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An assessment of the impacts of the UK Government's timber procurement policy

Final Report

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An assessment of the impacts of the UK Government's timber procurement policy

Prepared for DEFRA & CPET

For and on behalf of Efeca

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Table of Content

Glossary and Acronyms

BIFM	British Institute of Facilities Management
BIS	Department for Business, Innovation and Skills
BREEAM	Building Research Establishment Environmental Assessment Method
Category A evidence	Certification from a scheme that currently meets the UK Government's requirements i.e. FSC or PEFC
Category B evidence	All forms of credible evidence other than certification schemes e.g. audit statements, supplier declarations
CESP	Centre of Expertise in Sustainable Procurement
CIPFA	Chartered Institute of Public Finance and Accountancy
CIPS	Chartered Institute of Purchasing and Supply
CLM	London Olympics 2012 Delivery Partner. The CLM consortium is comprised of CH2M Hill, Laing O'Rourke and Mace
CoC	Chain of Custody
CPET	Central Point of Expertise on Timber
CSR	Corporate Social Responsibility
EU FLEGT Action Plan	EU Forest Law Enforcement, Governance and Trade Action Plan
FSC	Forest Stewardship Council
FM	Facilities Management
GBS	Government Buying Standards
GDP	Gross Domestic Product
LA	Local Authority
Mandated public bodies	Those public sector organisations for whom the Government's timber procurement policy is mandatory i.e., central government departments, executive agencies and non-departmental public bodies
MoD	Ministry of Defence
NAO	National Audit Office
NDPBs	Non-departmental public bodies
OGC	Office of Government Commerce
PEFC	Programme of Endorsement for Forest Certification
SDC	Sustainable Development Commission (no longer in operation)
SOGE	Sustainable Operations on the Government Estate
TPAC	Dutch Government's Timber Procurement Assessment Committee
TPP	Timber Procurement Policy
TTAP	Timber Trade Action Plan
TTF	UK Timber Trade Federation
WWF GFTN	World Wide Fund for Nature – Global Forest & Trade Network

Executive Summary

The aim of this research was to undertake an assessment of the impacts of the UK Government's timber procurement policy to date. The analysis focused on three key parts: the impact on trade and on sustainable forest management; the role of the UK Government as a leader in developing and harmonising timber procurement policies; and the role of CPET.

The overall aim of the UK Government's timber procurement policy (TPP) is to ensure that central government departments, their executive agencies and non-departmental public bodies only procure timber and wood-derived products originating from either legal and sustainable, or FLEGT licensed or equivalent sources. Local government is not mandated but is encouraged to adopt the policy.

Context and baseline

The Government's timber procurement policy (TPP) was set at a time of high NGO pressure and active policy debate on illegal logging and forest destruction. In the late 1990s and early 2000s there was growing momentum in the debate surrounding illegal logging. The UK Government made international commitments for example in the 1998-2002 G8 Action Programme on Forests to mitigate illegal logging and Tony Blair made public commitments to advance progress and push for the consumer countries to take action. The UK Government along with the Danish Government were amongst the first to commit to public procurement policies on timber, taking responsibility as consumers to address the illegal timber trade, through ensuring only legal and sustainable timber products are procured. Against this background of international commitments, continued concern about illegal logging and unsustainable forest management practices, national strategies for sustainable consumption and production and more recently the role of forests in achieving climate change mitigation, the Government has further developed its timber procurement policy over the past 10 years.

With the development and implementation of the EU FLEGT Action Plan, approved by European Council in 2003, progress on verification of legality, engaging producers and governments in Europe and in key producer countries, has built momentum over the last 7 years. Simultaneously, CPET was established in 2005, other Member State governments have developed TPPs in particular the Netherlands, France and further afield Japan and Australia, the US Lacey Act was extended to include timber products in 2008 and the EU Timber Regulation was approved in 2010. There has been a rapid growth in certification for sustainable and verification of legality schemes, and projects and programmes to address legality. This has resulted in a plethora of initiatives, policies and market drivers to address the trade in legal and sustainable wood production.

Therefore over the 10 years since the Government's TPP was initially announced, a raft of new regulations have been developed for consumers and producers, working together to try and exclude illegal timber from their markets. Public timber procurement policies continue to provide a key driver for consumers and traders, with the UK Government pushing towards ensuring procurement of sustainable timber products, going beyond the legality and due

diligence requirements of pending regulation. Although from a producer perspective, the pending EU Timber Regulation is driving market change in production processes, to ensure market access to the European market - being a legislative requirement and pan European, it is having a significant and leading impact on producers. However, the UK market still presents a more stringent market, generally being supplied by the more progressive companies.

Current situation

The current situation is reviewed in terms of levels of Government spend; implementation of the Government's TPP and the response of the timber industry, before assessing the impacts of the policy.

Unfortunately, there are no accurate figures to assess Government spend on timber and wood-derived products. This is due to an overall lack of comprehensive data on public sector procurement spend combined with the difficulty in extracting timber products from generic spend categories such as furniture, stationary or catering consumables. Estimates of the proportion of spend attributed to central Government or central Government plus Local Authorities range from 10-40% of total UK timber consumption. Most contractors, traders and importers consulted for this study reported that the public sector accounts for 20-40% of all sales (direct and indirectly through a contractor) thus it remains a key buyer within certain segments of the market with a great deal of influence over the way those traders operate. It is worth noting that this level of influence may vary significantly between categories of timber products. For example, UK public sector demand is believed to account for between 30-50% of the UK office furniture market and it is reported that OGC Buying Solutions implementation of the Government's TPP has been a key factor in driving uptake of FSC and PEFC chain of custody certification in the UK furniture sector[1].

Based on published reports and the findings of the stakeholder consultation exercise undertaken for this study it is fair to say that the Government has made gradual progress towards full implementation of its timber procurement policy within all mandated bodies over the past 10 years but is by no means there yet. There are significant differences between individual organisations both in terms of the actual requirements used and level of implementation. There is also evidence of a lack of compliance checking (i.e. to ensure that the timber product procured and delivered actually meets the contract requirements). This was reported as a common implementation gap by the majority of consultees, with the exception of a few leading organisations such as the Environment Agency which has put simple but effective systems in place to ensure compliance through to delivery. However, it should be emphasised that whilst these remaining implementation gaps are significant, the overall trend is towards gradual progress and improved implementation. In addition the reason behind the lack of full implementation reflects much wider issues that have affected sustainable procurement in the public sector and are not specific to timber - they apply equally to BREEAM and other targets such as Quick Wins/GBS (e.g. disaggregated spend, no centralised procurement body with authority to enforce the policy, lack of accountability, no comprehensive monitoring and reporting). Some of these barriers are now beginning to be resolved (eg the anticipated move

[1] EU market conditions for "verified legal" and "verified legal and sustainable" wood products, FII Ltd for Timber Trade Federation and Department for International Development, 2009

towards more aggregated spend, monitoring undertaken by CESP) but they are part of a bigger picture and cannot be solved for the timber policy alone.

The ability of the market to meet the Government's TPP requirements in most cases (widespread availability of FSC, PEFC or recycled timber products in common categories) combined with the services provided by CPET (assessment of certification schemes and free training and advice on implementation) mean that the Government's TPP policy is achievable where the motivation exists. Implementation of the policy by some leading organisations has effectively demonstrated this. There are some excellent examples of good practice within organisations (e.g. Buying Solutions, CLM on behalf of Olympic Delivery Authority) and key achievements e.g. in 2008 the largest estates PFI contract ever awarded by the MoD, Allenby-Connaught, which comprises a 10 year construction programme reported that "all timber is certified to the FSC or PEFC schemes"[2]. As one of the largest construction customers in the UK, full implementation of the policy by the MoD alone could be foreseen to have a high direct impact[3].

Over the past ten years there has been significant change in the response of the timber trade, from one of denial "It's not our problem, it's too costly, not enough supply" to one where costs of meeting the UK Government's policy is seen as the cost of doing business and some respondents claiming that it is relatively easy to meet the UK Government's timber procurement policy, by supplying FSC and PEFC. There has been growth in the development and implementation of private sector procurement policies and the UK TTF's responsible purchasing policy became mandatory in 2010. There is an undeniable shift in the behaviour of the timber trade, in particular the leading more progressive companies, and the UK Government's timber procurement policy has had a significant impact and been one of the drivers for this change, along with NGO pressure and Corporate Social Responsibility (CSR) policies aimed at managing risk.

Impact on trade

While the Government's TPP can be expected to have had both direct and indirect impacts on the UK timber market, public procurement policies should not be viewed in isolation as being the only tool for achieving change.

It can be concluded that the impact of the Government's TPP on the UK timber market over the past 10 years has been to under-deliver in terms of direct spend (due to lack of full implementation by all mandated public sector organization) but to over-deliver on wider market impacts. It is clear from the consultation exercise that the Government's TPP has had a positive influence on timber traders and suppliers in terms of boosting the development of their own timber procurement policies. All trade respondents consulted for this study said that the Government's TPP policy had an impact on the way that they do business.

There has been a marked shift in the response of the timber trade and this is shown in a significant increase in certified wood supply between 2003 and 2009. Over this period the UK's

[2] MoD Sustainable Development Report and Action Plan 2008
[3] Note that no judgement or confirmation can be taken by this study as to whether all MoD construction projects are or are not fully compliant with the Government's TPP.

overall level of exposure to PEFC and/or FSC certified wood increased dramatically from 47% to 63%. As the 4th largest timber importer in the world, the UK market is of strategic importance and any significant impact on the UK market is likely to have more widespread global impacts.

The concern expressed by industry in 2002 that the Government's TPP would impact negatively on the UK market for tropical hardwood suppliers and wood from smaller non-industrial family or community forest ownerships is hard to ascertain from available data. In terms of overall UK market trend, during the 2003 to 2009 period, the share of tropical wood supply has changed little, remaining at around 5%. Several consultees reported the over-stringent application of the TPP in some cases, whereby contractors and procurers favour certified products over those with Category B evidence, which could result in an issue of market access for some tropical producers and smaller non-industry family owned producers. Some suppliers also reported difficulties selling non certified products and verified legal products on the UK market, where in some cases structural obstacles to certification exist. However, again, it is not possible to detect from available data any noticeable impact on the trade as a whole.

Looking forward, the Government's TPP has undergone revision and development over the past 10 years and now incorporates social criteria and FLEGT. No further major changes are anticipated. Meanwhile forthcoming regulations will begin to tackle the issue of legality for the whole EU timber market. Against this backdrop, the focus for the Government's TPP should now be to maximize its direct impact and ensure full compliance with the policy by all mandated public sector organisations.

"Expect that within 4-5 years all timber will be certified. Imports will be legal. And rest of it doesn't really matter." Trader/contractor

Impact on sustainable forest management & certification schemes

The development of the UK Government's TPP was, and still is, part of a wider initiative for consumer countries to take responsibility for their role in the trade in illegally produced timber products by ensuring that they purchasing only legal and sustainable timber products. The question then is how much influence in practice has the Government's TPP had on the management of forest resources.

Certification of sustainable forest management is a proven way to ensure that biodiversity and ecosystem services including climate change benefits, local communities and indigenous groups and economic implications are taken into account in forest management. As concluded in a Tropenbos International report – Effects of Forest Certification on Biodiversity, December 2009, "There is evidence that "good forest management practices" associated with forest certification are beneficial for the conservation of forest biodiversity across species groups and across geographical regions".

For the purposes of this study, certification uptake is used as a proxy to determine if the UK TPP can be inferred to have had a positive impact on sustainable forest management. While the UK TPP has had a significant impact on demand for certified timber this is predominantly being met by certified softwood and there has only been a 5% increase in certified hardwood imports between 2005 and 2008. There is also some evidence that the increase in demand for certified

product has been met by a substitution of products from high risk countries (risk in terms of products being illegally produced) and from hardwood to certified softwood products. Thus it is fair to say that there has been a positive impact on softwood production and trade but it is difficult to determine if there has been a positive or negative impact on hardwood production. Given the level of Government spend on tropical and other hardwoods, and the niche products produced, the degree of influence that the UK Government's TPP can have on tropical and small, non-industrial hardwood producers is more limited. While the TPP seeks to ensure that all products which meet the criteria are accepted, there are reportedly cases where procurers favour certified product over Category B evidence which limits market access for tropical and small hardwood producers. This may then limit the impact of the policy in terms of driving improvements in forestry practices in these areas. The question remains as to what can the TPP be realistically expected to achieve - is changing forest practices in high risk tropical producer countries the aim or is it beyond the sphere of influence of this policy?

Additionally, growing demand for certified product to meet procurement policies – private and public - and for verification of legality to meet the pending EU Timber Regulation and US Lacey Act, means that certification schemes have moved out of their original niche markets into the mainstream. As certification schemes rise in importance so does the pressure for them to deliver their stated objectives but some of those consulted argue that there is now too much attention on the schemes and not on the actions on the ground, with the forest resources.

Overall, respondents said that the UK Government's TPP and those of other Member State Governments have had a significant impact on certification schemes, not only in tightening up their standards and systems but in giving them recognition and credibility in the market. In particular, CPET has played a key role in influencing certification schemes to "up their game", improve standards and in a way has brought a degree of much appreciated harmonisation in the market. There is now mutual acceptance of PEFC and FSC in the marketplace by the customer.

However it is important to bear in mind that certified forests only cover around 11% of the world's forest area and perhaps 25% of global industry wood supply. There is a risk that too much emphasis could limit market access for some suppliers, in particular those without access to certification or where certification is not a good business model, for example for small non-industrial producers. From the viewpoint of impact on sustainable forest management, a key issue is to maintain flexibility and ensure that all sustainable timber and timber products which meet the criteria are able to supply public sector contracts i.e. by ensuring the acceptance of Category B evidence in practice. This is especially so for niche hardwood products and will ensure that the TPP maintains as large a sphere of influence as is feasible given its level of spend in the market place.

UK Government as a leader in developing and harmonising timber procurement policies

"CPET has become important in terms of developing the policy and has become a clear player in EU policy."

"UK is an importing nation, net importer, biggest buyer and it is crucial to be a leader"

In terms of leadership in the implementation of the policy and harmonisation across Europe, the UK Government and CPET have been and still are to some extent seen as a leader in supporting dialogue and sharing lessons and skills with other Governments and thus in supporting a process of harmonisation across Member States. The Danish and Dutch Governments have also been leaders in efforts to harmonize TPPs and share lessons and experiences in implementation. The UK and Danish Governments were the first to make public commitments in the early 2000s.

In terms of harmonization there are mixed views although there is a majority view that harmonization is a good thing and that, especially for the trade, it is essential. Harmonisation will provide a level playing field and ensure that the market has a single clear message to traders, buyers and producers alike. However, others expressed more mixed feelings, fearing that harmonization could lead to a lowering of standards and the increased power of one or two certification schemes, thus removing a degree of market flexibility.

The funding commitment and recognition of the technical importance of CPET to support the implementation of the policy was a positive signal to other governments and the timber trade that the UK Government was and still is serious about implementing their policy and achieving the objective of procuring only legal and sustainable timber products. In terms of implementation of the policy the UK Government and CPET have shown leadership in particular when you consider the indirect impact on the trade. The UK Government's TPP and the assessments of schemes have led to the improvement and in some cases development of timber procurement policies in the private sector.

Several companies spoke about the UK as a leader, providing the example that, the UK divisions of their companies are leading the way in terms of provision of certified products, when compared to other company divisions across Europe. There is a perception among those consulted that the existence of CPET, the only one in Europe, with dedicated resources and people, proves that the UK has been a leader.

Harmonisation with other UK and EU sustainable procurement requirements is critical to facilitate implementation and ensure that procurement personnel and suppliers are not faced with conflicting requirements or targets. The extent to which other requirements and schemes reflect the UK Government's TPP criteria can also act as an indicator of how influential the policy has been. However, in response to an open ended question on whether or not traders and contractors found consistency in the contract specifications, awarding contracts and checking or monitoring compliance with the contract specifications, all traders and contractors categorically said that there is no consistency at all. This would imply a major area where harmonisation and leadership need to be strengthened.

The role of CPET

"Glad that CPET is there. They are active and very helpful"

"It wouldn't have happened without CPET. The Government's TPP
has been properly thought out, CPET has shown here's how to achieve it"

"Without CPET, the Government would have been making a commitment which [they] wouldn't end up honoring"

The vast majority of organisations, both public sector sustainability/procurement personnel and private sector suppliers, who have used CPET think they deliver an excellent service. Only one public sector organisation provided negative feedback, the rest were overwhelmingly positive about CPET's services (scoring 'useful' or 'very useful'). The majority state that without CPET, they either would not have implemented the Government's TPP or would have done so but with difficulty.

Policy developers and certification schemes view CPET as being a technically credible, independent and robust organisation. CPET has growing international recognition due to its international awareness raising activities and role in promoting harmonisation with other European countries. Other EU Member State Governments have drawn lessons from CPET in developing their own mechanisms for implementing their timber procurement policies and in this way the UK Government and CPET can be seen as being a leader in implementation. This is evidenced in the number of reports and documents where CPET and the UK Government's TPP is used as a reference.

Recommendations by those consulted for improving CPET focused primarily on enhancement of the current service provision (e.g. changes to the website, obtaining CIPS accreditation for CPET training). No major gaps in CPET's services were identified, instead several consultees highlighted the need for compliance monitoring or reporting by an alternative organisation as the main requirement for improving current levels of implementation. Although consultees were not explicitly asked about the role of CPET going forward, several did comment on its future scope and mandate both within the wider sustainable procurement agenda and with the upcoming European Timber Regulation.

1. Introduction

1.1. Scope and aim of the work

The overall aim of the UK Government's timber procurement policy (TPP) is to ensure that Central government departments, their executive agencies and non-departmental public bodies only procure timber and wood-derived products originating from either legal and sustainable, or FLEGT licensed or equivalent sources. Local government is not mandated but is encouraged to adopt the policy.

The aim of this research was to undertake a rapid assessment of the impacts of the UK Government's timber procurement policy framed around 3 key questions posed in the Terms of Reference (ToR) for the study. These specified that the study should address the extent to which:

- "The policy has affected the demand for legal and sustainable timber from the UK market and how this has contributed to maintaining biodiversity, productivity, health and vitality of forests, minimizing harm to ecosystems, improved livelihoods for forest dependent peoples and mitigation of climate change.
- The UK Government has contributed to the impacts of the policy through leadership in implementation of the public procurement policy on timber and through work to harmonise requirements across the EU.
- CPET (Central Point of Expertise on Timber) has contributed to the impacts of the policy through its range of activities."

It should be highlighted that this study was not a full impact assessment using BIS guidelines and was limited in terms of scope and timescale as outlined below.

1.2. Methodology

The study was completed over a two month period from mid-August to mid-October 2010. The principal component was a stakeholder consultation exercise supported by desk based research and review of published literature. The main focus of the assessment was to gain the views and feedback of a range of stakeholders. Within a 4 week period a total of 43 stakeholders were interviewed using a structured questionnaire; this exceeded the proposed target of 25 (which was based on time and budget limitations). The high rate of response (7% of those contacted to participate) shows the level of interest and eagerness of stakeholder to have an input but perhaps also highlights a risk of potential bias in the choice of consultees. The stakeholders were grouped as follows and the interview questions were modified to fit each group accordingly:

- **Policy developers**: Governments (UK, EU Member States, and globally) and timber trade federations (5 interviews including UK TTF).
- **Policy implementers**: Local authorities, agencies and central government procurement officers (13 interviews).
- **Suppliers**: Timber trade, construction companies, retailers (in UK and other countries across Europe) and producers in other countries (15 interviews).

- **Certification schemes**: covering all the prominent certification schemes in the UK - PEFC, MTC, FSC and SFI (4 interviews).
- **NGOs and independent consultants:** (6 interviews).

A list of consultees was provided by DEFRA and primarily consisted of stakeholders who have previously engaged in some way with CPET or DEFRA on timber procurement. Additional stakeholders, in particular extra NGO and trade representatives, were then added by Efeca. The rapid nature of this assessment meant that a thorough consultation (using specified selection criteria to identify stakeholders) was not feasible. There is therefore a risk of bias in the results, as while it represents the views of all stakeholder categories, the consultation may not cover all views and in particular it is likely that those who are not fully engaged or aware of the Government's TPP and CPET have not been incorporated.

In order to try and ensure that the views expressed during the consultation exercise reflected true opinions, all stakeholders interviewed were assured that their opinions would be treated anonymously unless they wished otherwise. For this reason, where quotes and anecdotes are provided in this report they are attributed in a generic way or left anonymous.

1.3. Structure of the report

The report aims to answer the three points specified in the ToR as far as possible, based primarily on the consultation results supported by referencing documentation and other sources. The report is structured as follows.

- Section 2: Historical context – setting the scene for the analysis.
- Section 3: An overview of how procurement officers and industry have responded.
- Section 4: A summary of the impact on trade.
- Section 5: The resulting impact on sustainable forest management and certification schemes.
- Section 6: An overview of the role of the UK Government as a leader in developing and harmonising policies.
- Section 7: The role of CPET, its usefulness and recommendations for future.

The following annexes are also included:

- Annex 1: Overview of the trends in timber trade
- Annex 2: Quotes and anecdotes

2. Setting the Scene: Government's Timber Procurement Policy 2002 -2010

Before assessing the impacts of the UK Government's Timber Procurement Policy (TPP) it is necessary to reflect on the historical context of the policy and its development between 2002 and 2010.

2.1. Background

It has been more than a decade since the UK Government introduced voluntary guidance for the public procurement of timber products (1997). This was followed by Michael Meacher's announcement in July 2000 that "Current voluntary guidance on environmental issues in timber procurement will become a binding commitment on all central government departments and agencies actively to seek to buy timber and timber products from sustainable and legal sources, for example, those identified under independent certification schemes such as that operated by the Forest Stewardship Council".

