported to ensure a price premium. These are made from products that carry a certification logo. To obtain a logo for a product, the company needs chain-of-custody certification.

Overall, despite the significant costs and the absence of direct cash benefits, there are several reasons why forest certification has become a widely accepted tool in BC. However, it is in no way the final step in approaching sustainability. 🐾

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Table 1. Factors influencing the costs of forest certification.

Company size	Generally, the costs per hectare are smaller for larger companies and tenures due to the economies of scale.
Type of tenure and associated tenure obligations	Larger long-term tenures that already comply to more legal requirements often need to add fewer changes to comply to forest certification than tenures with fewer legal requirements. Location and the scale of operations or the number of facilities affect the cost.
Certification system	The number of requirements and the scale of activities required beyond legal obligations raise the cost of certification. Each system poses unique requirements. For example, FSC (in general and in BC in particular) focuses on environmental impact and indigenous people; CSA demands public involvement through public advisory groups, with the greater focus on Aboriginal people in the recent standard; and SFI underlines tracing timber origin.
Product	Commodity wood and paper products are rarely known to attract price premium that is sufficient to offset the cost of certification.
Characteristics of the forest management	The users of certain silviculture systems (e.g. variable retention) may need fewer changes in their forest management to follow certification requirement and this decreases the cost of certification.
Auditing company	The charges of certification auditor companies vary.