

Background Information

Advice Note for Labelling Products from Small and Community Producers FSC-ADV-XX-XXX V1-0 D2-0 EN

18 July 2011

A. Introduction

Currently, the market for FSC certified products does not differentiate between products from industrial operations and products from small or community producers. The development of the Advice Note for Labeling Products from Small and Community Producers is driven by Policy motion 19, which was passed at the 2008 FSC General Assembly, and states:

FSC shall develop a strategy to differentiate community forest products* from other products, that allows a phrase like "COMMUNITY ORIGIN PRODUCT", in the claim on the FSC product. The strategy shall include all relevant aspects of Chain of custody and labeling to guarantee product traceability. * See definition of community forest management approved by FSC.

* There is no FSC-approved definition of community forest management in the FSC Principles and Criteria Glossary.¹

The FSC has developed new label text (Figure 1) for use in the FSC 100% and MIX labels (Figure 2) to indicate when product content is from small or community producers (Figure 3). For both labels 100% of the content must be from small or community producers (as defined below).

As small and community producers frequently face similar disadvantages in the market, especially small volumes which make it difficult to attract buyers and negotiate good prices, the FSC made both community and small producers eligible to use the new label text. The goal is that consumers who value the opportunity to support small or community producers will choose products made of raw material from these producers and/or pay more for them. This could provide new and/or improved marketing opportunities to small or community producers, as well as large companies who purchase forest products from these producers.

The new Advice Note explains how to use the new label text. The new label text will also be used in the pilot project for FSC-Fairtrade Dual Labeling of timber products from small and community producers in developing countries (see www.fsc.org for more information on this project).

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¹ There is a statement providing guidance on what a "community managed forest management unit" is in FSC-STD-007a-V1-0_EN, but this is only to provide guidance to certification bodies on certification procedures, specifically for preparing certification reports.





Figure 1. The required elements for the standard FSC label (source: FSC-STD-50-001 V1-2)

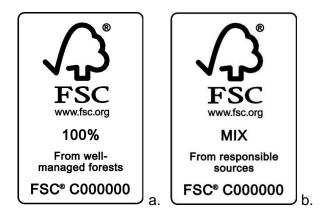


Figure 2: The standard FSC labels for a. FSC 100%, and b. FSC Mix.



Figure 3. FSC labels with proposed **new label text** for: a. FSC 100%, and b. FSC Mix.



The FSC has developed definitions for small and community producers, as follows:

Definition of Small Producer:

A forest management unit (FMU) or group of FMUs that meet(s) the small or low intensity managed forest (SLIMF) eligibility criteria (FSC-STD-1-003) and Addenda. For Group certificate holders that include non-SLIMF FMUs, only the FMUs categorized as SLIMFs are eligible.

Definition of Community Producer:

A forest management unit complying with the following tenure AND management criteria:

Tenure: The legal right to manage a forest management unit (e.g., title, long-term lease, concession) is held at the communal level, AND

- i) the community members must be either indigenous peoples or traditional peoples, OR
 - ii) the forest management unit meets the SLIMF eligibility criteria².

Management: The community actively manages the forest management unit through a concerted effort (e.g., under a communal forest management plan) OR the community authorizes management of the forest by others (e.g., resource manager, forest products company).

If the community authorizes management of the forest by others, all of the following criteria must be met:

- i. The community's own representative institution³ has knowledge of the proposed harvesting activities (e.g., what areas will be logged and when).
- ii. The community's own representative institution confirms that free, prior, and informed consent was given on behalf of the community to allow the "other" entity to manage the community's forest.⁴
- iii. The community's own representative institution confirms the community does not have any unresolved disputes with the "other" entity it has authorized to manage its forest.⁵

NOTE: The forest can be either located in a communal forest and/or on individually-assigned plots, as long as the right to use the forest is communally held (e.g., this is the case for Mexican *ejidos* and Brazilian sustainable development reserves).