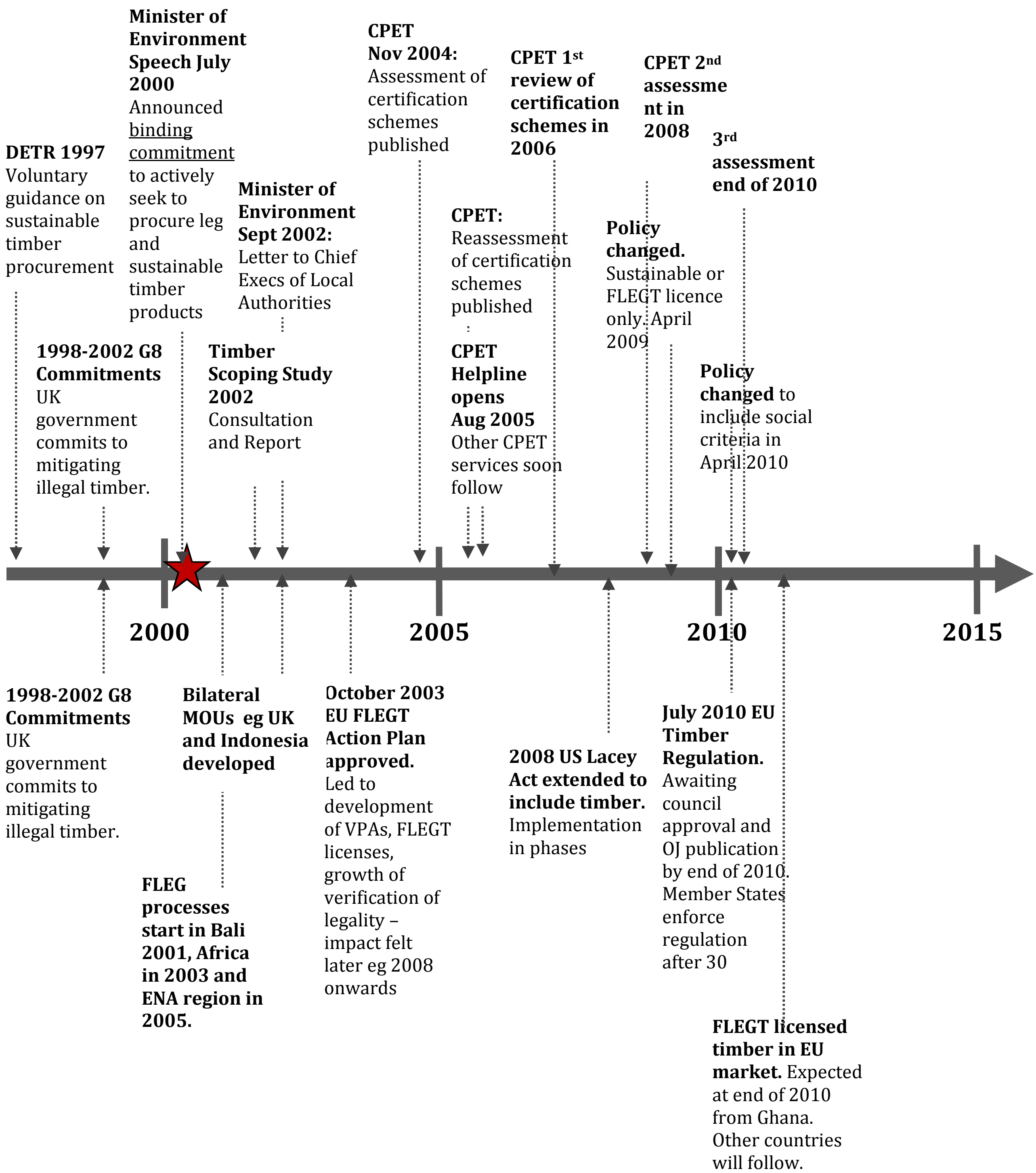
The Government's timber procurement policy (TPP) was set at a time of high NGO pressure and active policy debate on illegal logging and forest destruction. In the late 1990s and early 2000s there was growing momentum in the debate surrounding illegal logging. The UK Government made international commitments for example in the 1998-2002 G8 Action Programme on Forests to mitigate illegal logging and Tony Blair made public commitments to advance progress and push for the consumer countries to take action. There was growing recognition, driven in part by hard hitting NGO campaigns, that consumer countries needed to take responsibility over the rates of deforestation and large volumes of illegal timber being produced, traded and consumed. The UK Government along with the Danish Government were the first to make such international commitments and drive forward policy change.

Against this background of international commitments, continued concern about illegal logging and unsustainable forest management practices, national strategies for sustainable consumption and production and more recently the role of forests in achieving climate change mitigation, the Government has further developed its timber procurement policy over the past 10 years:

- In 2002, following a scoping study and major stakeholder consultation exercise, a stepwise approach was adopted which set legality as the minimum standard and two variants, 'legal and progressing to sustainable' and 'sustainable'.
- A Central Point of Expertise on Timber, CPET, was established in 2004/5 as a DEFRA funded service to "provide government procurement personnel with information and advice to support the implementation of the policy"[4]. CPET's activities include an assessment of forest certification schemes against the TPP criteria.
- The TPP itself was amended in 2009 to remove the legality only option and incorporate FLEGT licenses as an acceptable form of evidence. More recently social criteria were included in April 2010.

[4] http://www.cpet.org.uk/about-cpet/history

The policy as it now stands requires all central government departments, executive agencies and non-departmental public bodies (NDPBs) to only procure timber and wood-derived products originating from either legal and sustainable or FLEGT licensed or equivalent sources. Local government is not mandated but is encouraged to adopt the policy.



The situation in 2010 in terms of international policies and actions to mitigate illegal logging is markedly different to that of 2000, as shown in the picture above. The picture shows some of the key international policies and commitments over recent years. This is not an exhaustive list but aims to show what has happened in a relatively short period of time. Actions, targeted at both producer and consumer countries, include bilateral voluntary partnership agreements negotiated between the EU and timber producing countries, which will establish a licensing scheme for legal timber (through the Voluntary Partnership Agreements of the EU FLEGT Action Plan, approved by Council in October 2003) and will provide practical support directly to producers. On the demand side, broader measures to exclude illegal timber from the market, with greater coverage and thus potential impact, are the extension of the US Lacey Act in 2008 and the pending EU Timber Regulation. Both of these are significant drivers for timber producers for change to meet buyer requirements, as buyers (timber industry) will be required to exercise due care when importing timber products to ensure illegal timber is excluded from the market[5]. In 2010, the new coalition Government maintained a manifesto commitment to mitigate the illegal timber trade.

The timeline demonstrates that over the 10 years since the Government's TPP was initially announced, a raft of new regulations have now been developed for consumers and producers, working together to try and exclude illegal timber from their markets. Public timber procurement policies continue to provide a key driver for consumers and traders, with the UK Government pushing towards ensuring procurement of sustainable timber products, going beyond the legality and due diligence requirements of pending regulations. Although from a producer perspective, the pending EU Timber Regulation is driving market change in production processes, to ensure market access to the European market. Being a legislative requirement and pan European, it is having a significant and leading impact on producers. The UK market still presents a more stringent market, being supplied by the more progressive companies.

[5] Duncan Brack, Controlling Illegal Logging: Consumer Country Measures, Chatham House Briefing Paper. January 2010

3. Current situation

In order to answer the three specific questions posed in the ToR and given the historical context presented in Section 2, it is important to have an understanding of the current status quo regarding the Government's TPP. This section presents a synopsis of:

- Level of public spend on timber products;
- Level of implementation of the Government's TPP;
- Timber industry and suppliers response to the TPP,

predominantly based on stakeholder views and published reports.

3.1 Government spend

There is an overall lack of comprehensive data on public sector procurement spend due to a historical legacy of decentralised procurement and lack of reporting requirements. This is widely acknowledged to be a systematic problem affecting procurement across central Government and was highlighted in a recent review of spending by Sir Philip Green which stated that "procurement data is shocking – it's both inconsistent and hard to get at"[6].

Match this situation against the difficulty in extracting timber products from generic spend categories such as furniture, stationary or catering consumables and it is easy to see why there are no accurate figures to assess Government spend on legal and sustainable timber products. A study by Entec in 2009 found "As is the case with other products purchased by government, there is a lack of disaggregated data at departmental level on the amount of furniture purchased and any information about the environmental characteristics of that furniture"[7].

The most commonly quoted figures on Government timber procurement come from an Environmental Audit Committee Report "Buying Time for Forests: Timber Trade and Public Procurement 2001-02" which states that central Government is responsible for an estimated 15 % of all timber procurement and that "including wider elements of the public sector (such as local authorities and private finance initiative (PFI) projects) takes this proportion to 40%". These figures are also referred to by CPET which states that "With central government procurement accounting for about 20% of all timber consumption in the UK, the timber policy plays a vital role in promoting sustainability. Adding local authority timber consumption, this figure rises to about 40%"[8].

A study by Chatham House[9] questions this estimate and argues that the proportion of timber and timber products destined for public sector contracts is likely to be much lower. The study suggests that the public sector is likely to account for somewhere between 10% and 20% of UK GDP, and by implication a similar proportion of timber consumption. Central government

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6 Efficiency Review by Sir Philip Green, October 2010, Cabinet Office http://download.cabinetoffice.gov.uk/efficiency/sirphilipgreenreview.pdf

7 Impact Assessment: Revised Government Buying Standards Furniture, June 2010

8 UK Government Timber Procurement Policy & BREEAM, Nick Moss CPET, February 2010, www.thenbs.com

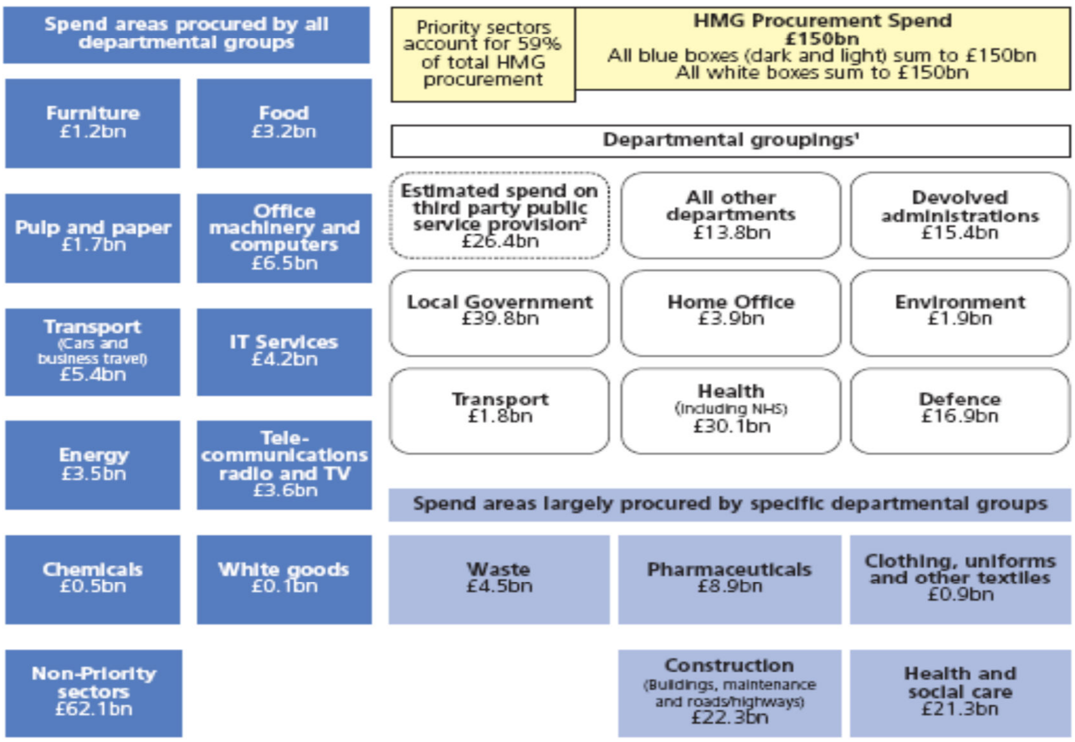
9 Local Government Timber Procurement Policies, Duncan Brack, Chatham House (RIAA), August 2007

(including the Private Finance Initiative) is thought to account for somewhere between 8% and 15% of national GDP, and local authorities for no more than 3% to 5% of national GDP.

According to the Sustainable Procurement Task Force report Procuring the Future (SPTF 2006) approximately £150 billion was spent by the public sector in 2003/4. This comprised:

- £1.2 billion on furniture;
- £22.3 billion on construction;
- £1.7billion on pulp and paper.

Figure 1: Scale of public sector spend across a range of sectors



All figures are for procurement in 2003/04
¹ HM Treasury departmental groupings, Includes agencies
² Not included in Departmental spend but is included in sector spend

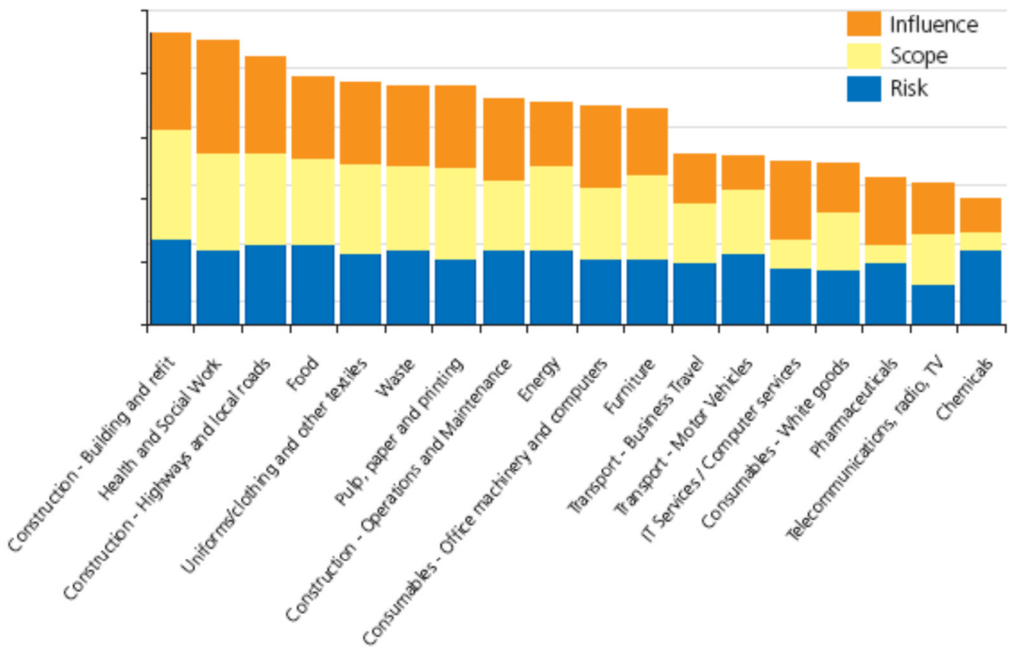
[10]

This lack of data effectively prevents an accurate quantitative assessment of the impact of the Government's TPP on the market, from a procurement or government spend analysis, as is discussed further in Section 4. However, in terms of influence on the market it is worth noting that this may vary significantly between categories of timber products. For example, UK public sector demand is believed to account for between 30% and 50% of the UK office furniture market and it is reported that OGC Buying Solutions implementation of the Government's TPP has been a key factor in driving uptake of FSC and PEFC chain of custody certification in the UK furniture sector[11]. Most contractors, traders and importers consulted for this study reported that the public sector accounts for 20-40% of all sales (direct and indirectly through a

[10] Sustainable Procurement National Action Plan, DEFRA, 2006
[11] EU market conditions for "verified legal" and "verified legal and sustainable" wood products, FII Ltd for Timber Trade Federation and Department for International Development, 2009

contractor) thus it remains a key buyer within segments of the market with a great deal of influence over the way those traders operate.

Figure 3: Public Sector Priority Spend Areas



Source: Sustainable Procurement National Action Plan, DEFRA, 2006

3.2. TPP public sector implementation 2002-2010

Based on published reports and the findings of the stakeholder consultation exercise undertaken for this study it is fair to say that the Government has made gradual progress towards full implementation of its timber procurement policy within all mandated bodies over the past 10 years but is by no means there yet. A **very subjective** estimate would be that 50-60% of relevant contracts contain sustainable timber requirements but only 10% of deliveries are checked for compliance. There are significant differences between individual organisations both in terms of the actual requirements used and level of implementation. There is also evidence of a lack of compliance checking i.e. to ensure that the timber product procured and delivered actually meets the contract requirements. This was reported as a common implementation gap by the majority of consultees, with the exception of a few leading organisations such as the Environment Agency which has put simple but effective systems in place to ensure compliance through to delivery.

Voluntary uptake of the Government's TPP or similar by the wider public sector (e.g. Local Authorities, NHS Trusts) is very low according to those consulted although no comprehensive survey has been undertaken. In 2008, it was found that only 7.5% of Local Councils have a sustainable timber or paper procurement policy and even less of that proportion actually implement or enforce the policy[12]. During the stakeholder consultation exercise conducted for this study, some consultees reported increased interest in establishing TPPs by selected councils whilst others state that spending cuts are squeezing resources in LA procurement

[12] ENDS Report, 2008

departments to focus only on essential activities. CPET in conjunction with WWF and the UK TTF are currently running an awareness campaign targeting Local Authorities.

During the consultation process, almost all the public sector organisations interviewed stated that they did have a timber procurement policy or referred to the Government Buying Standards. However, copies of policies were not always provided or available in the public sphere and thus it was often not possible to assure that criteria were included in all relevant contracts or fully implemented, particularly for Facilities Management contracts. This finding was strongly emphasised by suppliers: in response to an open ended question on whether or not traders and contractors found consistency in the contract specifications, awarding contracts and checking or monitoring compliance with the contract specifications, all traders and contractors consulted categorically said that there is no consistency at all. Further details are provided in Section 6.5.

The main implementation gaps found during the consultation exercise were:
1. Differences in organisation's policies (e.g. old Government TPP without reference to FLEGT, FSC only, FSC or PEFC certified only, reference to GBS only)
2. Lack of application to all relevant spend areas – particularly catering consumables, facilities management (FM), wider stationary;
3. Lack of follow through/checking that legal and sustainable timber products are delivered.

However, it should be emphasised that whilst these remaining implementation gaps are significant, particularly given the 10 year timescale, the overall trend is towards gradual progress and improved implementation. In addition the reason behind the lack of full implementation reflects much wider issues that have affected sustainable procurement in the public sector and are not specific to timber - they apply equally to BREEAM and other targets such as Quick Wins/GBS (e.g. disaggregated spend, no centralised procurement body with authority to enforce the policy, lack of accountability, no comprehensive monitoring and reporting). Some of these barriers are now beginning to be resolved (eg the anticipated move towards more aggregated spend, monitoring undertaken by CESP) but they are part of a bigger picture and cannot be solved for the timber policy alone.

The ability of the market to meet the Government's TPP requirements in most cases (widespread availability of FSC, PEFC or recycled timber products in common categories) combined with the services provided by CPET (assessment of certification schemes + free training and advice on implementation) mean that the Government's TPP policy is fully achievable where the motivation exists. Implementation of the policy by some leading organisations has effectively demonstrated this.

There are some excellent examples of good practice within leading organisations (e.g. Buying Solutions, CLM on behalf of Olympic Delivery Authority) and key achievements e.g. in 2008 the largest estates PFI contract ever awarded by the MoD, Allenby-Connaught, which comprises a 10 year construction programme reported that "all timber is certified to the FSC or PEFC

schemes"[13]. As one of the largest construction customers in the UK, full implementation of the policy by the MoD alone could be foreseen to have a high direct impact[14].

The public sector organisations that had made most progress in implementing a TPP referred to the following drivers and key success factors:

- NGO exposure of illegal or unsustainable timber use (high impact in early to mid 2000s, less of a driver currently);
- In-house sustainable procurement personnel providing internal resource and acting as key driver;
- Responsive procurement category managers;
- CESP / SOGE / SDC monitoring and reporting of Quick Wins (high impact at present on those organisations classified as red);
- Other forms of scrutiny e.g. ODA is monitored by the Commission for a Sustainable London 2012 (CSL);
- Membership of WWF UK-GFTN* which involves reporting requirements and an external audit process (*note policy differs from Government TPP).

"If going to mandate it [sustainable timber requirements or GBS], need to have some mechanism for validating that people are actually meeting that mandate. How and who am not sure, whether this be self-declaration or an audit, particularly if published – that is ultimately what is needed to enforce it." (Sustainable Procurement personnel, Central Government Department)

Recommendations for Improving Implementation & Compliance	Source of recommendation
• Whilst recording accurate spend data on timber products would be useful for the purposes of an impact assessment and for wider business efficiency reasons, it would not be a significant factor in meeting the aims of the Government's TPP. Instead, the key focus should be on ensuring full implementation by all mandated public sector bodies.	Consultees
• Improved scrutiny by CESP, NAO or similar body.	Consultees
• Public reporting of progress and implementation by each organisation against simple clearly defined objectives (eg confirmation of contract clauses included in relevant spend categories, outlining procedure for checking compliance).	Consultees suggestion for public reporting. Report authors expansion of objectives.
• Sharing of best practice examples from existing leading organisations e.g. Environment Agency timber procurement procedures and compliance checking.	Report authors.
• Encouragement of whistle-blowing by suppliers within an	Report authors

[13] MoD Sustainable Development Report and Action Plan 2008
[14] Note that no judgement or confirmation can be taken by this study as to whether all MoD construction projects are or are not fully compliant with the Government's TPP.

appropriate procedure[15]	based on examples of complaints from suppliers.
• As procurement by mandated organisations is envisaged to move towards a more centralised model with aggregated spend in future, it should become easier to ensure full implementation. However, it will then be absolutely critical that the TPP requirements are incorporated into all the relevant major contracts from the very first stages of the procurement process.	Report authors.

3.3. Timber industry and suppliers response 2002-2010

As will be shown in the forthcoming sections, there has been a marked difference in the way that the timber trade operates when comparing 2002 and 2010, and the UK Government's TPP has been a key influencing factor. During the initial timber scoping study consultation in the early 2000s, the response of industry was generally one of denial and frustration, with comments such as "why us?" "why timber and not the other sectors", "It's not our problem but that of the producers", and "I have been buying from my source for decades why do I need to get certified?".

As awareness grew, triggered by high profile NGO attacks, the promotion of the UK Government's TPP and the work of the UK TTF and its Responsible Purchasing Policies (developed in the 1990s but continuously developed since then in line with the UK Government's TPP), industry gradually adjusted and took on the responsibility of actively moving towards trading in legal and sustainable timber and timber products.

Some private sector representatives were ahead of the Government in developing and implementing their purchasing policies, driven by CSR and reputational risk management strategies and some hard-hitting NGO campaigns, but the Government's TPP and the first assessment of the certification schemes in 2006, provided a boost to the industry, showing traders and producers that the Government meant business. Over the last decade there has been a general acceptance in the market of the buyer's responsibility.

Initially the industry was extremely concerned about the cost of changing their purchasing practices, engaging with their suppliers to change the way business is done, and there were concerns over the ability to meet the Government procurement requirements, this is one of the reasons why the requirements were staggered with legality, legal and progressing to sustainable (although this level was quickly removed) and sustainable. When compared to 2010, as Section 4 shows, there is a marked increase in the volume of certified product being traded and in general the cost of supplying certified or verified legal timber is seen as a cost of doing business, with price premiums a rarity. There is now a general acceptance within the

[15] Whilst this may appear radical and rather contentious, suppliers are hugely frustrated by the lack of consistency in implementing what is official mandatory Government policy and if an appropriate procedure can be devised could provide a cost effective route for identifying non-compliance. CPET already receives complaints from suppliers about non-compliance by contracting authorities or competitors but is unable to take any action or pass on this information.

majority, progressive segment of the timber industry, that this is the right thing to do and many see that certification will be the norm within a few years.

Demand for certified product was initially not apparent in the Government contracts but there has been a marked improvement in recent years. Even if inconsistency remains in terms of the policy interpretation and implementation, the demand is growing. "Implementation has been slow but is increasing" (Private sector supplier)

3.3.1 Private sector responsible purchasing policies

While the UK Government's policy has influenced the content of the private sector responsible purchasing policies (see Section 6 for a discussion of the impact on timber trade federations in Europe), within the UK private sector there have been some interesting developments.

For those companies that are UK TTF members, in 2010 the Responsible Purchasing Policy (RPP) became mandatory. Prior to this the UK's TPP was acting as a carrot to encourage TTF members to join up to the RPP, seek training and support and engage in programmes such as the EU Timber Trade Action Plan, managed by TFT. This support assisted companies to meet the Government's TPP.

A clear outcome from the stakeholder consultation exercise was that increasingly contractors are implementing responsible policies for purchasing timber which state a preference for PEFC or FSC only. This is done for two reasons, firstly it is simple and cost effective, it saves time and provides a clear message to timber suppliers. Secondly, some contractor reported that there is a risk that other certificates or Category B will not be accepted on site, at point of delivery.

