



Understanding the Certified Supply Chain

by Jeff Stringer

Editor's Note: Part one of a series focusing on how woodland owners can benefit from certification.

Part 1: Understanding the Certified Supply Chain

Forest certification can lead to increased assistance for woodland owners and potentially improve management and financial benefits. Regardless of the woodland owner's motivations and interests, the costs and financial benefits of certification often plays an important role in either pursuing or maintaining certification. While woodland owners can benefit financially from certification in several ways, the most common is through premiums paid for certified wood (veneer logs, saw logs, pulpwood, etc.). The amount of the premium is based on the local demand for certified wood and is ultimately driven by the sale of products that carry a certified label. Understanding the flow of certified wood into the manufacturing of certified products and what drives local demand for certified wood can assist woodland owners in making wise decisions about certification.

Forest Management Certification – the start of the supply chain

The flow of wood from the forest to the finished product is often described as a supply chain. The first requirement of a certified supply chain is a certified forest. In the United States, the majority of certified forests (woodlands) are certified through the American Tree Farm System (ATFS), developed primarily for family owned forests in the United States, the Sustainable Forestry Initiative (SFI), primarily (although not exclusively) for industry lands in North America, and the Forest Stewardship Council (FSC) a global forest certification program. Forest certification is termed “forest management” or “FM” certification.

More than one FM certification program exists because

forest certification is not mandatory or government run; it is functionally a market-driven system. As a result, several organizations have responded with their own FM certification programs and standards. All programs were developed to ensure sustainable use of the forest. However, different components of sustainability are emphasized in the programs. What certification program a forest owner chooses will most likely be based upon two factors: what program best fits their management objectives and, most importantly for the majority of family forest owners, the local demand for either ATFS or FSC wood. Before discussing this demand, it is important to understand how wood produced in a certified forest flows into the supply chain that is ultimately used to make a certified wood product.

The Certified Supply Chain – the importance of chain of custody

Regardless of whether the forest is ATFS, SFI, or FSC certified, when the wood is cut and hauled, it becomes part of the supply chain of certified wood that ultimately can wind up in a certified product. For the supply chain to work, every entity that owns and possesses wood in the supply chain must be certified. This type of certification is called chain of custody (CoC) certification. If a logger buys and cuts certified timber, the logging firm must have a CoC certificate. If the timber is delivered to and purchased by a mill, then the mill must have a CoC certificate. The mill will produce a certified product that will then move down the supply chain. For example, paper can go to a printer, lumber may go to a secondary manufacturer such as a flooring plant or cabinet shop, or chips from a sawmill may go to a paper mill. The industries that buy



Diagram shows movement of wood from FM certified forests through appropriate CoC certified industries to final product. [Logo's and labels are unofficial and used for diagrammatical and educational purposes only.]

these certified products also will have to possess a CoC certificate. As indicated above, every industry that owns and takes possession of the wood (either in the form of a log or a wood product) must have a CoC certificate¹. If even one entity that owns and possesses the wood from the stump to the final product is uncertified, then the chain of custody is broken and the final product cannot be designated or labelled as certified. This intact chain of custody is important, because it is proof that the amount of finished certified wood product matches the amount of wood harvested from certified forests. Ultimately, the combination of FM and CoC certification with intact chain of custody validates the claim that certified wood products are special, coming from wood that was produced responsibly with the use of scientifically based management that protects the environment and ultimately society.

Chain of Custody Certificates and Industry Demand

Both SFI and FSC offer CoC certificates. A third program, operating internationally, called the Programme for the Endorsement of Forest Certification (PEFC), also offers CoC certification. Mills that have an SFI or PEFC CoC certificate must use wood grown in an SFI or ATFS certified woodland. These mills will produce a product that will be designated as an SFI or PEFC product. Mills that have an FSC CoC certificate must use wood from an FSC certified forest to produce a certified wood product. In this case, it will carry an FSC designation. It is important to note that both woodland owners and forest industries can hold more than one type of certificate. For example, woodland owners can be dual certified, having a certificate from both ATFS and FSC. Industries can do likewise, having both an FSC and SFI or PEFC CoC certificate.

Whether industries have multiple certificates or what certificates they have depends on their customers' demands. The latter is an extremely important point. If an industry has no orders for certified product and since it costs money and time to maintain CoC certification, the industry may never become certified. If an industry has enough orders for SFI, FSC, and/or PEFC certified product then, the industry may make a decision to obtain certification. If they only get orders for FSC products, they may choose to get an FSC CoC, and likewise, if their customers are only looking for SFI material, they may choose to get an SFI CoC certificate. The same holds for PEFC. They could also obtain more than one certificate and maybe all three. Also the supply of certified wood in their procurement area will factor into their decision. If there is a limited supply of the type of certified wood they need, they may forgo obtaining a CoC certificate. Once they become certified, the amount of certified wood required to fill their orders is balanced against the available supply of certified wood to determine whether they need to pay a premium for purchasing certified timber or pulpwood. If there is a shortage of certified timber and they need it, they may provide a premium. Ultimately, it is a function of supply and demand for certified wood. None of this is widely publicized nor typically can it be found

on the Internet or other published sources of information. Currently, the forest industry's interest in certified wood is dynamic and changes from one location to another. The best source of this information is a local forester or logger who has knowledge of local markets and is interested in certified wood.

¹There are situations where the wood may be owned but not possessed or possessed and not owned. For example, there are brokers who purchase but do not take possession of the wood, and in some programs they may be able to work under another industry's CoC certificate. Truckers, for example, may take possession of, but not own, the wood they haul, as is the case with loggers who are contracted to cut wood. They do not own it and do not need a CoC certificate.

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