² See SLIMF Eligibility Criteria (FSC-STD-01-003)

³ United Nationals Declaration on the Rights of Indigenous Peoples Article 19: States shall consult and cooperate in good faith with the indigenous peoples concerned through their own representative institutions in order to obtain their free, prior and informed consent before adopting and implementing legislative or administrative measures that may affect them.

⁴ Also addressed in Criteria 2.1 and 2.2 of FSC Principles and Criteria

⁵ Also addressed in Criterion 2.3 of FSC Principles and Criteria



There are three general categories of small and community producers whose products could be labeled with the new text:

- 1. Producers of final products (e.g., furniture, Brazil nuts, kitchen utensils)
- 2. Producers of primary and secondary products (e.g., logs, boards, resins)
- 3. Producers that sell standing timber.

There are two types of companies who could utilize the new label text:

- 1. Companies who purchase standing trees and raw materials from small and community producers, and pass this material through the supply chain
- 2. Companies who sell final products with 100% content from eligible producers.

B Process to be followed

Initially, a policy for the use of a new label for small and community producers (FSC-POL-01-005 V1-0 D1-0 EN) was developed and distributed for comment from November 15 to December 15, 2010 to: the FSC Board of Directors, all FSC National Initiatives and Regional Offices, FSC-accredited certification bodies, FSC IC Heads of Units, FSC Global Development Director, Accreditation Services International Director, FSC Policy and Standards Committee, and all members of the Consultative Forum, which was set up for the new policy and is comprised of individuals and/or organizations reflecting the full range of stakeholders affected by the policy.

The feedback was compiled and considered in revising the document. In addition, a parallel consultation of FSC members, businesses, and producers was made by a creative agency hired to develop a marketing strategy for this new labeling option. These results were also considered in developing the new label text (but are not publicly available). Then, during the revision of the policy, it was decided by the Head of the Policy and Standards Unit that an Advice Note was actually more appropriate than a new policy. The first draft of the Advice Note was sent out for targeted consultation in June 2011 to a small group of stakeholders comprised mostly of individuals who commented on the initial policy document.

Several content changes have been made regarding the use of the new labeling option based on the public comments on the policy and the change from a policy document format to an Advice Note format. The main content change based on public comment on the initial policy was to the definition of "community producer". The definition was revised to more clearly lay out eligibility criteria for a community producer. The revisions related to changing the document from a policy to an advice note include:

- Complete restructuring to focus only on relevant definitions and chain of custody requirements
- Addition of definition of "small producer". The definition is essentially an FMU that
 meets SLIMF eligibility requirements. This definition was developed because the new
 label text refers to "small or community producers".

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The main content change based on the targeted consultation on the first draft of the Advice Note is the addition of criteria for when a community authorizes another entity to manage its forest. There was some concern about ensuring some level of community involvement in decision making regarding forest management in these cases. As this is difficult to accurately measure, it was decided that the emphasis should be on free, prior, and informed consent in the authorization of others to implement management, as well as the community's basic knowledge of forest management activities. Another concern regarded potential competition between company-managed community forests and community-managed community forests. While it is recognized that this is potentially disadvantageous to communities, the hope is that increased volume of products carrying the new label will support increased demand for these products, which could benefit all communities with certified forests.

The second draft of the Advice Note will undergo public review and comment from July 18 – August 14, 2011. The Advice Note will then be revised as appropriate and submitted with an implementation plan to the Policy and Standards Committee for approval for a one-year pilot period. The Policy Coordinator will monitor experiences with the use of the new label text with producers and retailers over the following year, and decide if revisions to the policy are necessary. If revisions are necessary, a revised version of the Advice Note will be distributed for public comment. Further revision and public comment will be implemented until a final draft is submitted with an action plan to the Policy and Standards Committee for final approval.

C Timeline for completion

The Advice Note will be revised, as necessary based on the comments received, and submitted to the Policy and Standards Committee by August 17, 2011. A revised version will be submitted (if further revision is necessary after the 1 year pilot implementation phase) by September 1, 2012.