For those that are now importing verified legal products, although the UK Government's policy does not explicitly accept it (accepted only in certain circumstances), the traders are meeting their UK TTF RPP requirements, reducing risk in their supply chain and positioning themselves for when the EU Timber Regulation comes into effect, likely in 2013.

3.3.2. Meeting Government requirements - how easy is it?

When asked how easy it is to meet the UK Government's TPP in 2010, the responses below were given (please note that there is a risk that due to the process of consultation used in this assessment, these statements are biased towards the larger more progressive leaders in the industry).

"It's easy to meet the UK Government requirements all you have to do is supply FSC" Timber Trader

"It is very easy to meet Government requirements – FSC and PEFC and Category B, as the majority of our timber is FSC and PEFC, it is only with some hardwoods that we may struggle. Sometimes we have switched to other products if too hard to meet requirements." Contractor

"Only problem with meeting requirements is that they are not audited." Contractor

"It's become a non-issue now" Contractor

These responses show clearly how much the trade has changed, in its approach and actions, and how responsible sourcing is increasingly seen as the norm and the cost of doing business. It does however highlight a potential issue in that the responses all refer to the ease of supplying the Government in terms of providing FSC or PEFC and the only problems arise when it is not possible to get the required specification in a certified product. This often results in an alternative produce being supplied rather than Category B evidence used (something that most respondents try to avoid, when looking at Category B evidence of sustainable forest management, not chain of custody). This then presents a potential negative impact on small family and community forest owners and tropical producing countries, but this is further covered in Sections 4 and 5.

With the important exception of the hardwood sector, fears over the availability of certified and verified legal products, expressed in the early 2000s have largely been overcome. Public sector procurers generally reported absolutely no issues with sourcing compliant product in most common spend categories. All respondents in the private sector reported an increase in the volume of certified product sold to the UK Government, agencies and local authorities. There is also evidence that more companies now have both PEFC and FSC CoC certificates enabling them to have more flexibility over meeting the buyer requirements. "No issues with the supply of [FSC or PEFC] certified doors or windows, suppliers can meet our request for certified products in these categories."

Increased volumes of certified timber, as further explained in Section 4, is likely to be a result of increased volumes of certified softwood products rather than any significant change in the volume of certified hardwood products, especially from non-industrial forest owners or high risk tropical countries. This would imply a shift away from these hardwood producers to softwoods, especially since the policy change in April 2009 to a focus on sustainability and FLEGT licences from tropical producers (no licences are expected on the European market until 2011). In one example, a trader said that alternative species have taken over – temperate birch – with a resulting big increase in temperate faced plywood. If the Government's intention was solely to ensure that only sustainable timber products are procured then it is making significant progress towards meeting its objective, but if indirectly there is a shift away from non-industrial forest owners or from high risk sources, in particular from tropical sources, then it may have a negative impact on some producers, who may lose market share. For example, "when Greenpeace did the campaign in 2003 on plywood, Indonesia sold to other less discerning markets. The unintended consequences are huge unless certification of forests can be done. "

Some respondents felt that requests for FSC only by contractors and some public sector organisations is limiting the market and making it hard to engage with their suppliers to enter into a stepwise approach from legality verification to certification. One trader reported that approximately 90% of their contracts request FSC as a contract condition, and for some of their buyers the requirements is for FSC only. "Contractors are playing it safe". This is in part due to the lack of understanding by the end purchasers about other forms of evidence.

In terms of price, there is very little evidence of significant price premiums for certified products and they only really materialise for specialist products, for example tropical hardwoods used in niche markets. The lack of price premiums is no longer seen as a "deal breaker" and the costs incurred are absorbed and seen as being costs of doing business. In other

cases there has been no premium, for example when issuing the Prisons Service contract for softwood and sheet materials (eg plywood) in 2004 "all tenderers offered softwood from a sustainable source at no extra cost"[16].

Without price premiums and with increased costs of doing business the trade does require a level playing field, be it through the introduction of the EU Timber Regulation or consistent implementation of the TPP and checking of the deliveries, to ensure that those that aren't compliant either lose market or get penalised, hence why the trade view harmonisation of TPP's is seen as essential by the trade respondents. There are still reports of suppliers with certified products losing contracts to suppliers without certified, as the latter is the cheaper option.

3.3.4. Other market drivers

Several respondents referred to initiatives such as the Green Building Code and Sustainable Homes, as important drivers for certification. As described by one contractor:

"Sustainable building requirements are key. For buildings derived from public spending must meet sustainable standards (BREEAM – very good or excellent) – common minimum requirements of Buying Solutions. Policy is now biting. There is a big increase in certification but this is because of an increase in the number of BREEAM assessments, big increase in the last 3-4 years."

For paper suppliers the 2020 Direct Mail Standard, a direct marketing initiative which refers to CPET, has a more direct impact on their business.

For others, the most direct driver is the Code for Sustainable Homes where points are granted for certified timber. House builders are reportedly very clued up and merchants are buying more certified.

[16] Prisons Service Sustainable Development Report 2004-05

4. Assessment of Market Impact

"The extent to which the UK Government's timber procurement policy has affected demand for legal and sustainable timber from the UK market"

This section examines the impact of the Government's TPP on the demand for legal and sustainable timber from the UK market. As the 4th largest timber importer in the world, the UK market is of strategic importance and therefore any significant influence on the UK market is likely to have more widespread global impacts.

The conclusions are drawn primarily from opinions expressed during the consultation process and an analysis of UK timber market trends. Unfortunately no quantitative assessment of direct market impact is possible as volumes of legal and sustainable timber procured under government contracts are impossible to quantify (See Section 3.1). Assessing the degree to which the Government's TPP has influenced the market, both directly and indirectly, must therefore rely largely on stakeholders' opinions and an assessment of key market trends.

4.1. Key findings

The impact of the Government's TPP on demand for legal and sustainable timber from the UK market has occurred via two channels:

1. Direct: the extent to which central government departments, executive agencies and NDPBs covered by the policy specified and purchased legal, now legal and sustainable, timber products;

2. Indirect: the TPPs wider impacts on the market for example via its influence on certification schemes (see Section 5), uptake of Chain of Custody (CoC) certification and purchases of certified products by suppliers and development of private sector TPPs.

Market trends:

- The UK market has experienced a significant increase in certified wood supply between 2003 and 2009. Over this period the UK's overall level of exposure to PEFC and/or FSC certified wood increased dramatically from 47% to 63%. Demand side drivers in the form of procurement policies by timber traders, construction companies, private and public sector end users are likely to be responsible.
- The concern expressed by industry in 2002 that the Government's TPP would impact negatively on the UK market for tropical hardwoods was reflected by suppliers during the consultation who reported a tendency to move away from high risk sources or timber types e.g. tropical hardwoods and/or substitution with an alternative wood type where certified tropical hardwoods were not available. However, this has not impacted on the market as a whole. In terms of overall UK market trend, during the 2003 to 2009 period, the share of tropical regions in overall wood supply has changed little, remaining at around 5%.

Direct impacts on the UK market:

- The Government's TPP has under-delivered on its direct impact on the UK market as full implementation by all mandated public sector bodies has not yet been achieved;
- Lack of robust implementation in the early days is considered to have diluted or delayed the direct impact of the policy in some sectors (eg furniture, construction, facilities management);
- Voluntary uptake of the TPP by the wider public sector (e.g. Local Authorities, NHS Trusts) has been low or variable. Suppliers quote this as a major factor in limiting direct impact on the UK market and limiting the impact on local and small and medium sized suppliers;
- However, direct impact has increased over recent years as implementation improves (partly due to GBS and BREEAM) and all private sector consultees reported an increase in the volume of certified products sold to central government, agencies and local authorities;
- In addition, several key organisations e.g. Buying Solutions[17], Environment Agency, ODA/CLM, MoD have actively engaged with suppliers resulting in their timber suppliers, joiners and furniture suppliers obtaining FSC and/or PEFC CoC certification.

Indirect impacts on the UK market:

- The Government's TPP has over-delivered on its wider impact on the UK market and the majority of consultees agree that it has without doubt been a positive change-agent;
- Anecdotal evidence suggests that initially the indirect impact on the market was as important, if not more so, than the direct impact. The existence of the Government's TPP (rather than its implementation per se) and assessment of certification schemes was highly influential during the initial years;
- A combination of the Government's TPP, NGO pressure and initiatives such as the Code for Sustainable Homes and BREEAM have all contributed to the major construction companies adopting their own timber procurement policies, often being more stringent than the TPP, as to be simple in application many refer to FSC and PEFC as preferable;
- The Government's TPP is now supported by a plethora of other initiatives and key policies such as the EU FLEGT Action Plan and the pending EU Timber Regulation which together (and with consistent NGO pressure) are continuing to drive the UK market towards legal and sustainable timber;
- The indirect impact of the TPP is expected to reduce in the future as no further major changes to the policy are expected and the market is preparing to meet upcoming legislation.

4.2. Discussion of findings

Assessing the actual impact of the Government's TPP on the UK market is not an easy task. There are a wide range of factors influencing the market and no specific metric that can be used to identify the impact of the Government's TPP compared to other influences. Assessing the

[17] Wood furniture suppliers under OGC Buying Solutions framework contract are asked to demonstrate that they possess chain of custody under a UK government recognised certification scheme or provide other evidence that they are capable of supplying furniture products in line with UK government policy. Interviews with UK furniture associations undertaken as part of a survey by the TTF in 2008 suggest that OGC Buying Solutions policy has been a key factor driving uptake of chain of custody in the UK furniture sector. The report concluded that it was notable that those UK furniture companies that had achieved CoC are mainly involved in the sale of office furniture to the public sector.

degree to which the TPP has influenced the market, both directly and indirectly, must therefore rely largely on stakeholder opinions and an assessment of key market trends.

4.2.1. Market trends

A detailed analysis of market data is presented in Annex 1. Key findings are discussed below.

- The concern expressed by industry in 2002 that the Government's TPP would impact negatively on the UK market for tropical hardwoods was reflected by suppliers during the consultation who reported a tendency to move away from high risk sources or timber types e.g. tropical hardwoods, and/or substitution with an alternative wood type where certified tropical hardwoods were not available (rather than using Category B evidence). However, this has not impacted on the market as a whole. In terms of overall UK market trend, during the 2003 to 2009 period, the share of tropical regions in overall wood supply has changed little, remaining at around 5%.

- Equally concerns have been expressed by industry that that the focus of the Government's TPP on sustainable and FLEGT licensed products has in practice meant that private sector contractors are often expressing a preference for certified products only, given FLEGT licenses are not yet available and legality verification may not meet the contract specification (only for certain circumstances will legality verification be accepted). This is predominantly done for ease and to minimize the risk of compliance with contracts when products are delivered on site. This may though impact negatively on supplies from smaller non-industrial family, community forest ownerships, tropical producers or where certified nor FLEGT licenses are available. However, again, it is not possible to detect from available data any noticeable impact on the trade as a whole.

The Government's TPP is carefully designed to enable the provision of either Category A (approved certification schemes) or Category B evidence (other documentation) as proof of compliance and one of the main aims behind the establishment of CPET was to provide a resource to assess Category B evidence and thereby facilitate its use. In addition to ensuring compliance with EU Public Procurement Directives, the use of Category B evidence should also help to ensure accessibility to smaller, non-industrial forest owners.

Additional efforts have been made to ensure the TPP is accessible, for example, in mid-2008 the Forestry Commission was asked by DEFRA to develop a process to facilitate the provision of acceptable category B evidence by small woodland owners. This resulted in the publication in June 2010 of Operations Note 22 (English Woodlands Grant Scheme) "Enabling Woodlands to Comply with Government Timber Procurement Policy"[18]. This is though focused on UK producers and does not address the needs of other small non-industrial producers, eg in the USA.

The Environment Agency (EA) takes a unique approach as it has specific criteria for tropical timber which states that "Tropical hardwood will not be purchased unless it is an operational necessity. A business case must be completed and senior management approval will be needed"[19]. According to the EA, the requirement to complete this business case template is not

[18] Available at: http://www.forestry.gov.uk/pdf/G&R-ON022.pdf/$FILE/G&R-ON022.pdf
[19] Environment Agency – Timber Procurement Policy, April 2007

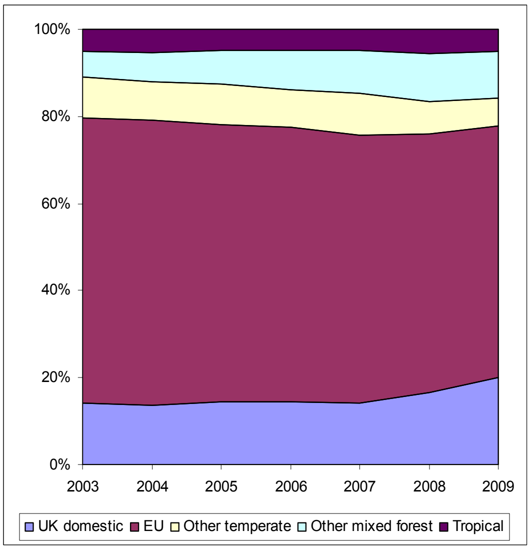
intended to dissuade or prevent people from using tropical hardwood timber in favour of other materials but intends to ensure that it is used wisely for applications that warrant it, i.e. applications that take advantage of the often unique properties of tropical hardwoods such as natural durability, strength, resistance to abrasion and resistance to marine borers. To support this approach, the Environment Agency, British Waterways and others funded a Research Project to identify lesser known species of tropical hardwood that can be used in marine and fresh water construction, aiming to open up the market and reduce the unsustainable, over reliance on tropical hardwood species such as Ekki and Greenheart and to ensure security of supply[20].

However, responses from suppliers during the consultation process indicated that the use of Category B evidence for forest management (i.e. to prove compliance of the forest source with the TPP criteria) was very rare and that there was often a strong focus on obtaining FSC or PEFC certified timber or timber products. Where the timber or timber products are being procured by a construction company or facilities management contractor it is likely that they will specify FSC or PEFC only as the easiest route to compliance. Some suppliers of wood products exclusively derived from non-industrial forest ownerships – for example American hardwood exporters – have reported mounting difficulties accessing UK Government contracts due to structural obstacles to certification in the non-industrial sector. However, this is not reflected in UK market trends as American hardwood's share of total UK sawn hardwood imports actually increased from 19% in 2003 to 25% in 2009.

The lack of any visible impact of the UK Government's TPP on overall market share of wood from non-industrial forest ownerships or tropical countries may be partly due to relative lack of influence of public sector procurement in the sectors (mainly high value hardwood windows, doors, cabinetry, furniture and decorative panels) where these make an important contribution to wood supply. These sectors also tend to be serviced by smaller importing and joinery companies which have generally been less influenced by public sector procurement than the large softwood commodity trade. On the other hand, some specific NDPBs such as English Heritage are likely to be influential in the hardwood market.

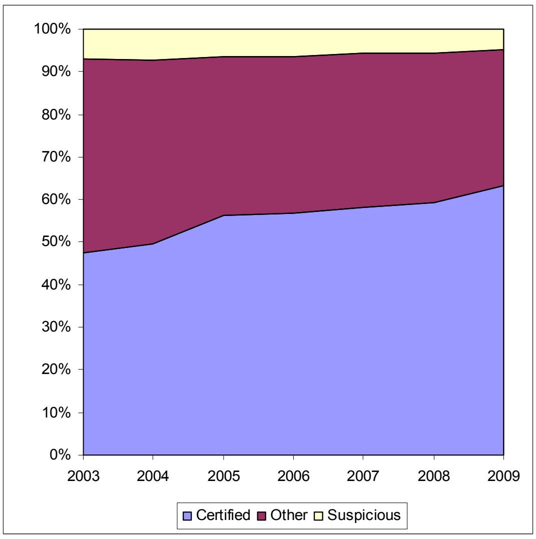
[20] http://www.trada.co.uk/downloads/techinfo/research/SCO70083_Technical%20Report_100428.pdf

Chart 1: Overall UK wood supply by major source region 2003-2009 (% share)



Source: FII Ltd analysis of Eurostat

Chart 2: % exposure to suspicious and certified wood in overall UK wood supply 2003-2009



Source: FII Ltd analysis of Eurostat

- The UK market experienced a significant increase in certified wood supply between 2003 and 2009. Over this period the UK's overall level of exposure to PEFC and/or FSC certified wood increased dramatically from 47% to 63%.

The data presented in Chart 2 generally confirms the picture of increased UK consumption of certified wood products during the period of operation of the UK government timber procurement policy. Recent research by the UK Timber Trade Federation (UK TTF) research covering only primary and secondary wood products also supports this finding, as overall UK supply of certified wood production and imports increased from 66.7% in 2005 to 83.6% in 2008. The UK appears to be absorbing a larger volume of certified wood raw material than would be expected as a result just of supplier-driven efforts to increase the area of certified forest. Hence demand side drivers in the form of procurement policies by timber traders, construction companies, private and public sector end users are likely to be responsible.

- UK market exposure to 'suspicious wood' has declined slightly from around 7% of total wood supply in 2003 to 5% of total wood supply in 2009 (see Chart 2).

While mainly a result of increased exposure to certified wood, this is also due to decreased dependence on wood imports from countries characterised by high levels of illegal logging – notably Indonesia and Brazil – together with signs of improved governance in these countries.

4.2.2. Stakeholder opinions

Regular market reports based on interviews with market participants undertaken by the UK TTF since 2005[21], and the consultation undertaken for this analysis, have provided strong anecdotal evidence to suggest that central Government procurement policy has played an important supporting role to reinforce, broaden and direct existing efforts to improve

[21] Monitoring UK market conditions for "legal" and "legal and sustainable" wood products, reports by FII Ltd for Timber Trade Federation in July 2005 and March 2007.

environmental performance by the private sector. A 2007 survey which involved interviews with all the UK largest timber merchants, and hardwood plywood and importers ranked key factors driving trade interest in environmental procurement. In this survey, nearly all respondents indicated that end users in the public sector were either "very significant" or "moderately significant". However, equally significant were "environmental campaigns and the threat these pose to corporate image" and the concerns of "shareholders and investors". By contrast, "end users in the private sector" were seen either as "insignificant" or "moderately significant".

More recently, a TTF survey completed in 2009[22] based on interviews with around 40 trading companies, manufacturers and government officials summed up the impact of U.K. government timber procurement policy as follows:

"The UK government is demonstrating considerable commitment to achieving the broad goal of ensuring widespread adoption of this policy within the public sector and also to extend it as far possible into the private sector. CPET guidance with respect to acceptable forms of evidence is becoming more widely used as the basis for procurement policies in both the public and private sectors. The Category A assessment of certification systems is being widely used as the basis for corporate procurement policies being implemented by timber importers and distributors and large joinery manufacturers."

"While the public sector represents only a relatively small proportion of the overall market, interviews for this project (the TTF survey) indicate that public sector procurement is an important extra driver of demand for verified wood products amongst large builders' merchants and joinery manufacturers. Internal management issues mean that if a company supplies certified wood to one major customer and certified raw material is sufficiently available, it is often simpler to switch over to 100% certified production."

Further evidence of the impact of central Government procurement policy on the wider UK market is the pace of uptake of FSC and PEFC chain of custody in the UK over the last two years which has been considerably more rapid than in any other country (the United States being the only possible exception where the process has been driven largely by the paper sector). The consultation exercise provided several specific examples of where a company has obtained FSC and/or PEFC CoC certification directly as a result of a public sector organisation's policy of working with suppliers to fill CoC gaps where possible, particularly for joiners, furniture companies and local SMEs. Once a company has obtained CoC certification it can be foreseen that this should lead to more certified sustainable timber being offered and procured by the wider private sector market, an important indirect impact.

Governments' timber procurement policies have been described as "market catalysts: their impact depends on how other actors take up similar policies"[23]. There is a firm consensus from private sector consultees that the main **initial** impact of the Government's TPP was to boost the adoption of more stringent legal and/or sustainable timber procurement policies by the timber traders and building suppliers. Following the initial commitment and then the 2002 scoping

[22] EU market conditions for "verified legal" and "verified legal and sustainable" wood products, FII Ltd for Timber Trade Federation and Department for International Development, 2009
[23] Public Procurement Policies for Forest Products & their Impacts, Markku Simula, October 2006.

study and consultation process, the timber traders saw the Government's TPP as a strong market signal and responded[24], assisted also by ongoing NGO pressure. This response did not come from a direct impact in the sense that they did not wait for the policy to find its way into contract clauses and filter down via construction projects. It was the announcement of the policy, the follow up study and the assessment of certification schemes by CPET rather than actual implementation of the policy that appears to have driven the timber trade to react in the first instance and had the more significant market impact. The Government's TPP announcement combined with other drivers (e.g. NGO campaigns) to support the business case for addressing illegal and non-sustainable timber and boosted the development of several key timber industry initiatives.

"The primary reason that we have a COC and buy certified timber is a result of the UK Government policy" (Construction sector supplier)

Table 4.1 Summary of Stakeholder Opinions regarding Impact on UK Timber Market

Private Sector Opinions: Impact of Government's TPP on UK Timber Market (Contractors, suppliers and producers)	
Yes – Strong Impact	No – Other Drivers more Important
• Yes, UK Government's TPP has had an impact on UK trade but with the increase in drivers, policies and actions it is hard to unpick its exact impact. Impact on certification schemes is easier to identify; • The impact has gone beyond the UK to big global companies. Where the UK arm of a construction company has adopted a TPP partly in response to the Government's policy, this is often then rolled out company-wide within major multi-nationals; • Canada is a good example of the impact of the policy, they responded quickly to the UK Government's TPP and did extensive and expensive forest certification. UK Government's TPP was a significant factor in pushing this; • Olympics have had a big impact on driving forward change. Those construction companies working with the Olympics and their suppliers have had to meet Olympic requirements (FSC and PEFC) and this has had a knock on effect on the rest of the trade.	• Timber procurement policies of large retailers such as IKEA have been more significant in changing market behaviour on an international scale; • Anticipate that the EU Timber Regulation and the US Lacey Act will have a greater impact on trade.
NGO Opinions: Impact of Government's TPP on UK Timber Market	
Yes – Strong Impact	No – Other Drivers more Important

[24] See for example, officials evidence to the Environmental Audit Committee 6th Report 2001-02 in which they stated "the Government's commitment on timber procurement has provided a real wake-up call to the industry with the people involved recognising the need to get their act together to develop chain of custody procedures".

General comment: overall, they reflect the points made above.	• Don't think the Government's TPP has had a major impact on trade. Demand hasn't changed significantly and therefore impact on producers has been limited in reality; • Anticipate that the EU Timber Regulation and the US Lacey Act will have a greater impact on trade;

4.3. Conclusions

The Government's TPP can be expected to have had both direct and indirect impacts on the UK timber market although public procurement policies should not be viewed in isolation as being the only tool for achieving change.

It can be concluded that the impact of the Government's TPP on the UK timber market over the past 10 years has been to under-deliver in terms of direct spend (due to lack of full implementation by all mandated public sector organization) but to over-deliver on wider market impacts. It is clear from the consultation exercise that the Government's TPP has had a positive influence on timber traders and suppliers in terms of boosting the development of their own timber procurement policies. All trade respondents consulted for this study said that the Government's TPP policy had an impact on the way that they do business.

