



Fact sheet

Fairtrade and FSC joint labelling

Bringing fair prices & new market opportunities to FSC small-holder forest enterprises



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Fairtrade Labelling Organizations International (FLO) and Forest Stewardship Council (FSC) International Center have launched a joint pilot project to help community-based and small-scale timber producers gain visibility in the marketplace while also ensuring they get a fair price for their products.

The Challenge...

Outside of agriculture, forests are one of the most important resources for the world's poorest people to make a living while maintaining their ethnic identities and cultures. Three hundred and fifty million people, including 60 million indigenous people, depend on forests for both their own personal needs and for generating income.

Small and community-based forest enterprises provide valuable forest products to the market and earn much-needed income through forest-based jobs. These enterprises have many different forms and organizational structures around the world: woodlot owners, family forests, small non-industrial private forests, small forest enterprises and community forestry operations are some of the main ones. FSC certification verifies that these enterprises manage the forests according to strict social, environmental and economic standards, and ensure safe working conditions that respect international workers' rights. At the other end of the chain, consumers have the reassurance that any timber product bearing the FSC label has come from well-managed forests or plantations.

While FSC certification provides many benefits, small and community-based forest enterprises frequently have difficulty competing with larger companies in the market. Their small size and relative isolation make it difficult for them to negotiate good prices and access international markets.

At a Glance: FSC Forest Stewardship Council

The most respected worldwide Forest Certification System

FSC labeled sales is estimated at over 20 billion USD

FSC has certified over 130 million hectares of forests in over 80 countries

One of FSC's 5 Strategic Goals is to increase the number and area of certified small and community-based producers.

At a Glance: Fairtrade

The most respected & independent Social & Economic Certification System

827 certified producer organizations

Over 6 million beneficiaries (farmers, workers & their families) across 60 countries

Global Fairtrade product sales value estimated at 3.4 billion Euros in 2009.

High consumer recognition, e.g. 72% awareness of the Fairtrade Mark in the UK

Fairtrade & FSC Respond...

In April 2009 FSC International Center and FLO embarked on a joint pilot project. The project aims to test dual labelling as a way to increase market opportunities for smaller FSC certified forest producers by allowing consumers to identify and buy products that support these producers and their communities.

Stronger together: The combined benefits of Fairtrade & FSC certification

A dual labelling system will allow unique benefits for both producers and consumers:

Benefits for producers

- Fair prices: Instead of trying to set minimum prices for all of the potential types of timber products that might be included in this project, producers will submit their Costs of Sustainable Production within one year of certification. This will be used as a basis for ensuring that the producers receive a fair and stable price for their products.
- Fairtrade Premium: As with all Fairtrade products, timber producers will receive an additional sum of money to be invested in community or business development projects. Given the wide variety of timber products, a minimum percentage has been set as a starting point instead of a fixed premium. Producers and commercial partners will agree on a premium high enough to bring significant benefits to the producer without making the retail price too high to be competitive.
- Market access: Producers who did not previously have direct links with international markets will now sell to major retailers in Europe. This will provide them with valuable commercial experience and contacts.

Benefits for consumers

- Easy recognition of the two labels: Dual use of the two well known and respected labels makes it easier for consumers to identify timber products that have been ethically and sustainably sourced. Furthermore, a 2008 survey of leading timber industries worldwide indicated a preference to use the existing widely respected labelling mechanisms of Fairtrade and FSC rather than a new labelling system.
- Assurance of responsible forestry management: Consumers will know that the product they purchase comes from a forest enterprise that has met high social, environmental, and economic standards.

Steps taken in the project so far....

The project has investigated a wide range of FSC certified producer supply chains in Honduras, Chile, Bolivia, Brazil and Sudan as potential pilot participants. All products will be 100% from small or community-based forest enterprises that are both FSC and Fairtrade certified.

In addition, FLO has developed a new Fairtrade standard for timber, which is designed to complement the FSC Principles and Criteria for Forest Management. FLO-CERT, Fairtrade's independent certification body, is carrying out audits of the five pilot producer organizations this summer.

What happens next....

A number of dual labelled timber products, such as wooden household items, furniture and plywood are expected to appear on store shelves in the UK and Germany during 2011. The latter part of the project will evaluate market response to dual labelled products and the impact on producers. The FSC and FLO Boards of Directors will review the project results and decide whether to move forward with dual labelling and/or to work on a process for dual certification.

For further information about this pilot project, please contact:

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Fairtrade Labelling Organizations International (FLO) is a non-profit multi-stakeholder organization. FLO is responsible for the strategic direction of Fairtrade, the Fairtrade standards and producer support. The FAIRTRADE Certification Mark is a registered trademark of FLO which shows that a product meets international Fairtrade standards. Find out more at www.fairtrade.net.

FSC is an independent, non-governmental, not for profit organization established to promote the responsible management of the world's forests. It provides standard setting, trademark assurance and accreditation services to companies and organizations interested in responsible forestry. Products carrying the FSC label are independently certified to assure consumers that they come from forests that are managed to meet the social, economic and ecological needs of present and future generations. FSC rules and procedures are developed through strong multi-stakeholder processes. They are supported and endorsed by social, environmental and economic constituents in the Global South and Global North alike. Find more information at www.fsc.org.