There has been a marked shift in the response of the timber trade and this is shown in a significant increase in certified wood supply between 2003 and 2009. Over this period the UK's overall level of exposure to PEFC and/or FSC certified wood increased dramatically from 47% to 63%. As the 4th largest timber importer in the world, the UK market is of strategic importance and any significant impact on the UK market is likely to have more widespread global impacts. The concern expressed by industry in 2002 that the Government's TPP would impact negatively on the UK market for tropical hardwoods was reflected by suppliers during the consultation who reported a tendency to move away from high risk sources or timber types e.g. tropical hardwoods and/or substitution with an alternative wood type where certified tropical hardwoods were not available (rather than using Category B evidence). However, this has not impacted on the market as a whole. In terms of overall UK market trend, during the 2003 to 2009 period, the share of tropical regions in overall wood supply has changed little, remaining at around 5%

Nor is it possible to detect from available trade data any noticeable impact on the overall market share of wood from non-industrial family, community forest ownerships or tropical hardwood producers. However there is clear evidence to show that these ownerships are less well represented within certification programmes than state or industrial ownerships. Therefore, the indications that Category B evidence to prove SFM at source is rarely used and that there is almost exclusive reliance on certification evidence suggests wood from these ownerships outside the UK may be struggling to meet UK Government requirements.

Looking forward, the Government's TPP has undergone revision and development over the past 10 years and now incorporates social criteria and FLEGT licenses. No further major changes are anticipated. Meanwhile forthcoming regulations will begin to tackle the issue of legality for the

whole EU timber market. Against this backdrop, the focus for the Government's TPP should now be to maximize its direct impact and ensure full compliance with the policy by all mandated public sector organisations. However, further consideration should also be given to the question of how to better accommodate wood from non-industrial forest ownerships and tropical producers without access to FLEGT licenses.

5. Assessment of Resulting Forest Benefits

"The extent to which the UK Government's timber procurement policy has affected demand for legal and sustainable timber from the UK market; and if possible how this has contributed to:

- Maintaining biodiversity, productivity, health and vitality of forests and minimizing harm to ecosystems;
- Improved livelihoods for forest dependent peoples; and
- Mitigation of climate change."

The impact on demand is covered in the preceding Section 4 and thus the focus here is on how it has contributed to positive environmental, social and economic benefits at the forest level. To address this question, this Section will examine the link between the Government's TPP, timber certification and sustainable forest management. The analysis uses certification uptake as a proxy to determine if the UK TPP can be inferred to have had a positive impact on sustainable forest management.

5.1. The link between certification and forest resources

There is extensive literature available that explains the link between sustainable forest management and resulting positive impact on maintaining biodiversity, vitality of forests, improved livelihoods and the mitigation of climate change, refer to reports such as Tropenbos International – Effects of Forest Certification on Biodiversity, December 2009, the main conclusion of which is,

"In spite of very large variety in responses between species, the forest management practices associated with forest certification appear to benefit biodiversity in managed forests. There is evidence that "good forest management practices" associated with forest certification are beneficial for the conservation of forest biodiversity across species groups and across geographical regions".

The Stern Report in 2006 concludes that deforestation is accountable for between 18-20% of greenhouse gas emissions, thus, sustainable forest management should result in a positive impact on the climate. The principles of sustainable forest management take into account the three pillars of sustainability – economics, environment and social. Certification of sustainable forest management is thus a proven way to ensure that biodiversity and ecosystem services including climate change benefits, local communities and indigenous groups and economic implications are taken into account in forest management. Conversely, illegal logging inevitably leads to unsustainable harvesting without taking into account social and environmental issues, and has resulted in billions of dollars in revenues to Governments around the world being lost, while undercutting legal producers in the market.

The development of the UK Government's TPP was and still is part of a wider initiative for consumer countries to take responsibility for their role in the trade in illegally produced timber products by ensuring that they purchasing only legal and sustainable timber products. The

question then is how much influence in practice has the Government's TPP had on the management of forest resources. This is a difficult assessment to make, given the scale and scope of this assignment, and thus for the purposes of this analysis, the impact on the forests is determined using the proxy of f certification of sustainability and legality verification schemes (legality in some countries does require sustainable management of the forest) uptake.

5.2. Uptake of certification schemes in producer countries

As Sections 3 and 4 have shown, demand for legal and certified product has increased, and PEFC and FSC are the main means of providing evidence, with little demand for Category B evidence on forest management and to date no FLEGT licences. This would imply that there has been a corresponding increase volume of certified products traded.

The rise in certified softwood has been aided by the growing strength of Scandinavian countries and Germany – where certification is now very extensive - in the supply of this commodity to the UK. This switching of supply has also seen a reduction in the volume of softwood imported from Russia where certification is less extensive. However, despite the Government's TPP, and some high profile NGO campaigns targeting tropical wood supplies, the data suggests that consumer demand has yet to have any strong impact on levels of certification on sawn hardwood supplies. In 2005, the TTF estimated that 10.7% of UK sawn hardwood imports were certified under one or other of the recognised certification schemes. In 2008, this had risen slightly to an estimated 15.9% of imports but was still very much in the minority.

To some extent this reflects lack of availability. A relatively large proportion of temperate hardwood derives from small private non-industrial land-owners in Europe and North America that have low awareness of forest certification and, as they may harvest only once in a generation, little incentive to pursue forest certification. Meanwhile lack of financial incentives, appropriate infra-structure, and poor governance continue to impede certification in the tropics.

The data presented generally confirms the picture of increased UK consumption of certified wood products during the period of operation of the UK government timber procurement policy. An increase in the volume of certified wood consumed and traded, could infer that there has been an increase certification globally and thus a positive impact on the forest resource, biodiversity, livelihoods and climate change. Although, the UK also appears to be absorbing a larger volume of certified wood raw material than would be expected as a result just of supplier-driven efforts to increase the area of certified forest

However, the consultation and trade review also showed that the implementation of the UK Government's TPP has led contractors and other buyers to request FSC and PEFC only and if this is unavailable then there are examples of alternative products being used. Therefore procurement policies and the pending EU Timber Regulation are resulting in consumers moving away from high risk tropical sources and timber from non-industrial forests that are not certified. This then potentially excludes these producers from the UK and EU market and may result in these products being sold to less discerning markets. Other respondents also reported a lack of change on the ground, in terms of increase certified forests, especially amongst non-industrial forest owners and in tropical countries. It is this lack of real change on the ground that has resulted in some NGOs being less supportive of the Government's TPP. It is also

important to knot that certified forests currently only cover around 11% of the world's forest area and perhaps 25% of global industrial wood supply.

"Just a small increase in certified forest are to 8-14% would give you 50% of RWE certified volume required."

"As timber has moved away from tropical buyers, and the big challenge is now to stop the clearing of forests for biofuels and food." Timber trader

5.2.1. Impact on tropical producers and forests

With the TPP being, in some cases, more stringently applied (FSC and PEFC) and since the changes in April 2009 to only procure sustainable and FLEGT timber, there is a potential negative indirect impact on timber producing countries. FLEGT timber does not yet exist in the market and it is unlikely to be available until early 2011 at the earliest. However during the 2003 to 2009 period, the share of tropical regions in overall wood supply has changed little, remaining at around 5%. Concerns that government procurement policy might lead to discrimination against producers in the developing world are not borne out by this data, but similarly there is no evidence to say that the UK Government's policy has had a positive impact on areas of certified product. With other less discerning markets continuing to demand large volumes of timber, there is the risk that with a lack of market for verified legal products in the UK, there could be an adverse impact on producers, who will switch supply to other less stringent markets.

While work towards certification and verification of legality in the tropics is continuing through initiatives under the EU FLEGT Action Plan and member groups such as WWF GFTN and TFT with the TTAP programme, producers with legality verification have only limited access to the UK public sector market. Thus while progress in the forest areas towards certification with a first step being legality verification is being made, it is difficult to determine if it is being driven by the UK TPP, or by buyers wishing to manage their risk and meet their own responsible purchasing policies. For some producers, the pending EU Timber Regulation and existing Lacey Act are now more significant divers than the UK Government's TPP.

The potential negative impact on substitution away from high risk producer countries that are unable to obtain FSC or PEFC and there is a time delay before FLEGT licences are available, should be monitored. With the pending EU Regulation, there is still a market need for legality assurance of all timber imports to the EU and this may provide the market incentive required for all producer countries.

5.2.2. Verification of legality and the impact on forest resource

A key component of the EU FLEGT Action Plan is the Voluntary Partnership Agreements (VPAs) between the EC and producer country partners. VPAs provide a framework to engage producer countries in improving forest governance, sustainable forest management, monitoring and through the FLEGT licences provide to the EU market assurance of legality through the issuance of legality licences at the point of export, in most cases on all timber products. Under VPAs a definition of legality is developed through a multi-stakeholder participatory process, building on existing forest laws and the internationally recognised components of sustainable forest management.

The development and implementation of the VPAs and wider EU FLEGT Action Plan is perceived to have a positive global impact on the mitigation of illegal timber production and trade, and thus on ensuring sustainable use of forest resources. The EU FLEGT Action Plan recognises the important role of consumers, both private and public sector, in engaging with producers and importantly in providing a demand for legal and sustainable products. The UK Government's TPP has been an essential component of this, in terms of its own demand and in encouraging the private sector to implement buying practices to support legal and sustainable timber trade. A recent Chatham House report, Illegal Logging and Related Trade[25] reports that imports of illegally sourced wood to the seven consumer and processing countries studied are down 30% from their peak and that TPPs have been important drivers of the private-sector response to illegal logging in consumer, processing and producer countries.

From the consultation there were reports that verified legal products are difficult to sell in the UK and thus these products are being sold to other European markets such as the Dutch market where verified legal products is more widely accepted. Another trader explained that there is a slow-down in the progress to achieve VLO as the demand is already being met.

"There is a demand for VLO etc but it is definitely not as high as we would like and we are selling a lot of both FSC certified and legally verified as non certified/verified because our customers are not prepared to pay for it – also in the UK market. Due to the lack of demand for certified and verified wood we have slowed down our work with VLO as we currently have enough supply. If the public sector had mandatory procurement policy also covering local municipalities it would help tremendously – today we see very little demand from the public sector across Europe." (Private sector producer)

"Official policy is one thing, "willingness to pay" principle, willingness to implement at the end consumer another. Notwithstanding, I think a main benefit from certification (Legality & FSC) is the positive image in general for the company and the benefits for the company. We do have FSC certified goods available but our customers in the UK are unwilling/unable to pay the necessary premium. We have had much more success in different overseas markets."

It is therefore unclear as to whether the UK Government's TPP has had a negative impact on producers, the statistics above would suggest that there has been a minimal impact and with the pending EU Timber Regulation demand for verified legal timber will continue to increase across Europe. However, with limited acceptability of verified legal products by the implementers of the TPP, the potential positive impact is less certain.

5.2.3. Non-industrial family and community forests

As mentioned above there is anecdotal evidence that small non-industry producers and some tropical producers face difficulties in accessing UK Government contracts. Responses from suppliers during the consultation process indicated that the use of Category B evidence for forest management (i.e. to prove compliance of the forest source with the TPP criteria) was very rare and that there was often a strong focus on obtaining FSC or PEFC certified timber or timber products. Where the timber or timber products are being procured by a construction company

[25] Sam Lawson and Larry MacFaul, July 2010, Chatham House, Illegal logging and related trade: Indicators of the global response.

or facilities management contractor on behalf of a mandated public sector organisation it is likely that they will specify FSC or PEFC only as the easiest route to compliance.

The UNECE Forest Products Annual Market Review 2009/2010 Review notes that "Many of the world's most accessible and easily certifiable large state-owned and industrial forest lands in industrialised countries are now certified. The relatively slow pace of expansion of certified forest area in these countries since 2006 suggests that there continue to be obstacles to certification amongst non-industrial forest owners. Non-industrial forestland is a subset of private forests defined as forestland that is privately owned by individuals or corporations other than forest industry and where management may include objectives other than timber production. In both Europe and North America, non-industrial ownership represents about two-thirds of the private forest".

Efforts are being made to encourage more widespread group and regional certification by FSC and PEFC, but this proving to be a slow process due to low levels of awareness and lack of appropriate organisation structures for these forms of certification. As a result, non-industrial forest ownership are seriously under-represented within existing forest certification frameworks. For example, the UNECE Forest Products Annual Market Review 2008/2009 reports that "of the estimated 11 million small private owners who collectively control around 56% of the forestland of the US, only a few are currently covered by certification schemes". The author of the Review chapter on forest certification estimates that at most 150,000 US small non-industrial owners (1.5%) are either FSC or PEFC certified.

Similarly a draft report by the UNECE (Timber and Forest Study Paper 26) on private forest ownership in Europe comments that "the difference between the level of certification in private and public holdings is striking. For the private forest sector, with the exception of Austria and Finland reporting 100% and 93% respectively, the certification level is still rather low or even non-existent (around 20% in Czech Republic, UK and Netherlands, and not exceeding 10% in any other European country). The opposite is the case for public forest holdings for which 10 out of 14 countries report more than 50% of the area is certified".

Against this background, some consultees consider that the acceptability and use of Category B evidence for demonstrating sustainability at forest source requires further attention and promotion in order to improve access to Government contracts for non-industrial forest ownerships. It should be noted that additional efforts have been made to ensure the TPP is fully accessible and facilitate the provision of compliant products by smaller producers in England. For example, in mid-2008 the Forestry Commission was asked by DEFRA to develop a process to facilitate the provision of acceptable category B evidence by small woodland owners. This resulted in the publication in June 2010 of Operations Note 22 (English Woodlands Grant Scheme) "Enabling Woodlands to Comply with Government Timber Procurement Policy"[26]. This document now needs to be publicised to ensure that it is widely communicated to its intended audience.

[26] Available at: http://www.forestry.gov.uk/pdf/G&R-ON022.pdf/$FILE/G&R-ON022.pdf

5.3. Impact of CPET assessments on certification schemes

One of the biggest positive impacts of the Government's TPP has reportedly been on the certification schemes directly. The CPET assessment process and acceptance of both PEFC and FSC as meeting sustainability criteria has sent a clear message to the market. It has given credibility and assurance within the UK and possibly throughout the EU market that FSC and PEFC meet sustainability criteria. A separate study on the detailed impact of the CPET assessments on the certification schemes, standards and processes has been undertaken simultaneously to this study, by Oxford University, and concludes:

"The biannual CPET review process of the certification schemes has both directly and indirectly played a role in several recent changes in certification standards and systems. These changes range from clarifications of specific wording of standards, to increasing stakeholder participation in decision making. While the CPET review process, as one part of implementing the UK timber procurement policy, is one of many pressures acting on certification schemes - interviews with certification scheme representatives and stakeholder groups indicate that the UK timber procurement criteria developed under CPET rank among the most influential of the existing government procurement policies in defining performance criteria and incentivizing changes to certification scheme standards and systems."

Overall, respondents said that the UK Government's TPP and those of other Member State Governments has had a significant impact on certification schemes, not only in tightening up their standards and systems but in giving them recognition and credibility in the market. In particular, CPET has played a key role in influencing certification schemes to "up their game", improve standards and in a way has brought a degree of much appreciated harmonisation in the market. There is now mutual acceptance of PEFC and FSC in the marketplace by the customer. However, during this consultation process there was considerable feedback on CPET's assessment of the certification schemes. This section aims to highlight some of the issues raised.

5.3.1. Potential issues arising from the increased focus on certification schemes

It is worth noting that certification schemes were developed in the 1990s in response to market demands for assurance of sustainability of forest resources and timber products. They were focused on niche markets. The standards are generally developed via consultation with stakeholders covering economic, environmental and social pillars.

Growing demand for certified product to meet procurement policies – private and public - and for verification of legality to meet the pending EU Timber Regulation and US Lacey Act, means that certification schemes have moved out of their original niche markets into the mainstream. As certification schemes rise in importance so does the pressure for them to deliver their stated objectives but some consultees argue that there is now too much attention on the schemes and not on the actions on the ground, with the forest resources.

It is worth considering the issues highlighted by respondents, both positive and negative, and to consider ways that the Government should potentially engage with the schemes to ensure that they continue to improve, increase the forest cover and thus the volume of certified products, ensuring that demand for legal and sustainable timber products can be met.

From the consultation the following issues were raised:

- **Time is a major issue.** Time requirements to meet CPET requirements were raised by all certification schemes as an issue. This is even more relevant as more Member States develop and implement policies, assessing certification schemes. Time is an issue in terms of the person days required to respond to CPET requests, given the limited resources available within all the schemes and also in terms of the timeline required to adequately respond to CPET requests. Schemes stated that CPET timelines are too short and do not enable the schemes to consult their stakeholders, which ironically could then be a contradiction in terms of meeting the Government's criteria. There is also concern that there is too much time spent responding to the points raised rather than focusing on issues on the ground, doing what they are supposed to be doing.

- **Role of the Government in influencing the certification schemes**. Although most respondents said that the CPET assessments had justifiably led the schemes to raise their standards, there is a concern that Governments (UK and others) are influencing the schemes too much. As one stakeholder group in a voluntary market led process, with rules for governance and stakeholder engagements there is a question over the degree of influence that governments should have in determining the certification standards, processes and application in the field. There is a concern that some groups, for example, NGOs can lobby the UK Government on key issues, the Government changes its policy and criteria and this then leads to a change in the scheme/standards. This could be construed as being contradictory to the standards being set by a balanced stakeholder participatory manner (a criteria against which are assessed/scored). As some respondents express:

  "Government and certification – government is co-opting private standards"

  "Mockery of multi-stakeholder process"

  "Push one form of democracy"

  Moving forwards, consideration should be given to this issue and perhaps to the option of modifying the process of assessing schemes, allowing more time for balanced consultation and learning from TPAC's assessment process if relevant.

- **Reliance on certification schemes to deliver on Government (and soon EU Timber Regulation) requirements**. This has two main implications: Firstly, from other examples of environmental crime, there is a high risk that the dependence on certification to meet policy requirements will inevitably lead to the fraudulent use of certificates[27]. Some respondents reported examples of the misuse of certification labels (eg FSC from China) and without end purchasers checking delivery notices, this may remain an issue. Secondly, the certification schemes are being used to do something that is outside of what they were originally designed to do. There is the risk of too much emphasis on the schemes to deliver on the Government's policy and thus perhaps Governments should engage more with the schemes and work with them to ensure that they can deliver.

[27] As discussed by Duncan Brack, January 2010, Controlling Illegal Logging: Consumer-Country Measures, Chatham House Briefing Paper.

- **Focus on implementation on the ground.** Has all the focus on changing standards actually filtered down and had an impact in the forest? One respondent said that the area of forest certified has stagnated, suppliers set aside certified product for UK market and sell non-certified for other markets. Another said that the area had increased but questioned whether the speed of increase was fast enough to stop the switch to alternative products. More COC certificates doesn't not necessarily mean more certified product on the market, it just means suppliers can provide both types of certificates depending on the demands of the buyer. There has been a focus on certification in the US and the EU but it has reportedly stalled elsewhere. Certification was designed for the tropical forests/countries but it is questionable if they have the capacity. UK government and CPET could play an important role in addressing this issue. This requires further research.

  "Just seeing a shift in supply from one standard to another. Certified to UK market and non-certified elsewhere. Has it really seen an increase in certified forest area and products?"

- **Language used in schemes.** Respondents reported that often schemes are required to respond to CPET and other Member States criteria assessments and the issue is a matter of clarification of the wording rather than content. This may be due to the way that criteria are written, possibly in a way that favours one scheme over.

- **Too frequent assessment of schemes.** An issue raised is whether assessments every two years are too much and detracts from the real work on the ground. With other EU Member States also assessing policies a significant amount of time is spent responding to requests for clarification. Focus on implementation and not assessments.

  "Need to balance the need for assessing schemes and schemes responding and time spent in the field, with stakeholders and forest management."

- **Maintaining the credibility of certification schemes**. Related to the risk of increased fraudulent use of certificates is the risk that acceptance of some schemes, that are seen to be less credible than others, could undermine "good certification" schemes, undermine real changes.

"Finally, TPPs have brought a lot of calmness and stability in the market place and has allowed us to further develop processes."

Recommendation

Given the extensive feedback on the role of CPET and the certification schemes some recommendations for consideration have been provided. These recommendations are drawn from the consultation:

- Provide more time and possibly forewarning for assessments, and considering changing the timeframe for assessment from every two years to something closer to five years;
- Consider ways to increase stakeholder participation in the assessment of schemes, allowing time for all stakeholders to input;

- As the UK Government (not CPET) consider ways to work with the schemes to support increased certification in the field;
- Work with the schemes, policy implementers and the trade to improve checking and monitoring of certificates and other evidence, to ensure that the credibility of schemes is maintained and fraudulent use is mitigated.

During the first 5 years of CPET's existence there has been a focus on the certification schemes, reviewing their policies, instigating progress and change in the schemes, that most respondents recognise as being a very valuable impact of CPET and the TPP. However, the results of this assessment would suggest that focus should now be on implementation and supporting the schemes to ensure enough certified product is available and to mitigate fraudulent use.

5.4. Conclusions

The development of the UK Government's TPP was and still is part of a wider initiative for consumer countries to take responsibility for their role in the trade in illegally produced timber products by ensuring that they purchasing only legal and sustainable timber products. The question then is how much influence in practice has the Government's TPP had on the management of forest resources.

Certification of sustainable forest management is a proven way to ensure that biodiversity and ecosystem services including climate change benefits, local communities and indigenous groups and economic implications are taken into account in forest management. As concluding in a Tropenbos International report – Effects of Forest Certification on Biodiversity, December 2009, "There is evidence that "food forest management practices" associated with forest certification are beneficial for the conservation of forest biodiversity across species groups and across geographical regions".

While UK TPP has had a significant impact on demand for certified timber this is predominantly being met by certified softwood and there has only been a 5% increase in certified hardwood imports between 2005 and 2008. There is also some evidence that the increase in demand for certified product has been met by a substitution of products from high risk countries (risk in terms of products being illegally produced) and from hardwood to certified softwood products.

Growing demand for certified product to meet procurement policies – private and public - and for verification of legality to meet the pending EU Timber Regulation and US Lacey Act, means that certification schemes have moved out of their original niche markets into the mainstream. As certification schemes rise in importance so does the pressure for them to deliver their stated objectives but some consultees argue that there is now too much attention on the schemes and not on the actions on the ground, with the forest resources.

Overall, respondents said that the UK Government's TPP and those of other Member State Governments has had a significant impact on certification schemes, not only in tightening up their standards and systems but in giving them recognition and credibility in the market. In particular, CPET has played a key role in influencing certification schemes to "up their game", improve standards and in a way has brought a degree of much appreciated harmonisation in the market. There is now mutual acceptance of PEFC and FSC in the marketplace by the customer.

6. Assessment of UK Government's Leadership Role

"The extent to which the UK government has contributed to the impacts of the policy through leadership in implementation of the public procurement policy on timber and through work to harmonise requirements across the EU."

6.1. Introduction

As previous sections show, the UK Government has been actively engaged in dialogue with EU Member States, trade representatives and others over the last 10 years on all aspects of timber procurement and wider issues around legal and sustainable timber production and trade.

The aim of this section is therefore to determine to what extent the UK Government could be said to have contributed to the impacts of its timber procurement policy through actions of leadership in terms of the implementation of the TPP and through work to harmonise TPP requirements across the EU, with both Member State Governments and the private sector. This inherently assumes that the UK Government is a leader and that harmonisation is an aim of the Government and that is perceived as a good thing by stakeholders, both of these assumptions are further discussed below.

6.2. Key findings

"CPET has become important in terms of developing the policy and has become a clear player in EU policy."

"UK is an importing nation, net importer, biggest buyer and it is crucial to be a leader"

In terms of leadership in the implementation of the policy and harmonisation across Europe, the UK Government and CPET have and still are to some extent seen as a leader in supporting dialogue and sharing lessons and skills with other Governments and thus in supporting a process of harmonisation across Member States. The Danish and Dutch Governments have also been leaders in efforts to harmonize TPPs and share lessons and experiences in implementation. The UK and Danish Governments were the first to make public commitments in the early 2000s.

In terms of harmonization there are mixed views although there is a majority view that harmonization is a good thing and that especially for the trade, it is essential. Harmonisation will provide a level playing field and ensure that the market has a single clear message to traders, buyers and producers alike. However, others expressed more mixed feelings, fearing that harmonization could lead to a lowering of standards and the increased power of one or two certification schemes, thus removing a degree of market flexibility.

In terms of implementation of the policy the UK Government and CPET have shown leadership in particular when you consider the indirect impact on the trade. The UK Government's TPP and the assessments of schemes have led to the improvement and in some cases development of

timber procurement policies in the private sector. The evidence in Sections 3, 4 and 5, shows that the industry has responded positively to the TPP requirements.

However, when it comes to implementation within the UK Government, there are marked levels of inconsistency between government procurers, government agencies and Local Authorities and which highlights limitations in terms of leading the implementation within the UK itself.

6.3. Leadership in developing, implementing and harmonising across Europe

In the early 2000s when the UK Government's TPP was being developed, officials in DEFRA and the consultants conducting the scoping study informally liaised with the Danish Government who were also developing a TPP. The UK as the largest net timber importer in Europe, is in a more prominent position and the impact is likely to be bigger, as a larger proportion of trade will be affected.

Over the years the UK subsequently worked closely with other Member State Governments in Europe (notably the French, Dutch and more recently the Spanish) and further afield in for example China and Japan – two leading global consumer markets.

The Chatham House Monitoring Study ranked the UK highest, compared to four other consumer countries (US, Japan, France and the Netherlands) when considering the following criteria – policy, coverage, leverage, minimum standard, assistance and monitoring. This would infer that the UK Government is seen as playing a role in leading the policy development and its implementation.

The fact that CPET is highly recognised globally and is used as a point of reference, as much as an example of how support can be provided to implement a TPP, is evidence of the UK providing leadership in the development and implementation of TPPs. For example, France is thinking about setting up a CPET of some kind, to analyse certification schemes. To date there is just a generic framework, and it is felt there is a need to provide additional clarity to the market. In Spain the influence of the Spanish Central Government is limited, whereas the regional governments are proceeding with more success, for example in Barcelona. However, it is reported that the Spanish Government is looking at the UK Government for guidance and they have talked about having a CPET. Last year the Spanish Government, Ministry of Environment, funded a guide for procurement. "In Spain the general public are not as "green" in the UK, and they therefore tend to take the lead from other EU Member States."

However there are examples where leadership is not clear. It is difficult to determine which Government in Europe has led the harmonisation process, with the Danish Government taking a very proactive role in this process, including the hosting of international workshops. The UK Government or CPET has played a key role and contributed to this discussion, but not clear if you could say that the UK has led the process. The feeling is that the UK's liaison with other Member State Governments has happened primarily behind the scenes via informal communications led by CPET rather than a concerted political effort by DEFRA.

Another example is that of the inclusion of social issues into the UK Government's TPP. Some say that the UK lagged behind other Member States on the inclusion of social issues, while other say that the UK was a leader as it went through the correct procedures with the European

Council to ensure that the inclusion of social issues in the UK TPP met EU procurement rules. "The UK followed the right protocol."

The Dutch Government developed a policy and after a slow start is now implementing their policy, drawing on experiences of CPET in terms of Category B and assessments of the certification of schemes, but their approach is different, with no single organisation having the full CPET remit. The Danish Government is implementing their policy, drawing on the experience and technical support of ProForest and has recently set up a forum for awareness-raising. Some of the respondents mentioned a feeling of competition to be the leader between the EU Member State Governments, in terms of trying to make the schemes more stringent in their application and implementation.

The following text extracted from a UNECE Public Procurement Policy study summaries the extent of harmonisation of TPPs in Europe.

6. PPPs harmonisation with other countries

It was reported that UK, Denmark and Netherlands held a first harmonisation meeting in Amsterdam in March 2006. The purpose of this meeting was to explore common grounds for PPPs of timber. At this meeting, it was agreed that more work and meetings were still needed to discuss the issues further and also to prepare a joint presentation for the 5 October 2006 UNECE and FAO PPP Forum.

In addition, Denmark pointed out a few elements that contribute to harmonization. The definition of legal timber is by and large in line with the EU basic requirements for legal timber under the FLEGT licensing scheme (as outlined in FLEGT briefing note number 9 from the European Commission). However, the Danish definition came out before the briefing note and options for even further harmonisation will be looked into, when implementing the 9-point-plan. In addition, the Danish government has participated in numerous international workshops on timber procurement, and even hosted one itself in collaboration with the Dutch government under its EU Presidency in 2004. Informally, Denmark has also initiated consultations with other EU member states in order to look into options for more harmonised approaches to definitions and requirements for documentation. Nevertheless, as the Danish evaluation clearly indicated in the so-called Project B from their recent evaluation (where PPP's for timber in France, Netherlands and United Kingdom were compared to Denmark) there still remain differences in the various countries approaches. One key difference is the inclusion of social criteria for SFM, over and above those given in national laws (included in the present Danish guideline, but left out in the UK guidelines). This aspect is also considered in the informal consultations, with particular attention being paid to the legal and practical implications of the inclusion of such criteria. Time will show how far the harmonisation attempts will or can go, bearing in mind that implementation of public procurement policies is a national competence, within the framework of EU procurement directives and relevant international provisions,

Source: http://www.illegal-logging.info/uploads/UNECE_PPP_study.pdf

Denmark has been quick to lead on hosting international workshops and dialogue, with good collaboration from UK, Netherlands and Belgium and to some extent Germany and France. But with the UK and the Dutch being considered further advanced in terms of implementation, the question of who is leading, remains unclear and to some extent unnecessary.

In terms of implementation the UK did show leadership in the establishment of CPET. "By having CPET is a way of managing and demonstrating leadership." The funding commitment and recognition of the technical importance of CPET to support the implementation of the policy was a positive signal to other governments and the timber trade that the UK Government was and still is serious about implementing their policy and achieving the objective of procuring

only legal and sustainable timber products. The first assessment by CPET of the certification schemes sent a clear signal to the market, the certification schemes and to other countries that the UK was taking this seriously. As one respondent said, “when CPET and the assessment first came out, it was a trail blazer.” The UK Government’s approach was seen to be one with more effort into the development, more thought through and effective than other Member State policies.

6.3.1. Leading harmonisation with the private sector/trade associations

Section 4 shows that in line with the UK Government’s procurement policy (sometimes in anticipation and others reaction to) the private sector (traders, importers, and contractors) have developed responsible purchasing policies. For members of the UK TTF as of 2010 it is mandatory for them to sign up to the UK TTF Responsible Purchasing Policy (RPP). The UK TTF RPP does meet the requirements of the UK Government’s TPP in general. The UK TTF is also a member of the CPET Reference Board. Prior to 2010 the UK Government’s TPP did act as a stick or carrot (depending on how you view it) for companies to either sign up the UK TTF RPP or to develop their own RPP.

Through work of the EU Timber Trade Action Plan and the EU timber trade associations, in particular the UK, Dutch (VVNH), Belgian (FBCIB) and French (Le Commerce du Bois), Spanish (AEIM), workshops and other means of sharing lessons have been established. The trade associations are continuing through the EU TTF and FEBO to share lessons and work to ensure that a degree of harmonisation is achieved. Although the individual policies do have slightly different focuses and to some extent these differences reflect the respective Member State Governments, eg Le Commerce du Bois focuses on the assessment of the product and less on supplier, as is the case for the UK TTF.

Several companies spoke about the UK as a leader, providing the example that, the UK divisions of their companies are leading the way in terms of provision of certified products, when compared to other company divisions across Europe. There is a perception among those consulted that the existence of CPET, the only one in Europe, with dedicated resources and people, proves that the UK has been a leader.

6.4. Is harmonisation a good thing?

During the consultation the question of whether or not harmonisation is a good thing was asked. Harmonisation can be interpreted in different ways, for example the harmonisation of the policies, the implementation methods, assessment of Category A (certification schemes) and Category B evidence, and then in terms of harmonisation of implementation it can relate to the degree of consistency with which the policy is being implemented.

The points in Table 6.1 show that overall harmonisation is seen as a good thing but the question is to what extent should, harmonisation take place.

Table 6.1: Is harmonisation in Europe a good thing – Summary of responses

Harmonisation is positive	Harmonisation is negative
○ It is good to work together. ○ Need harmonisation as without it there is unfair competition between operators. ○ EU Timber Regulation is likely to push a degree of harmonisation in the market. ○ Harmonisation is very important, globally. Certification schemes and policy makers spend hours with different requirements and policies. Harmonisation of policies and criteria and evidence. ○ The lead of the UK and Dutch markets gives the impression that the EU market is sensitive, when in fact the rest of EU is less sensitive. ○ The trade in Indonesia see the UK as a whole and not differentiate the UK Government in terms of seeing the whole of the UK as the Government and its requirements. ○ It is hugely important – as trading organisation we want a level playing field and apply same standards of product. ○ Yes do believe that should be harmonised and yes think that UK has been a leader, with the Dutch. The timber procurement policies are good for industry and filter down to private sector and certification schemes. ○ Harmonisation is extremely important. Within the UK has been a leader – without question. Power of UK PPP is recognized and acknowledged. ○ Yes if upwards eg to UK and Dutch standards, but no if means lowering standards. ○ Within EU the UK is “the” leader, on policy but also DDR. ○ It is very important. Corporate international clients very often take lead from government, particularly when working across international markets. FLEGT and Lacey Act will support harmonisation. Drives behaviour changes more progressively. ○ Harmonised approach across private and public sector is key and now more relevant with EU Timber Regulation coming and the work being led by EU TTF.	○ Risk that flexibility in the market could be lost and a situation where one scheme dominates could arise. ○ Feelings of competition between Governments, eg Dutch wanting to be better than UK which tends to mean setting harder criteria, but doesn’t make anything better on the ground. ○ Harmonisation could lead to dominance of one scheme and then procurement policies can become very political. ○ Not sure what the point of harmonisation is as Member State governments would still have different ways of implementation. The process of harmonising is time consuming and it’s better to focus time and resources on driving demand and implementation. Always the risk of harmonising downwards. ○ Agree that the UK Government has been a leader especially in terms of the policy but not sure about leading in terms of implementation. ○ Disappointing as the majority of the EU Member State Governments have been slow at taking up, if at all the lead of the UK and Danish Governments (apart from Netherlands, France, Belgium). ○ Harmonisation is less important than it was, as focus is on PEFC or FSC so doesn’t really matter.

6.5. Is there consistency between Government departments, local authorities and contractors?

Above it is evident that the UK Government and CPET are seen internationally and within Europe as leading or at least playing a key role in the dialogue for harmonisation, and that

harmonisation across Europe and possibly further afield is seen as essential by many of the trade representatives. However, when it comes to implementation within the UK and in particular within the Government, its Agencies and local authorities, the results are markedly different.

In response to an open ended question on whether or not traders and contractors found consistency in the contract specifications, awarding contracts and checking or monitoring compliance with the contract specifications, all traders and contractors categorically said that there is no consistency at all. This would imply a major area where harmonisation and leadership need to be strengthened. The following are some examples of the responses received:

“No. Progress has been made. Some more focused than others. ODA is a leading light of clients in terms of stringent implementation. It is always in contracts but it’s of question of whether it is checked. No awareness of Evidence B.”

“There is no consistency by Government procurement officers/departments – some are very well aware others have no clue. With regards to Evidence B I have offered it but most procurement people just want certified and would be prepared to pay a little bit more for it, but not very often. Verified legal doesn’t even get registered by buyers.”

“There is no consistency at all. Often different departments ask for different variations of the same thing and how it is enforced varies. Some are more stringent than others. Defence Estate is stringent. I have never been asked for supporting evidence and never been asked for a delivery note. With Category B there is no guarantee that it will be accepted by the client.”

“Not consistent. Some are good and check policy specifications with CPET etc. Others not specific and some don’t have it explicitly at all. It is fragmented. Harmonisation across departments is critical. It is not happening and it needs to be.“

“Most (80%) of what we sell is certified with full COC, so the question is really about what is demanded. But fair to say that less than 5% is actually demanded as certified.”

“Government departments don’t demand certified timber and when they do, they don’t necessarily check. Sub-contractors and government have never asked for evidence of COC and certification. Only case aware of when docs were checked was 5-6 years ago.”

6.5.1. Harmonisation with other UK and EU standards

Harmonisation with other UK and EU sustainable procurement requirements is critical to facilitate implementation and ensure that procurement personnel and suppliers are not faced with conflicting requirements or targets. The extent to which other requirements and schemes reflect the UK Government’s TPP criteria can also act as an indicator of how influential the policy has been.

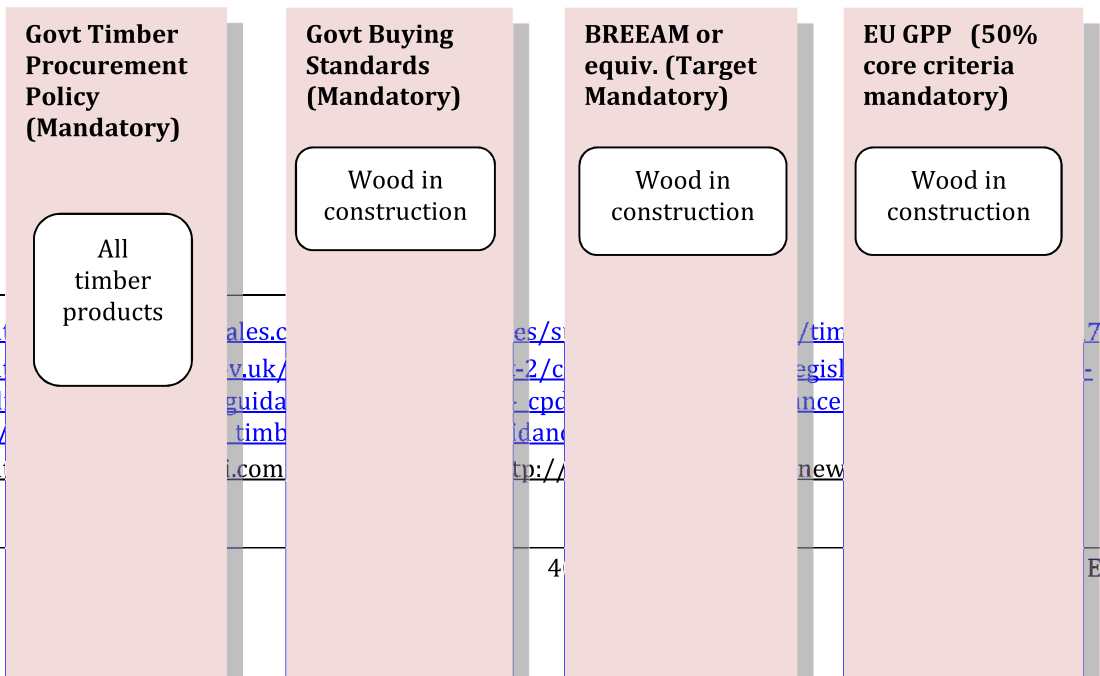
A quick review of other UK and EU standards shows that the impact of CPET and the UK TPP is widespread and generally there is a high level of harmonisation or complementarity. This is

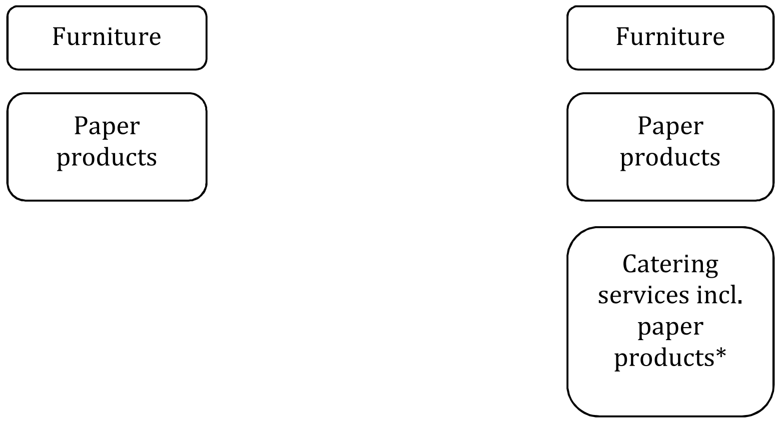
evidenced in the number of points of reference made to CPET and the UK TTP in procurement documents and policies, advice notes and guidance. For example the UK Construction Group's revised responsible purchasing targets will commit to '100% CPET compliant' for all timber from purchases 2011 (still in draft form).

Both in Northern Ireland and Wales, the UK TPP has been implemented with support from CPET including training workshops. Wales has done this via their "buy4wales" policy[28] and Northern Ireland by writing up a policy document[29] aligned with the TPP and working with the timber trade federation in Northern Ireland[30]. The Scottish policy document also makes clear reference to CPET.

Other key requirements and initiatives are show in the figure below. Of most significance is the fact that the current Government Buying Standards (GBS) which are mandatory for central Government and executive agencies are completely in line with the Government's TPP which should greatly facilitate implementation and demonstrates excellent harmonisation. The only risk is if procurement personnel rely solely on reference to GBS to implement the TPP and in doing so may miss some more minor timber product categories (eg catering consumables, fencing and woodchip in estates management, stationery) not currently covered by GBS. This appeared to be the case for one Government department consulted. It is not possible to state when harmonization between the TPP and old Quick Wins (which preceded the GBS) occurred and whether it was sufficiently timely or not as the old standards are no longer publicly available.

The Government's long–standing BREEAM target has followed a similar trajectory to the TPP facing a lack of full implementation for many years until recent monitoring by SOGE/CESP/SDC and the new focus on energy efficiency has given it a significant boost. Unfortunately the BREEAM schemes are not in line with the Government's TPP so achieving the BREEAM rating is not a substitute and does not guarantee compliance with the TPP. This is ideally something that needs addressing.





*Paper product criteria (recycled or sustainable virgin) within catering services are ‘comprehensive’ rather than ‘core’ criteria therefore not mandatory in any form.

The EU Green Public Procurement (GPP) criteria for relevant product categories are weaker than the UK Government’s current TPP as the core criteria specify legality with additional points awarded for sustainable forest sources. However, the general format and content is similar to the original UK TPP and in addition the criteria for copying and graphic paper provide a link to UK timber procurement policy and to CPET alongside Danish, Dutch and French TPPs demonstrating awareness of the UK policy. One product group accepts FLEGT and Category B evidence as proof of legality, which is clearly similar to the UK TPP although the status of certification schemes as evidence of meeting GPP criteria appears to vary and does not consistently follow an FSC and PEFC model. GPP criteria for one product category accepts FSC, PEFC or equivalent whilst another accepts FSC, PEFC or any other sustainable forest management standard.

7. Assessment of CPET's Contribution

"The extent to which the UK Government's Central Point of Expertise on Timber (CPET) has contributed to the impacts of the policy through its range of activities."

7.1. Key findings

"Glad that CPET is there. They are active and very helpful"

"It wouldn't have happened without CPET. The Government's TPP has been properly thought out, CPET has shown here's how to achieve it"

"Without CPET, the Government would have been making a commitment which [they] wouldn't end up honouring"

The vast majority of organisations, both public sector sustainability/procurement personnel and private sector suppliers, who have used CPET think they deliver an excellent service. Only one public sector organisation provided negative feedback, the rest were overwhelmingly positive about CPET's services (scoring 'useful' or 'very useful'). The majority state that without CPET, they either would not have implemented the Government's TPP or would have done so but with difficulty.

Policy developers and certification schemes view CPET as being a technically credible, independent and robust organisation. CPET has growing international recognition due to its international awareness raising activities and role in promoting harmonisation with other European countries. Other EU Member State Governments have drawn lessons from CPET in developing their own mechanisms for implementing their timber procurement policies and in this way the UK Government and CPET can be seen as being a leader in implementation.

Consultees recommendations for improving CPET focused primarily on enhancement of the current service provision (e.g. changes to the website, obtaining CIPS accreditation for CPET training). No major gaps in CPET's services were identified, instead several consultees highlighted the need for compliance monitoring or reporting by an alternative organisation as the main requirement for improving current levels of implementation. Although consultees were not explicitly asked about the role of CPET going forward, several did comment on its future scope and mandate both within the wider sustainable procurement agenda and with the upcoming European regulation. However, this was not an issue fully explored by this study.

7.2. CPET's role

The aim behind the original recommendation to establish CPET, made in the timber scoping study in the early 2000s, was (a) the need to centrally assess forest certification schemes against the Government's criteria to ensure consistency and avoid duplicated costs/effort and (b) recognition that individual procurement personnel within mandated organisations were not

timber experts and could not be expected to assess Category B evidence (e.g. supplier documentation).

Established in 2005, CPET's full role is to provide free of charge support and guidance on implementation and compliance with the timber procurement policy to all public sector buyers and their suppliers via a helpline, a website and training workshops. CPET's other main task is to assess certification schemes against the Government's definition of legal and sustainable to identify which ones constitute acceptable evidence of compliance.

Since it was established, CPET's actual role is much broader than this, as it also:

- Provides free of charge support to a wide range of public sector organisations (eg Local Authorities, Universities) and their suppliers;
- Can provide in depth, one on one advice and review of individual organisations' TPPs;
- Undertakes awareness raising activities and targeted campaigns (eg for Local Authorities) and at international events;
- Leads efforts to harmonise policies with other EU member states on behalf of DEFRA.

Within this broad remit, it should be noted that CPET's role is to provide assistance and it does not have a specific monitoring or auditing function in terms of checking organisations' compliance with the Government's TPP.

The consultation aimed to determine the specific impact and role of CPET in the success of the policy, in particular in supporting implementation in practice through its range of activities. Perceptions were collected through structured interviews and secondary sources of information e.g. feedback forms from CPET training workshops. The analysis aims to address the following questions:

- How important was CPET in the development of the policy?
- How important was CPET in the implementation of the policy in practice?

7.3. How important was CPET in the development of the policy?

The majority of respondents thought that CPET was 'important' or 'very important' in the development of the Government's TPP.

In short, everyone consulted (43 in total covering public and private sectors, NGOs and independents) interviewed knew of CPET, although as explained in Section 1 this is potentially a source of bias in the selection of consultees. Most respondents know about CPET through hearsay and/or from its inception, with CPET (its team in particular) growing in international recognition, through giving presentations that while promote CPET also result in advocating the EU's position on legal and sustainable trade in timber products, the role of consumers and changing markets and policies. This is going beyond the original remit of CPET as mentioned above.

For non-public sector consultees, generally CPET is seen as the Government's procurement policy per se, and as such has received a very positive response. CPET is seen as being very competent, independent and credible, providing the technical knowledge that is lacking in Government. One certification body responded saying that "The CPET process has made us

more outward looking. It made us more aware of the influence of other markets and global issues. Really impressed that CPET actually happened." CPET is seen as a good blueprint for the range of work undertaken and the independence and credibility that it has is seen as being able to also provide room to assess green-washing and environmental claims and provide impartial advice.

CPET assessment is very useful in the construction sector as it adds weight and sign of confidence. "Knowing that there are certification systems certified by CPET and this meets procurement policy gives us peace of mind and clarity. It's a quick win. If not there it would be a lot of work for us."

In comparison to other EU Member States implementing timber procurement policies CPET is seen as being unique and as one respondent said, "the existence of CPET shows that the UK Governments is leading in implementation of the TPP". In other countries such as the Netherlands, there is an independent assessment of the schemes, with stakeholder consultation of the results and the final decision is made by the Minister, as is the case in the UK.

7.4. How important was CPET in the implementation of the policy in practice: Usefulness of CPET services

The stakeholder consultation asked respondents the following key questions about CPET's services:

- To rank the usefulness of each CPET service (website, helpline, training course, other) on a scale of 1 to 5 from 'not at all useful' to 'very useful'.
- Overall do you think that CPET services are essential, useful or irrelevant to implementing a sustainable timber procurement policy within your organization?"
- How would your organization implement the TPP if (a) the assessment of certification schemes didn't exist? (b) CPET didn't exist?

With 42 respondents it would not be statistically relevant to analyze the results in percentage terms, however general outcomes are discussed below.

7.4.1. Overall

The vast majority of consultees said that CPET services are 'Useful' or 'Essential' to implementing a sustainable timber procurement policy. Respondents were split almost 50:50 between 'useful' and 'essential'. Those respondents who regarded CPET as essential felt very strongly about the role CPET has played in implementing TPPs.

"Without CPET's background knowledge and assistance the TPP wouldn't have been implemented, it would be floating along"

"CPET has ensured consistency in timber procurement policies across the public sector and reduced the amount of resources needed to develop our own approach. If CPET didn't exist we would have developed and implemented our own policy but it would have been a bit of a slow and tortuous path and used up a lot of internal resource."

The majority state that without CPET, they either would not have implemented the Government's TPP or would have done so but with difficulty. Several say they would have gone

down the route of 'FSC or equivalent' but not explicitly defined equivalency and then had to judge other certification schemes or forms of evidence on a case by case basis using their own judgement. Others say this would simply be impossible to do robustly and that the level of in-house resource and expertise simply doesn't exist.

One respondent commented that without CPET there would be a "Tendency for people to go just for FSC and PEFC if no CPET, so simpler but possibly negative impacts in field, discriminating against small and medium sized companies, producers in countries with no or limited access to FSC and PEFC, or closing off the market to producers from developing countries, thus potentially undermining the development goals of the UK Government."

A small minority of organizations regarded CPET services to be not relevant. This was either because:

a) They had a policy of FSC or equivalent and therefore did not use CPET's assessment of certification schemes. In addition, they hired consultants (BRE) directly to assist with implementing their TPP as they had not found CPET to be supportive of their policy;
b) From the supplier side, one respondent said CPET was not relevant simply because their company had already developed and implemented a timber procurement policy themselves which was adequate for meeting Government requirements. This supplier did think that CPET would be useful or essential for those who were not industry leaders and still needed assistance.

The vast majority of organisations, both public sector sustainability/procurement personnel and private sector suppliers, who have used CPET think they deliver an excellent service. Only one public sector organisation provided negative feedback, the rest were overwhelmingly positive about CPET's services (scoring 'useful' or 'very useful').

"Fantastic resource and level of knowledge"

"CPET have proved to provide a quality service and consistently under promise and over deliver with relatively little internal resource" (Head of Procurement, Public sector)

"CPET have done a sterling job and are a one stop shop therefore no additional help has ever been required"

7.4.2 Website, Helpline and Training

It is clear that the majority of those consulted who have used CPET's services regard them to be of high quality. Common points were how consistent and helpful CPET staff are in responding to queries, that they went the extra mile by providing on-site training for procurement staff or suppliers and that they offered in depth support (eg individual meetings) with organisations updating or developing their own TPPs.

Website

On the whole most respondents use the website to some degree. Unsurprisingly different stakeholder groups used the website for different purposes - public procurement personnel use the website initially to learn about the TPP in general and access model contract clauses and subsequently look up information on CoC requirements in particular. Other stakeholder groups refer to the website for information and news, in particular policy updates and guidance on how

to assess Category B evidence. The e-Newsletter was positively received by non-procurement personnel. Several procurement personnel requested that the website and its contents should be made more user friendly, in terms of being made easier to navigate and find information quickly in a summary or simplified format rather than having to read lengthy documents.

"Navigation could be slightly easier, couldn't always find what looking for very easily. Documents would benefit from outline requirements in sketch format." (Head of Procurement, Public sector)

"Make it a bit more user friendly. Documents are very 'wordy' – need flowcharts and a one page 'how to do it' if our procurement guys were to use it, not 20 pages of text." (Sustainable Procurement personnel, Public sector)

"Navigation and lay out could be better" (Sustainability Manager, Private sector contractor)

Helpline

The helpline was normally seen to be synonymous with emailing Nick or Sofie. Respondents commented that they were impressed with the professional response to emails and phone calls.

"They consistently provide a same day response to queries and are consistently helpful, supportive" (Head of Procurement, Public sector)

CPET personnel "always come back with answer and guidance … may have to wait sometimes but never had a query unanswered" (Policy manager, Public sector)

One consultee raised an additional point, stating that they would like more clarity on the status of CPET's responses, "if CPET say we can/cannot do something, is this the final word or do we need to get confirmation from DEFRA?"

Training

The training course was generally well received. Not all consultees had attended the training course instead having direct meetings with CPET on specific issues, but the majority of those that had attended thought it was 'very useful'. In addition, feedback forms from 9 training courses held during 2009 and 2010 were analysed. These comprised 33 feedback forms in total, an average of 3.6 attendees per course. It is not known what percentage of total attendees this represents. Both feedback forms and the consultees for this report commonly highlighted the exercises and 'what if' scenarios in the training course as being especially good.

"Think every commercial person should go on it" (Contractor, Private sector)

"Great feedback from staff members who have attended" (Sustainability Manager, Private sector contractor)

"I think would be good to encourage the people working in the commercial teams to attend these workshops to give them a flavour of what they need to look at before placing an order"

Several feedback forms did suggest some areas for improvement but these were not consistent and therefore are not summarised here. The report's authors also attended a training course and recommendations are provided in the following section.

7.5. Recommendations for improvement: Existing CPET Services

Whilst wishing to maintain these excellent and invaluable levels of service, there are several recommendations which could improve the efficiency and impact of CPET's current role. To increase transparency, the source of each recommendation is provided.

Recommendations for targeting CPET services	Source of recommendation
• DEFRA to set clear strategy targeting resources at areas of maximum impact e.g. focus on ensuring full implementation by mandated public bodies in first instance rather than general awareness raising for local authorities or universities[31].	Report authors
• Ensure awareness raising and training has captured top 10 major suppliers in relevant product categories (e.g. construction, facilities management, stationary, catering).	Report authors
• "CPET need to give more training to procurement teams. Get companies to sign up to a charter to commit to doing it" (Sustainability Manager, Private sector contractor). This is an interesting idea and one that warrants further consideration.	Consultee

Recommendations for revising website & guidance documents	Source of recommendation
• Ease navigation e.g. signposting for different users and specific sections for each.	Consultees
• Provide FAQs per topic or user group.	Consultees
• Present simple guidance document with diagrammatic processes and flowcharts stating actions required at each stage in the procurement process.	Consultees
• Clearly specify interaction between GBS and TPP and use in the procurement process.	Report authors
• Provide best practice case studies (consider powerpoint	Report authors

[31] This recommendation does not exclude the provision of advice and assistance to wider public sector bodies such as local authorities and universities. Responding to interest from engaged public sector organisations is still a valuable part of CPETs role. However, it could be argued that CPET should not focus on general awareness raising until the policy is fully and effectively implemented within mandated organisations.

presentations, YouTube videos) on key elements e.g. Environment Agency purchase approval system, ODA / CLM timber panel and project certification.	
• Archive historical documents and summarise past policy developments.	Report authors

Recommendations for CPET training courses	Source of recommendation
• If not cost prohibitive obtain CIPS (Chartered Institute of Purchasing and Supply) accreditation.	Consultees
• Provide specific half day training sessions for key user groups either to replace or in addition to the current one day generic training session.	Report authors
• Consider development of an online training course.	Report authors
• Incorporate clear reference to Government Buying Standards for procurement personnel.	Report authors
• Ensure CPET training is incorporated within, or co-ordinated with, planned DEFRA funded sustainable procurement training for local authorities.	Report authors
• Ensure Government's TPP is incorporated in any future OGC/CESP communication activities on BREEAM[32].	Report authors
• Target training courses more effectively e.g. hold in conjunction with trade associations such as BIFM, LGA, RFS.	Consultees
• Consider legitimacy of providing in-house training courses for employees of large individual private sector companies (note this recommendation does not apply to multi-supplier events).	Report authors

"It would perhaps be useful to get CIPFA involved so that elements of timber policy could be brought into their programmes, especially their Performance Improvement Network which delivers seminars and training on commissioning and procurement which are to a very high quality indeed" (Sustainable Procurement Personnel, public sector body)

"If could get CIPS points for training course they would get more procurement personnel attending" (Sustainable Procurement manager, Public sector organisation)

[32] The Government Delivery Plan Update December 2009 for Sustainable Procurement and Operations on the Government's Estate outlines a variety of OGC communication activities to promote BREEAM and states that "the next stage will be to develop and implement a sustained, longer-term communications programme, such as BREEAM awareness raising briefings and a possible BREEAM assessor training course specifically for Government officials".

7.6. CPET: Examples from other EU Member States

Other Member State Governments have looked to the UK and the experience of CPET, when addressing how they will implement their own public procurement policies for timber and timber products. In Denmark, they have a more centralised purchasing approach that works for a smaller country and they consider that there is no need for a CPET to the same extent as CPET UK. However, the Danish Government has, in September 2010, formally established a stakeholder forum to push with awareness raising and training and is using consultants to assist with the assessment of certification schemes.

The French Government is considering the creation of a CPET to analyze the certification schemes, but to date they only have a generic framework. There is though recognition that a CPET of some kind would help to provide clarity within the French market.

The Dutch have established the Timber Procurement Assessment Committee (TPAC)[33] to undertake the assessment of schemes using the criteria established by the Timber Procurement Assessment System (TPAS). These organizations together with Probos (a consultancy firm) all provide support for the implementation of the Dutch TPP, with the roles and responsibilities for assessment of schemes, training, awareness etc shared amongst all three.

> The Netherlands is in the process of developing its public procurement policy on wood-based products. The policy will address the purchasing of all wood-based products for the Dutch government in order to secure the procurement of products that come from sustainable managed and legally harvested forests. In 2010 all timber procured by central government should come from a sustainable source. If sustainably produced timber is not available, timber from a legal source will be accepted. Municipalities and provinces are aiming respectively at 75% and 50% of their purchases being sustainably produced by 2010.
>
> For legal timber the Dutch government has decided to use the UK (CPET) criteria legal timber and accept FSC, PEFC, CSA, SFI, MTCC, SGS TLTV and in future FLEGT licences as proof of legality. For sustainable timber the government will use the criteria laid down in the Timber Procurement Assessment System. To support public buyers a campaign has been set up under the name: "timber: growing towards 100% green procurement". The campaign consists of a website (www.inkoopduurzaamhout.nl), a hotline, brochures with model documents and training courses about timber procurement.

Source: Netherlands National Market Report, October 2010
http://timber.unece.org/fileadmin/DAM/country-info/Netherlands2010.pdf

7.7. Future directions for CPET

Although consultees were not explicitly asked about the role of CPET going forward, several did comment on its future scope and mandate both within the wider sustainable procurement agenda and with the upcoming European regulation. However, this was not an issue fully explored by this study and further work would be required to identify possible future directions

[33] http://www.tpac.smk.nl/

for CPET. This section and consultees' opinions are therefore presented here simply as food for thought and contain no conclusive recommendations.

The first 5 years of CPET's life have been focused on assessing the schemes and building awareness and training. Moving forward it may be time to move away from assessing schemes as frequently and start focusing on ensuring implementation and verification. This would help support the certification schemes to deliver, maintain their credibility and with CPET's support work to ensure fraudulent use of the schemes is addressed. What should be considered is how to focus the Government's resources and CPET's activities to where the remaining gaps are and to consider whether CPET's remit should be limited or broadened.

Leading suppliers who have developed their own policies or ways of meeting the Government requirements (often simply using FSC and/or PEFC) state that they now only use CPET services to keep abreast of policy developments and any further changes to the requirements. However, it is clear from other consultees comments that there are still many suppliers out there who are not au fait with the requirements.

Leading public sector organizations with high spend on timber products or with specific timber requirements are often the strongest supporters of CPET and have made extensive use of their services providing in-house training for suppliers and assessing Category B evidence, primarily where there is broken CoC. They foresee an ongoing need for CPET to provide training for suppliers, particularly in sectors other than sawn timber.

"CPET has historically focused on sawn timber, it is now beginning to do more on stationary and composite products which is needed" (Sustainable Procurement personnel, public sector)

Some consultees see an expanding role for CPET:

"I personally would recommend that CPET broaden their remit and become the Sustainability 'champions' for Central Government (providing they retain their unique 'recipe' of success) as there is clearly a huge 'gap' in terms of a joined up approach." (Procurement personnel, Public sector)

As the policy framework within Europe and globally continues to develop, with pending EU Timber Regulation, FLEGT licenses, there is a call from some that CPET should take a broader remit and it was also suggested that an EU-CPET should exist to support the EU Timber Regulation implementation. Whether this is a role for CPET or not is probably a political issue, but there is no question that CPET will be called on to provide advice and support to suppliers and procurement officers in the future, with respect to these initiatives/regulations. However, as it stands CPET's role is the procurement policy and not the EU timber regulation.

Other consultees see a diminishing role:

"If departments start to rely increasingly on Buying Solutions and similar call off contracts then the CPET model may become less relevant because fewer people will be contracting and the role of the procuring organization (eg Buying Solutions) should become greater. It would be the responsibility of the contracting authority to make sure the contractor was meeting the

requirements of the contract. Buying Solutions could do sampling." (Head of Sustainable Procurement, Public sector)

7.7.1. *Applying the CPET model to other areas*

"We need someone in DEFRA who could offer instant technical advice. There is no technical resource on sustainable procurement, DEFRA don't have technical answers neither do CESP." (Sustainable Procurement personnel, Public sector)

"Think CPET is a very good example of how to support a particular issue and think they've done it well but if bring in other sustainable procurement issues then it's not viable to scale it up to other issues. Have to ask for other sustainable procurement issues is the CPET model the best value for money?" (Sustainable Procurement personnel, Public sector)

There is a strong common feeling amongst sustainable procurement personnel that there are numerous other sustainability issues affecting priority spend areas which would also benefit from the availability of technical assistance. It was felt that neither CESP, OGC nor DEFRA is currently able to provide detailed **technical** support on sustainable procurement issues for key products and that a CPET model for these areas would be fantastic but unaffordable. However, it is likely that in making this assumption the respondents are not fully aware of CPET's actual budget. Clearly this is outside the scope of this report but does warrant further consideration.

Annex 1: Summary trade analysis

1. Introduction

This Annex examines market trends for UK timber supply and trade and discusses possible causes including links with the UK Government's timber procurement policy and the establishment of CPET.

1.1 Trade data

The series of charts in this section explore the changing pattern of UK timber supply and trade over the 7 year period between 2003 and 2009. The data encompasses all "solid" wood products and excludes paper products.

The year 2003 is viewed as an appropriate baseline as it comes after the timber scoping study. The trend data accommodates 4.5 years of CPET operations from August 2005, when Proforest was commissioned to perform the role, to the end of 2009. It should be noted that the latest annual 2009 data may not reveal the full extent of the impact of the change in UK Government policy to accept only sustainable or FLEGT licensed timber which was not formally implemented until April 2009.

All the data is presented as Roundwood Equivalent (RWE) volume to allow comparability between product groups. It is also reckoned that RWE provides the clearest measure of direct forest impact and therefore aligns with the underlying policy aim and justification of CPET which is to promote sustainable forest management practices and minimise negative impacts of government procurement activity on forests. Calculation of RWE volumes from product volume and tonnage data has been carried out using conversion factors published by the UNECE Timber Committee in Geneva.

1.2 Indices of "exposure" to suspicious and certified wood

A series of charts is included showing changes in "% suspicious" and "% certified" wood origin for the U.K. as a whole and by product group over the 2003-2009 period. These need very careful interpretation. In practice it is not possible to measure in any meaningful sense the real proportion of wood imported into the UK from "suspicious" or "illegal sources". The very nature of this trade means that it goes unrecorded. As for certified wood, this is not identified separately in formal trade statistics, so it is not possible to provide accurate estimates of real certified volume without undertaking detailed questionnaire surveys of a representative sample of producing and trading companies (which is beyond the scope of this study). Two such surveys have been undertaken by the Timber Trade Federation for the years 2005 and 2008 and this data is referenced where appropriate in the text below[34].

Highlights include:

- It is assumed that the proportion of certified wood supply from a particular country of origin is equivalent to the proportion of commercial forest which is either FSC or PEFC certified in that country.

[34] UK Timber Industry Certification, Nick Moore, timbertrends for the Timber Trade Federation, 2009

- Data on the proportion of forests covered by FSC and PEFC at the end of each year in each supply country has been compiled from the respective certification system websites and by comparing this to FAO data for the area of productive forest land.

- More comprehensive TTF data on actual certified traded volumes in 2005 and 2008 is not integrated into the charts prepared below.

- The "% suspicious" figures are calculated by combining import trade statistics with available estimates of illegal harvesting in supply countries and regions and on perceptions on how the level of illegal logging may have changed over the 2003 to 2009 period.

- The "% suspicious" figures rely on the simplistic assumption that the estimated proportion of illegal wood harvested in a particular country and the proportion of suspicious wood imported into the U.K. are the same.

- Other simplistic assumptions have to be made where there are large discrepancies in the perceived share of illegal wood supply from different countries depending on definitions of illegality used (for example in the Baltic States).

- Estimates of illegal trade are adjusted to take account of existing levels of independent certification in a particular supply country. It is assumed that wood derived from forests which are independently certified to either the FSC or PEFC system is very unlikely to be illegal.

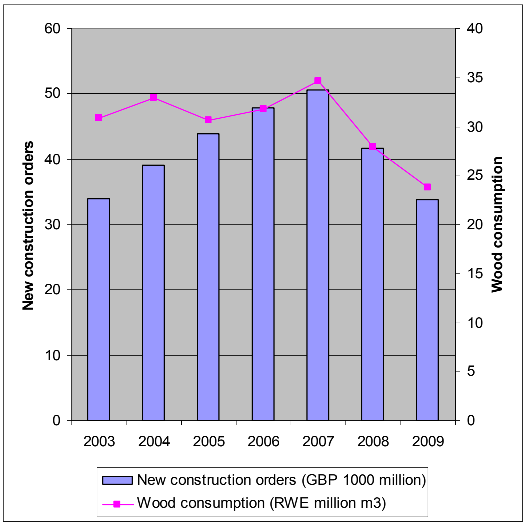
The charts provide a measure of "background radiation", of what the likely "level of exposure" to certified wood and suspicious wood would be **in the absence of any additional measures by the importing trade or their major customers (like government departments) to remove illegal wood from trade or to increase the share of certified wood.** The implication is that even if the UK trade or government did nothing to change procurement practices, the "level of exposure" will alter as producer countries take steps to improve governance or to expand or decrease certified forest area.

In assessing the impact of the UK Government's TPP, it is instructive to consider actual changes in the level of certified wood trade (as indicated by more comprehensive TTF data) alongside this "background radiation".

2. Analysis of wood supply data

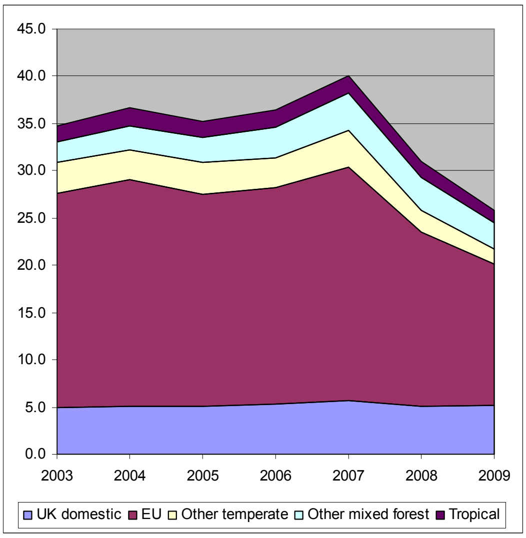
2.1 Overall U.K. wood supply and consumption

Chart 1: New Construction Orders and Wood Consumption in the UK 2003-2009



Source: FII Ltd analysis of Eurostat, FAOStat and UK Statistical Office data

Chart 2: Overall UK wood supply by major source region 2003-2009 (RWE million m3)



Source: FII Ltd analysis of Eurostat

Chart 1 tracks changes in overall U.K. wood consumption[35] against changes in new construction orders between 2003 and 2009. The construction sector, which is the largest single consumer of wood products in the UK, grew strongly between 2003 and 2007 before onset of severe recession in 2008. As expected, in 2008 and 2009, overall UK wood consumption closely followed the downward trajectory in wood construction activity, falling from around 35 million m3 (RWE) to around 24 million m3.

Less expected is that overall U.K. wood consumption remained broadly static between 2003 and 2007 at a time when U.K. construction activity (and other areas of the economy) were growing very strongly. This may be indicative of the competitive pressures being imposed on wood products from alternative materials. Wood may be losing market share in the construction sector despite evidence (presented below) of increasing supplies of certified sustainable wood products to the U.K. market.

Charts 2 and 3 show changes in overall UK wood supply[36] by major source region. UK domestic harvests were relatively stable during the 2003-2009 period at around 5 million m3 RWE. The share of UK production in overall solid wood product supply remained reasonably static at

[35] Calculated as UK domestic log production plus RWE volume of UK imports less RWE volume of UK wood product exports. UK wood product exports increased from 3.9 million m3 in 2003 to 5.4 million m3 in 2007 before falling to 2 million m3 in 2009.
[36] Calculated as UK domestic log production plus RWE volume of UK imports. Data on wood "supply" as opposed to "consumption" is used here because there is no way of knowing the point of origin of wood raw materials used in the manufacture of products subsequently exported from the UK.

around 14% in the period 2003 to 2008 but then increased dramatically to 20% in 2009. In this year UK production held up considerably better than levels of imports.

It is too soon to suggest that the recent increase in the share of domestic raw material in overall wood supply is in any way related to government timber procurement policy or indeed in broader environmental procurement activities. A range of alternative explanations seem more likely. For example, overall harvesting levels in most major European and North American supply countries have fallen much more dramatically than in the UK and this has resulted in significant reductions in wood availability. Furthermore, the recession and credit crunch have been associated with a general trend in the wood industry to maintain lower stock levels and to increase reliance on just-in-time ordering. This trend has tended to favour more local supply sources.

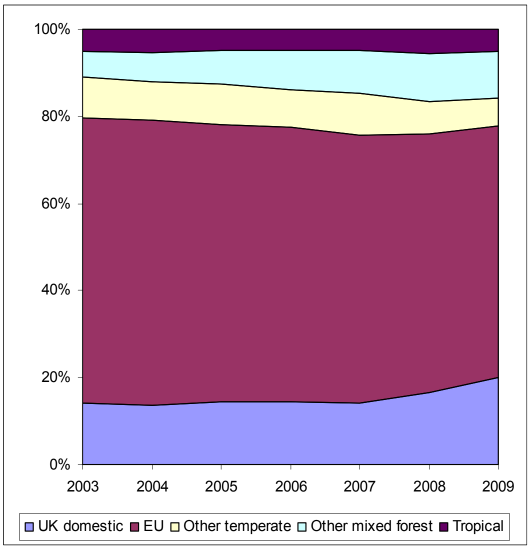
The share of EU sources other than the UK in overall wood supply fell from 65% in 2003 to 57% in 2009. Non EU temperate regions (mainly North America and Russia) have also lost share during this period, from 9% to 6% of total UK wood supply. In addition to UK domestic sources, share has been lost to "mixed forest regions" which mainly comprises China which encompasses both tropical and temperate forest zones. The share of "mixed forest regions" in overall UK wood supply increased from 6% to 11% between 2003 and 2009.

During the 2003 to 2009 period, the share of tropical regions in overall wood supply has changed little, remaining at around 5%. Concerns that government procurement policy might lead to discrimination against producers in the developing world are not borne out by this data.

Chart 4 indicates that over the 2003 to 2009 period, the UK's overall level of exposure to PEFC and/or FSC certified wood increased dramatically from 47% to 63%. Although the data is not directly equivalent, TTF research covering only primary and secondary wood products indicates that overall UK supply of certified wood production and imports increased from 66.7% in 2005 to 83.6% in 2008.

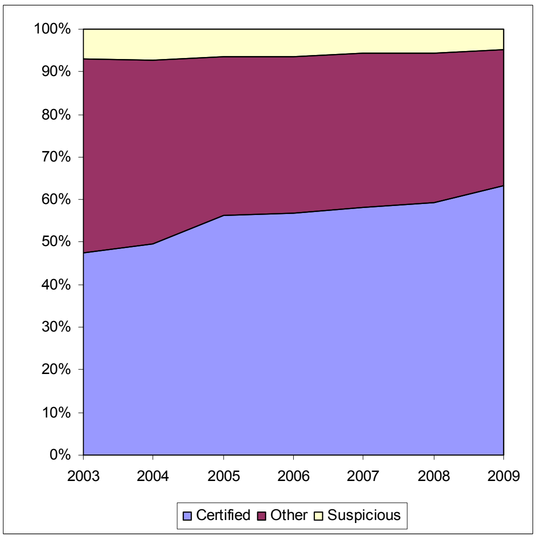
The data presented generally confirms the picture of increased UK consumption of certified wood products during the period of operation of the UK government timber procurement policy. The UK also appears to be absorbing a larger volume of certified wood raw material than would be expected as a result just of supplier-driven efforts to increase the area of certified forest.

Chart 3: Overall UK wood supply by major source region 2003-2009 (% share)



Source: FII Ltd analysis of Eurostat

Chart 4: % exposure to suspicious and certified wood in overall UK wood supply 2003-2009



Source: FII Ltd analysis of Eurostat

Chart 4 indicates that the UK's overall level of "exposure to suspicious wood" has declined from around 7% of total wood supply in 2003 to 5% of total wood supply in 2009. While mainly a result of increased exposure to certified wood, this is also due to decreased dependence on wood imports from countries characterised by high levels of illegal logging – notably Indonesia and Brazil – together with signs of improved governance in these countries.

2.2 Domestic wood supply

The TTF 2009 survey provides comprehensive data on changes in supply and demand for domestically produced certified wood products in the UK. The survey indicates that by 2008, 83.9% of all softwood roundwood harvested was certified. This compares to 80.5% in 2005. The proportion of certified public sector roundwood deliveries remained unchanged at 100% between 2005 and 2008. The increase was due to steady growth in the proportion of certified private sector roundwood deliveries, which stood at 68.1% by 2008.

The TTF survey showed that the volume of certified wood consumed by the UK sawmilling sector increased from 76.2% in 2005 to 81.2% in 2008. The survey concludes that all production of panel products in the UK is certified, with around 82.2% of panel mill raw material consumption certified under the FSC. This compares with 72% of raw materials certified in 2005.

The TTF survey also concludes that consumer demand was not the major factor driving uptake of certification in the UK wood processing sector. With regard to sawmills, it is noted that the move to certification "has been driven by the sawmills themselves and not through customer insistence. Whether requested or not, many customers of UK sawmills receive certified products". With regard to panels, the survey noted that manufacturers "do not differentiate between certified and uncertified panel products as all production is sold as certified".

However, the TTF survey also indicates that for both sawmills and panel mills in 2008 producers detected a significant increase in customer awareness of certification compared to 2005.

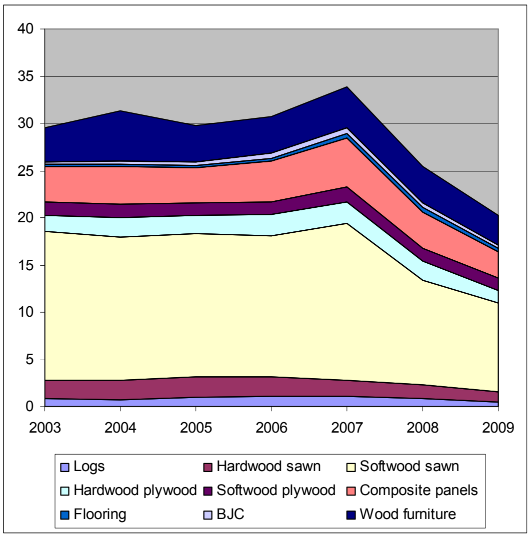
2.3 Imported wood supply

2.3.1 Overview

Charts 5 and 6 show recent trends in UK imports of wood products by major product group. In RWE terms, it is not possible to discern any significant changes in the overall share of different wood products during the 2003 to 2009 period. U.K. wood product imports are dominated by softwood sawn lumber (accounting for around 50%), while softwood plywood and composite panels (also derived mainly from softwood logs) account for a further 6% and 14% respectively. The largest hardwood imports are made up of plywood, which contribute around 7% of total UK wood supply, while hardwood sawn lumber contributes a further 6%. In RWE terms, wood furniture contributes around 15% of total UK wood product imports.

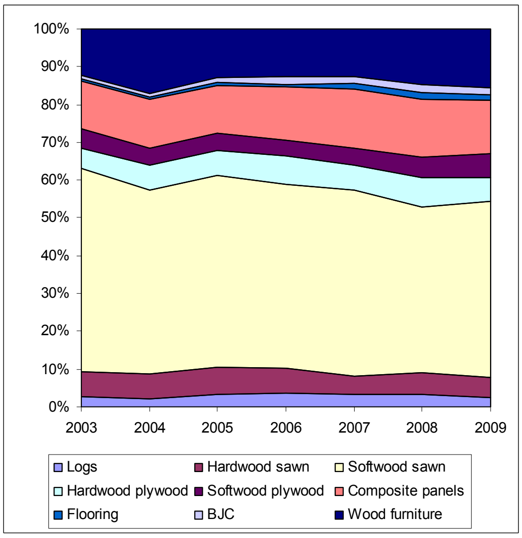
Trends relating to individual product groups are analysed in more detail below. Wood flooring and "builders, joinery and carpentry" (BJC), which includes products such as pre-finished windows and doors, form only a minor component of overall UK wood imports and are therefore not considered. These products are mainly manufactured in the UK from domestic or imported wood raw material.

Chart 5: UK wood products imports by major product group 2003-2009 (1000 m3 RWE)



Source: FII Ltd analysis of Eurostat

Chart 6: UK wood products imports by major product group 2003-2009 (% share)



Source: FII Ltd analysis of Eurostat

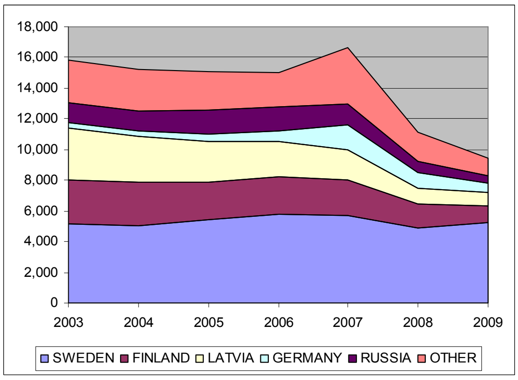
2.3.2 Softwood sawn lumber

UK sawn softwood imports derive from temperate and boreal regions, around 90% from other EU countries where levels of certification are high and have been rising. Exposure to certified sawn softwood in UK imports had risen from around 60% in 2003 to close to 80% by end 2009. TTF suggest that the rising trend in actual deliveries of imported certified sawn softwood products to the UK has been even steeper, increasing from 57.8% in 2005 to 91.3% in 2009.

The rise in certified softwood has been aided by the growing strength of Scandinavian countries and Germany – where certification is now very extensive - in the supply of this commodity to the UK. This switching of supply has also seen a reduction in the volume of softwood imported from Russia where certification is less extensive. However the rise in UK trade in certified sawn softwood products is also strongly indicative of UK softwood importers and manufacturers embracing certification as an integral part of their product offering – a trend which coincides with the period of CPETs operation and for which it is very likely that the UK Government's TPP and CPET are at least partly, if not primarily, responsible.

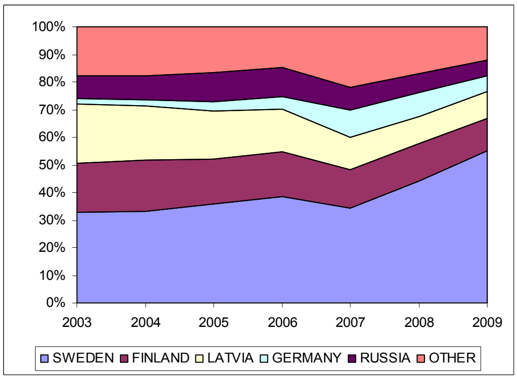
Given the high reliance of the softwood sector on supply countries with relatively good forest governance, the risk of trade in illegally harvested material has never been high. Chart 10 indicates that risk of exposure to suspicious wood supply declined to negligible levels by 2009.

Chart 7: sawn softwood imports by major supply country 2003-2009 (1000 m3 RWE)



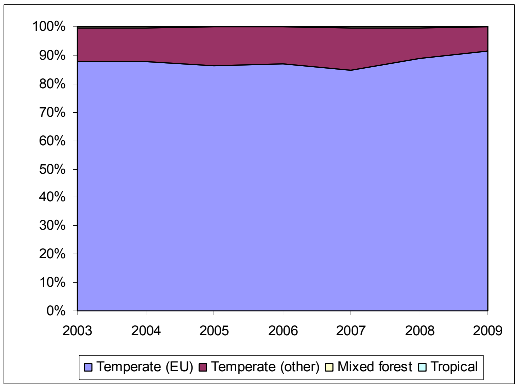
Source: FII Ltd analysis of Eurostat

Chart 8: sawn softwood imports by major supply country 2003-2009 (% share)



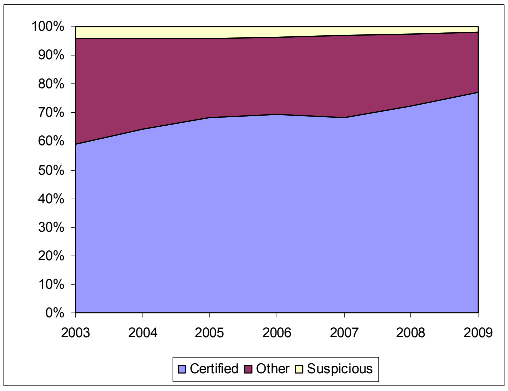
Source: FII Ltd analysis of Eurostat

Chart 9: sawn softwood imports by major source region 2003-2009 (% share)



Source: FII Ltd analysis of Eurostat

Chart 10: % exposure to suspicious and certified wood in sawn softwood imports

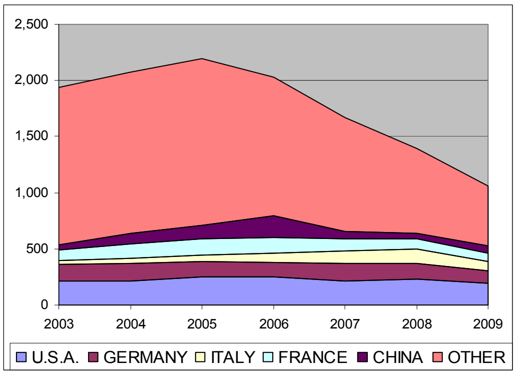


Source: FII Ltd analysis of various sources (see Annex)

2.3.3 Hardwood sawn lumber

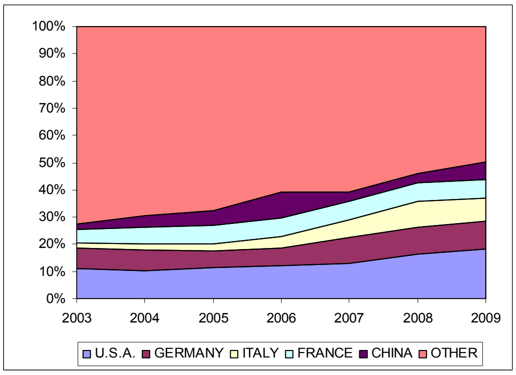
The hardwood sawn lumber sector is hugely diverse and considerably fragmented. The UK imports sawn hardwood products from upwards of 80 different countries every year, with only a very few (notably the U.S., Germany, Italy and France) making a significant contribution to overall supply. Around 50% of supply derives from other EU countries, 20% from non-EU temperate regions (mainly the US), and 20% from tropical regions. Products "mixed forest zones" – mainly Brazil and China – account for a further 10%.

Chart 11: sawn hardwood imports by major supply country 2003-2009 (1000 m3 RWE)



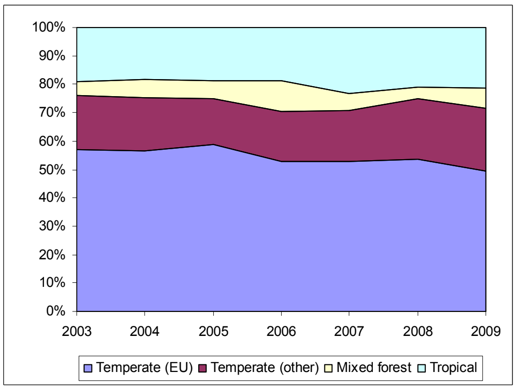
Source: FII Ltd analysis of Eurostat

Chart 12: sawn hardwood imports by major supply country 2003-2009 (% share)



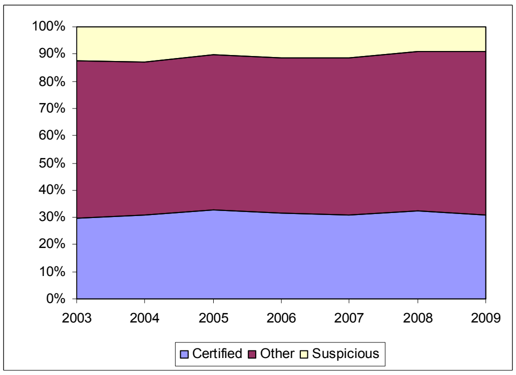
Source: FII Ltd analysis of Eurostat

Chart 13: sawn hardwood imports by major source region 2003-2009 (% share)



Source: FII Ltd analysis of Eurostat

Chart 14: % exposure to suspicious and certified wood in sawn hardwood imports



Source: FII Ltd analysis of various sources (see Annex)

Despite the UK Government's TPP, the efforts of CPET and some high profile NGO campaigns targeting tropical wood supplies, the data suggests that consumer demand has yet to have any strong impact on levels of certification or risk of exposure to suspicious sawn hardwood supplies (Chart 13). In 2005, the TTF estimated that 10.7% of UK sawn hardwood imports were certified under one or other of the recognised certification schemes. In 2008, this had risen slightly to an estimated 15.9% of imports but was still very much in the minority.

To some extent this reflects lack of availability. A relatively large proportion of temperate hardwood derives from small private non-industrial land-owners in Europe and North America that have low awareness of forest certification and, as they may harvest only once in a generation, little incentive to pursue forest certification. Meanwhile lack of financial incentives, appropriate infra-structure, and poor governance continue to impede certification in the tropics.

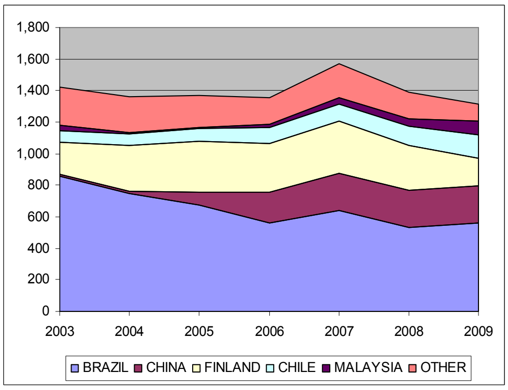
The ability of public sector procurement to influence this sector may also be more limited. Hardwood products are generally higher value and more niche than softwood products and often destined for market sectors less influenced by public sector procurement – such as higher value windows, doors, cabinetry, furniture and decorative panels. Companies engaged in the hardwood importing and joinery trades tend to be smaller than those engaged in the large softwood commodity trade and less easy to reach.

This relative lack of public sector influence may explain why concerns about the potential discriminatory impact of public sector procurement – for example the potential to exclude developing world or small non-industrial producers – are not visible in the trade data.

2.3.4 Softwood plywood

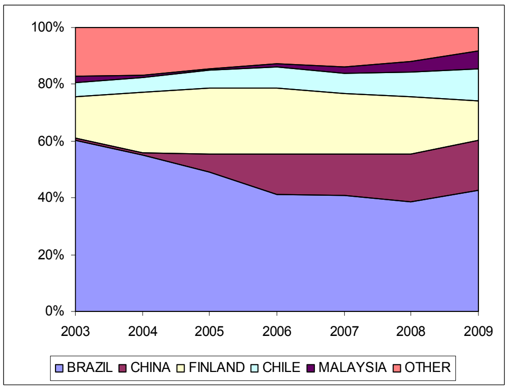
The key shift in the UK softwood plywood sector during the 2003 to 2009 period was a progressive erosion of Brazil's market share from around 60% to 40%. Finland has also lost market share in recent times. China has been the main beneficiary of this trend as it has progressively increased share from negligible levels in 2004 to nearly 20%. Chile and Malaysia have also been taking share. Another notable feature of the softwood plywood trade is that imports have held up surprisingly well during the recessionary period

Chart 15: softwood plywood imports by major supply country 2003-2009 (1000 m3 RWE)



Source: FII Ltd analysis of Eurostat

Chart 16: softwood plywood imports by major supply country 2003-2009 (% share)



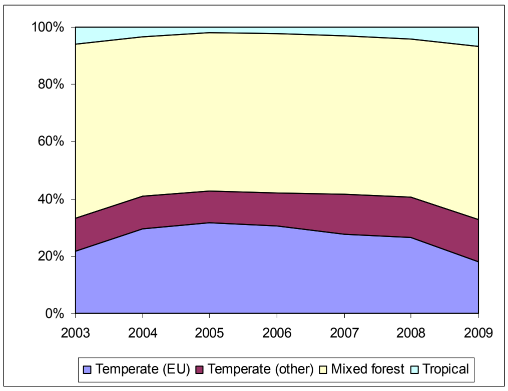
Source: FII Ltd analysis of Eurostat

All these trends are explicable without any reference to CPET or broader environmental procurement practices. Currency fluctuations have been critical, the strength of the Brazilian real and the euro respectively have been important factors undermining competitiveness of Brazilian and Finnish softwood plywood. The emergence of China and Malaysia in the softwood plywood trade is a reflection of the strong manufacturing base of these countries and declining availability of hardwoods in the Far East region. Lack of hardwood availability has been an

important factor encouraging partial substitution of hardwood plywood for softwood plywood and helped maintain sales of the latter during the recession.

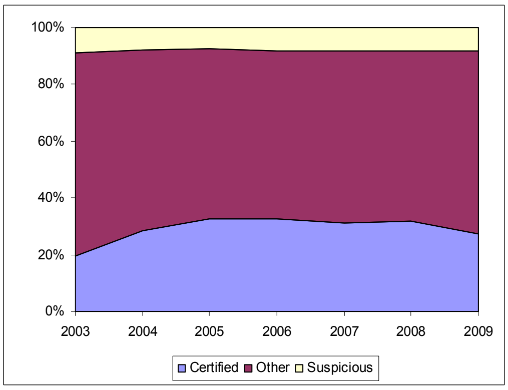
Nevertheless, emerging demand for certified products in the UK, assisted by the UK Government's TPP and CPET, may be having some effect. TTF surveys indicate that in 2005 an estimated 46.5% of UK softwood plywood imports were certified under one or other of the recognised certification schemes. In 2008, this had risen to an estimated 58.8% of imports. This is a considerably higher proportion than would be expected from the figures for "exposure to certified wood", suggesting UK traders are adopting a pro-active approach to obtain higher volumes of certified product. Generally higher availability of certified product in the softwood as opposed to the hardwood sector may be one factor boosting imports of softwood plywood during the recession.

Chart 17: softwood plywood imports by major source region 2003-2009 (% share)



Source: FII Ltd analysis of Eurostat

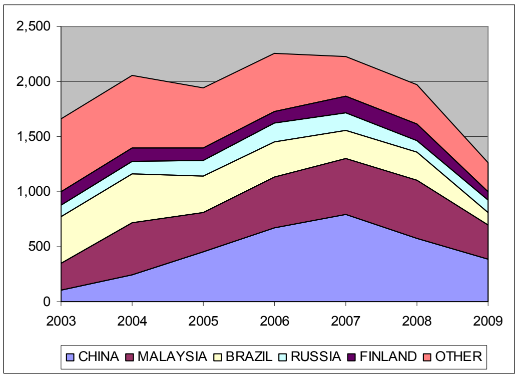
Chart 18: % exposure to suspicious and certified wood in softwood plywood imports



Source: FII Ltd analysis of various sources (see Annex)

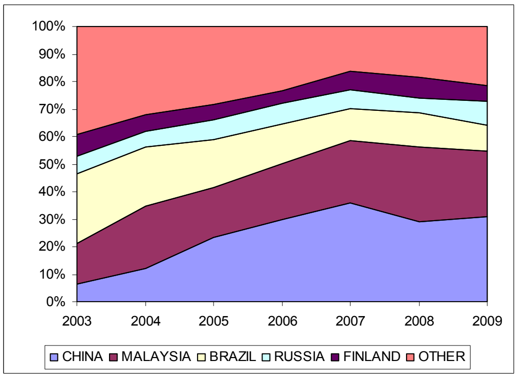
2.3.5 Hardwood plywood and veneers

Chart 19: hardwood plywood imports by major supply country 2003-2009 (1000 m3 RWE)



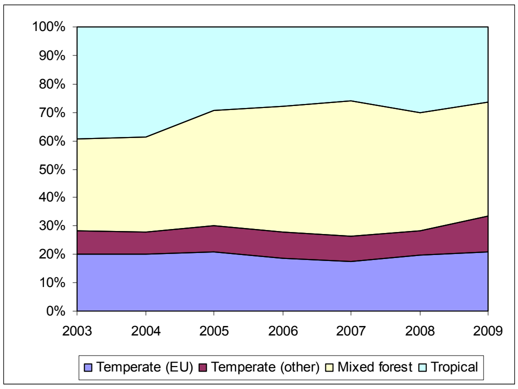
Source: FII Ltd analysis of Eurostat

Chart 20: hardwood plywood imports by major supply country 2003-2009 (% share)



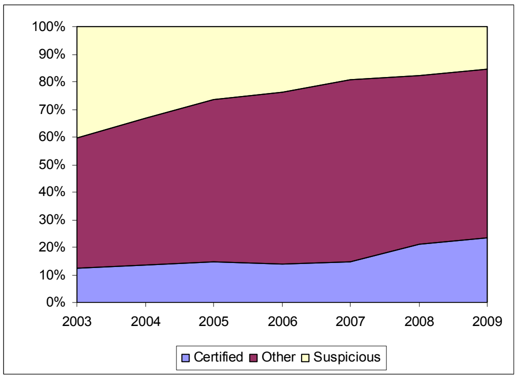
Source: FII Ltd analysis of Eurostat

Chart 21: hardwood plywood imports by major source region 2003-2009 (% share)



Source: FII Ltd analysis of Eurostat

Chart 22: % exposure to suspicious and certified wood in hardwood plywood imports



Source: FII Ltd analysis of various sources

Some of the most dramatic changes in UK trade patterns in recent years have been in the hardwood plywood sector. These are due to a combination of: declining wood availability in the Far East and Brazil – partly driven by efforts to improve governance and reduce illegal logging; the evolving role of China in global plywood supply; and NGO campaigns targeting imports of tropical hardwood plywood (plywood accounts for by far the largest volume of tropical wood entering the UK).

Overall UK imports of plywood have been volatile in recent times, rising between 2003 and 2007 and then falling away dramatically with the onset of recession (Chart 19). Throughout this period China has been gaining market share, rising from around 7% in 2003 to reach a peak of 35% in 2007. Rising costs in China and declining hardwood availability, possibly exacerbated by relative lack of certified product, slowed China's rise in the UK hardwood plywood market in 2008. More recently however, there are indications that the rise in Chinese market penetration has resumed, boosted by Chinese manufacturers continuing ability to offer considerably lower prices during the recession than Malaysia, the main competitor. While there has been some increase in availability of certified Chinese hardwood plywood, traders interviewed by the TTJ in September 2010 complained that much of the product continued to be imported and used without appropriate consideration for either technical or environmental standards.

Surveys for the TTF undertaken between 2005 and 2009 indicated a continuing split in the UK plywood trade between the large distributors and builders' merchants - that are committed to far-reaching green procurement policies partly in response to government procurement policy – and smaller importers that are generally less committed. The latter, which account for a significant share of the total UK plywood market, have been under much less pressure to develop environmental procurement policies and have therefore focused their purchases of tropical red wood faced plywood on China due to the significant price advantages.

The commitment of the larger distributors to certified product has boosted prospects for Malaysian shippers that have been well placed to offer a high quality MTCC certified product in consistent commercial volumes at a reasonably competitive price. Availability of MTCC certified plywood from Malaysia gradually improved over the 2003 to 2009, driven to a large extent by

emerging UK demand. Malaysia also started producing an FSC certified product comprising a tropical hardwood face with a New Zealand radiata pine core.

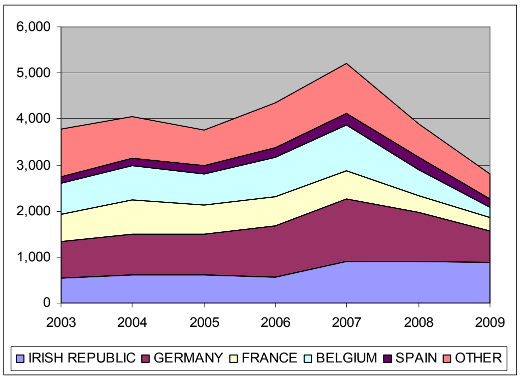
Over the 2003 to 2009 period, currency fluctuations, rising production costs and declining hardwood availability in the face of government crackdowns on illegal logging, led to a sharp reduction in the supply of Brazilian hardwood plywood to the UK. Meanwhile Indonesia has largely fallen out of the picture due to tightening log supplies and its inability to compete on price with China or to offer significant volumes of "legally verified" product to the larger distributors at prices comparable to Malaysia. Although FSC material has been available from Indonesia in small volumes, prices have been too high for most buyers.

Despite these problems, the data suggests real progress to improve the environmental credentials of UK hardwood plywood imports. TTF surveys suggest that the proportion of UK hardwood plywood imports that are certified increased from 23.8% in 2005 to 34.2% in 2008. Chart 22 indicates that UK exposure to suspicious tropical hardwood plywood has fallen dramatically due to a decline in dependence on Brazil and Indonesia and improving governance in those countries, and increased availability of certified supply, particularly in Malaysia.

2.3.6 Composite panels

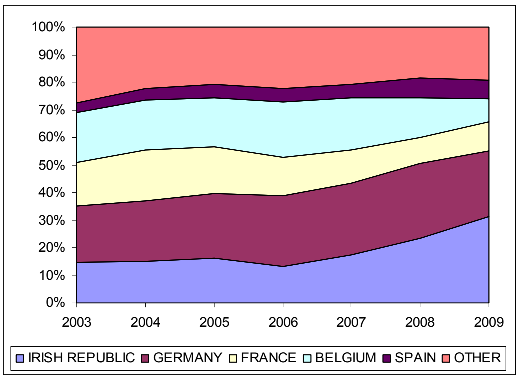
The vast majority of UK imports of composite panels (particle board, OSB and MDF) are derived from other EU countries, with the Irish Republic, Germany, Belgium and France the leading suppliers. Like UK production of this commodity, just about all imports are now certified. TTF surveys indicate that in 2005, 81.0% and 87.6% of UK imports of particleboard and MDF respectively were certified under one or other of the recognised certification schemes. In 2008, this had risen to an estimated 99.7% and 96.1% of imports respectively.

Chart 23: composite panel imports by major supply country 2003-2009 (1000 m3 RWE)



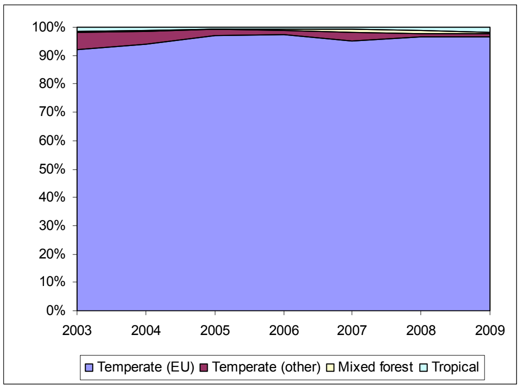
Source: FII Ltd analysis of Eurostat

Chart 24: composite panel imports by major supply country 2003-2009 (% share)



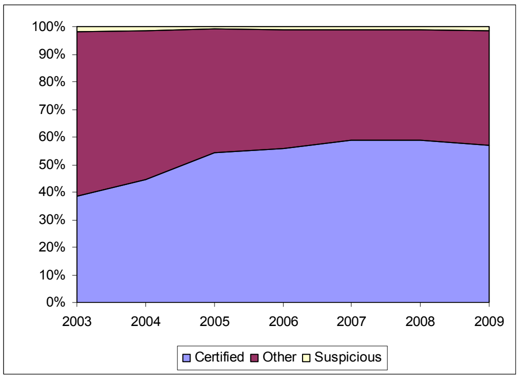
Source: FII Ltd analysis of Eurostat

Chart 25: composite panel imports by major source region 2003-2009 (% share)



Source: FII Ltd analysis of Eurostat

Chart 26: % exposure to suspicious and certified wood in composite panel imports



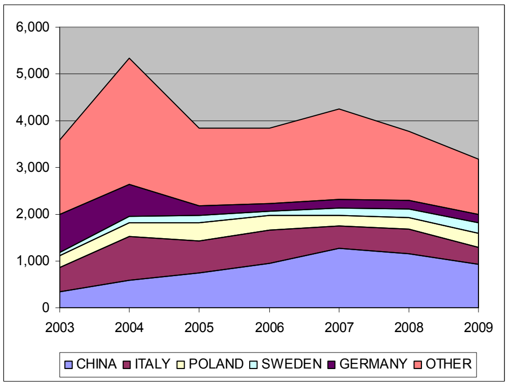
Source: FII Ltd analysis of various sources (see Annex)

2.3.7 Wood furniture

Wood furniture accounts for a significant share of total UK wood product imports, around 15% on a RWE basis. The major trend in this sector over the last decade has been steady growth in imports from China, largely at the expense of EU suppliers (Charts 27 and 28). China's share of overall imports increased from around 8% to 25% between 2003 and 2009.

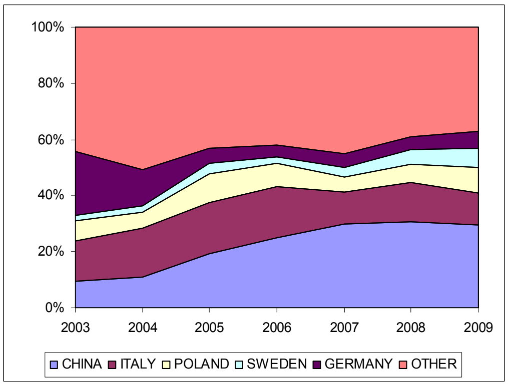
There is a significant division in the sector between the interiors sector (dominated by EU and Chinese suppliers) and the much smaller exteriors sector where tropical wood has been important. A rising proportion of furniture products are being imported from tropical countries (Chart 29) which now account for around 15% of total UK wood furniture imports. However a significant and probably rising proportion of this will comprise interior products manufactured in tropical countries either from plantation grown rubberwood or imported temperate hardwoods, rather than from native tropical hardwood species. A declining proportion is likely to comprise tropical hardwood exterior products which have been coming under intensifying competitive pressure from alternative non-wood products (such as aluminium and plastics).

Chart 27: wood furniture imports by major supply country 2003-2009 (1000 m3 RWE)



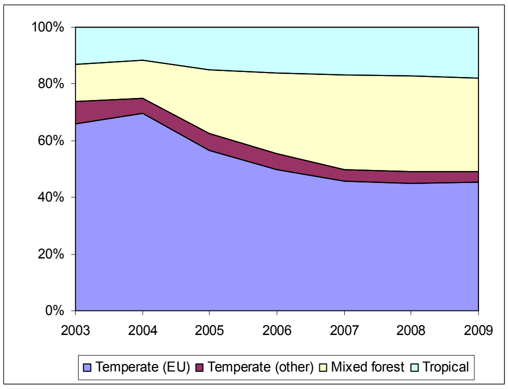
Source: FII Ltd analysis of Eurostat

Chart 28: wood furniture imports by major supply country 2003-2009 (% share)



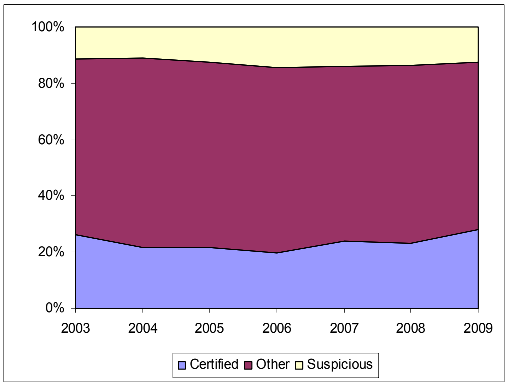
Source: FII Ltd analysis of Eurostat

Chart 29: wood furniture imports by major source region 2003-2009 (% share)



Source: FII Ltd analysis of Eurostat

Chart 30: % exposure to suspicious and certified wood in wood furniture imports



Source: FII Ltd analysis of various sources (see Annex)

Previous research based on interviews with furniture retailers[37], indicates that environmental concerns related to timber sourcing have been a critical issue for suppliers of exterior furniture products for many years following high-profile Greenpeace campaigns in the mid-1990s. As a result most major companies involved in the exterior furniture trade have devised responsible timber sourcing programmes. Companies such as B&Q, Homebase, Focus, Laura Ashley, John Lewis and Argos have all made far-reaching commitments to sourcing specifically FSC certified garden furniture products. In the words of a large garden furniture importer supplying Laura Ashley Outdoor Living "all the product we supply now has to be FSC certified, it's too dangerous to do anything else".

The situation in the interior furniture sector is very different. TTF market surveys suggest the UK interiors furniture market as a whole has not come under significant pressure from its customers – which are dominated by private individuals – to demonstrate that wood comes from legal and sustainable sources. A representative of the Furniture Industry Research Association (FIRA) interviewed for a TTF study in 2008 said with respect to interior furniture that "nobody is asking the question (about sourcing) at the point of sale". Furthermore, a significant proportion of interior furniture is sold in the UK through smaller local retailers, few of which are believed to be engaged in the environmental issue.

TTF surveys have also highlighted that the overall impact of public sector procurement policy on furniture sector demand in the UK is relatively restricted and highly focused on particular sections of the market. For example, UK public sector demand is believed to account for between 30% and 50% of the UK office furniture market. However, the only other sector of the UK furniture market significantly influenced by public sector demand is the kitchen cabinet sector which supplies a small proportion of product into social housing. It is reported that in

[37] EU market conditions for "verified legal" and "verified legal and sustainable" wood products, FII Ltd for Timber Trade Federation and Department for International Development, 2009

these sectors, the Office of Government Commerce (OGC) has increased interest in environmental timber sourcing[38].

3. Summary

While the public sector represents only a relatively small proportion of the overall market, the data available suggests that public sector procurement is an important extra driver of demand for certified wood products in certain sectors of the UK market, notably the sawn softwood sector and hardwood plywood sectors.

The data presented generally confirms the picture of increased UK awareness and consumption of certified wood products during the period of operation of the UK government timber procurement policy. The UK also appears to be absorbing a larger volume of certified wood raw material than would be expected as a result just of supplier-driven efforts to increase the area of certified forest. This has been mirrored by a decline in the UK's overall level of "exposure to suspicious wood" from around 7% of total wood supply in 2003 to 5% of total wood supply in 2009.

Concerns that government procurement policy might lead to discrimination against producers in the developing world are not borne out by this data. These producers have at least maintained their share of overall UK wood market during the period of operation of the policy.

Despite signs of overall progress to improve the environmental performance of wood product supplies, there are significant sectors where progress has been slower, notably the sawn hardwood and wood furniture sectors. This may be partly explained by lack of public sector leverage in the markets in question. However there are also significant structural obstacles to increasing levels of certification in these sectors, for example the highly fragmented nature of forest ownership in some hardwood supplying areas, and the complexity of products and supply chains in the wood furniture sector.

The emergence of China as an important supply area offering product at highly competitive prices has tended to increase the complexity of supply chains and the challenges associated with achieving certification.

Despite significant progress to increase the proportion of verifiable legal and sustainable timber delivered to the UK, the data presented here suggests wood may be losing market share in the construction sector.

[38] EU market conditions for "verified legal" and "verified legal and sustainable" wood products, FII Ltd for Timber Trade Federation and Department for International Development, 2009

Annex 2: Quotes and interesting anecdotes

Generic quotes

Unless customer demands certified we don't guarantee that it is even though it is, as we sell 80% at least certified. So we don't put it on the delivery note as it costs more to provide evidence trail.

Certification is not law. Certification is compliance with law. It's about enforcement.

Too much focus on and emphasis on schemes and trying to use schemes to do everything and should focus on what we're meant to do. Need to realise the limitations of the schemes

Paper exercise as pushing standards to be responsible for things that they can't be but do need to keep evolving and address changes as they arise

Lack of appreciation of time involved and we are at the whim of CPET

The timber procurement policies are good for industry and filters down to private sector and certification schemes.

There has been a growth of COC, increase demand. But for forest management – still have more to do.

Need to have some faith in certification schemes. Review at ground level of CBs and accreditation bodies. It is the role of certification schemes.

CPET endorsement benefits our members and increases use.

CPET has helped get market acceptance in the UK and is very important. Relationship with CPET is excellent now.

CPET provides accountability and provides a lot of legitimacy in market place.

CPET's assessment took the heat out of the debate by accepting PEFC and FSC. This made it easier for companies

Independence of the CPET assessment took away subjectivity

Category B just frustrates industry and policy is discriminatory in areas where PEFC and FSC is not available, especially if SME.

Can't imagine a world without CPET -its essential to implementing govt policy. Without it would have conflict with stakeholders, CPET gives credibility.

Could CPET be integrated into other products and procurement processes?

Procurement personnel

"Biggest problem is generally policing. We are efficient at deriving policy but not so good at policing, monitoring, enforcement. This comment came from an internal audit. We simply don't have the manpower to enforce. There is no checking on site. Priority is placed on sourcing sustainable hardwoods as these are the highest risk area rather than softwoods." (Sustainable Procurement personnel, Central Government Department)

Supplier situation

This has varied from supplier to supplier. The best suppliers regard this as an opportunity – a chance to set themselves ahead of their competitors by responding in the most positive way" (Sustainable Procurement personnel, Public sector)

"In very general terms I would say that most large suppliers are reasonably well-equipped to meet the policy. In terms of Small/Medium enterprises, the readiness and capacity of suppliers varies considerably, with some small companies being at the very forefront, but others lagging badly behind and having a very poor understanding. It is hoped that, at least in terms of our local SME community, our programme of supplier engagement will help address this." (Sustainable Procurement personnel, Public sector)

No supply issues currently encountered. "Availability of certified timber products is now much better. Generally now if an FM contractor states they cannot supply a certified form of a common product they are lying. Whereas 4 years ago there were still some availability issues." (Sustainable Procurement personnel, Central Government Department)

"Current suppliers generally good. For virgin timber contractor 2006 analysis demonstrated that only 40% compliant. In 2008/09 better than 90% compliant." (Sustainable Procurement personnel, Central Government Department).

Change over time

"Over the years, suppliers have moved from a position of resistance, to reluctance and now some use it as a positive selling point (value added) stating that 'we can deliver on sustainable timber requirements but other cheap suppliers cannot'."

In several cases the consultee within the public sector organization had arranged for CPET to provide an on-site training event for their suppliers.

Use & effectiveness of CPET

"CPET have proved to provide a quality service and consistently under promise and over deliver with relatively little internal resource. They consistently provide a same day response to queries and are consistently helpful, supportive" (Procurement Manager, Public sector)

"CPET has ensured consistency in timber procurement policies across the public sector and reduced the amount of resources needed to develop our own approach" (Procurement Manager, Executive Agency)

"Sofie Tind Neilson is highly respected across [our organization] and she has an 'infectious' can do / will do attitude that makes the whole agenda 'interesting'! A much valued 'Change Agent'

…”. (Procurement Manager, Public sector)

“Other Government Departments could certainly learn from CPET's customer care approach, transparency, drive, ambition and sheer determination to make a difference. CPET always get to know their audience, understand customer needs and wants, never allow themselves to be complacent, actively listen and learn, use limited resources effectively” (Procurement Manager, Public sector)

Think CPET is currently USEFUL but question now is it a ‘nice to have’? Is the cost justifiable? “It’s a very good example of how to support a particular issue and think they’ve done it well but if bring in other sustainable procurement issues then its not viable to scale it up to other issues”. Things have progressed on sustainable timber procurement so that its now almost standard practice and have to ask for other sustainable procurement issues is the CPET model the best value for money?

WEBSITE: “Good ~ navigation could be slightly easier, couldn’t always find what looking for very easily. Documents would benefit from outline requirements in sketch format.” (Policy Manager, Public sector)

TRAINING: “The excercises and ‘what if’ scenarios in the training course were especially good”. This was a common theme amongst consultees and via the training feedback forms.

HELPLINE: CPET personnel “always come back with answer and guidance”, “may have to wait sometimes but never had a query unanswered”.

1. How would your organisation implement the timber procurement policy if:
   - The assessment of certification schemes against the government’s criteria didn’t exist?

“We would have to rely on our own methodology and the sharing of best practice with other relevant public sector bodies.” (Sustainable Procurement personnel, Public sector)

   - CPET didn’t exist?

“We probably wouldn’t! As other priorities would prevail. It will be very unfortunate if CPET was abolished as this is one central Government service that Government have got right!” (Procurement Manager, Public sector)

“It probably wouldn’t because it would not have been made aware of the policy” (Sustainability Manager, Central Government Department)

“We would have developed and implemented our own policy but it would have been a bit of a slow and tortuous path and used up a lot of internal resource if CPET didn’t exist.” (Procurement Manager, Executive Agency)

“We would probably request FSC or PEFC and impose a certifying procedure. There is much less category B evidence now.” (Sustainable Procurement personnel, Central Government Department)

“Clearly its more efficient to have the assessment of certification schemes once” rather than repeated by different public sector organizations. However, if CPET didn’t exist then “we could manage it” probably by adopting a policy of “FSC or equivalent” although “would need a call on submission of equivalence”. He explained that the opinion that they could manage it is a reflection of the fact that they don’t purchase a lot of timber and the products they do purchase are quite common (and therefore envisage that FSC certified would usually be available to facilitate a policy of FSC or equivalent). He commented that “I can imagine for departments who purchase a lot of timber it would be a sad loss” [if CPET didn’t exist].

Going Forward

“CPET have done a sterling job and are a one stop shop therefore no additional help has ever been required” (Procurement Manager, Public sector)

“Professional bodies, eg CIPS, BIFM and Government Department’s such as OGC in particular CESP should be actively promoting the policy to its members. High profile’ organisations eg Forestry Commission should be encouraged to lead by example.” (Sustainability Manager, Central Government Department)

“It would perhaps be useful to get CIPFA involved so that elements of timber policy could be brought into their programmes, especially their Performance Improvement Network which delivers seminars and training on commissioning and procurement which are to a very high quality indeed.” (Sustainable Procurement personnel, Public sector)

2. What are the main barriers that still exist to achieving 100% compliance with the government’s timber procurement policy in all spend categories?

Lack of political will / Lack of senior management support and provision of resources to audit and enforce (Sustainability personnel, Public sector)

3. How do you think these could be overcome?

“Making it a legislative requirement [for all public sector organisations]”

“If going to mandate it [sustainable timber requirements or GBS], need to have some mechanism for validating that people are actually meeting that mandate. How and who am not sure, whether this be self-declaration or an audit, particularly if published – that is ultimately what is needed to enforce it.” (Sustainable Procurement personnel, Central Government Department)

“Model contract and clauses to be made available for procurement and FM professionals” (Sustainability Manager, Central Government Department). Note this implies that the consultee was not aware of the model contract clauses available on the CPET website (despite being a user of the website).

4. Would you like to make any other comments or raise issues we have not covered in this discussion?

If departments start to rely increasingly on Buying Solutions and similar call off contracts then "the CPET model may become less relevant because fewer people will be contracting" and the role of the procuring organization (eg Buying Solutions) should become greater. It would be the responsibility of the contracting authority to make sure the contractor was meeting the requirements of the contract. Buying Solutions could do sampling. (Sustainable Procurement personnel, Central Government Department)

"I think it is only a matter of time before Local Authorities jump on the bandwagon and adopt sustainable timber procurement policies. I know that Local Authorities in the Midlands, Manchester and Liverpool are thinking of changing their procurement policies. There is a big increase in demand for woodchip for local school boilers" (Policy Manager, Public sector)