

CUSTODY BATTLE

The FSC is introducing the biggest ever overhaul of its chain of custody procedure, at precisely the point that some in paper and print are beginning to question the need for the system alongside the EU Timber Regulation.

The FSC argues that the change is necessary because some users, in overseas places, have been tempted to “over quantify” their claims of FSC input material, which inflates the overall quantities of FSC timber and related products and makes it tough for CoC auditors to reconcile their spreadsheets. It matters not that the problem relates more to the timber industry than paper, to producers rather than users, nor that there are no figures to measure this discrepancy.

The FSC has come up with a solution and it must be used by all CoC holders, new holders from 1 January next year and by 1 January 2015 for existing CoC holders. This of course includes print companies and paper merchants.

THE ONLINE CLAIMS PLATFORM will reconcile the amounts of FSC material that are traded all the way along the line, but certificate holders must enter quantities and product type accurately and quickly. Instead of a once a year claim of overall volumes to be checked at the annual audit, users must submit details of papers bought, sold and used every month. The FSC claims the system will be quicker and easier, but those that have tested it have their doubts, diplomatically calling it “over bureaucratic”.

It will be possible to integrate the cloud based application with MIS software being used, but the cost of doing so will be up to the user. Most will chose to manually enter figures into the FSC’s web interface, detailing the quantity and item of each claim, along with country of origin and species. If

As the FSC prepares for a major overhaul of its chain of custody procedure, Stuart Andrews reports from the forest front line.

printers are reluctant to do this, the suggestion is that merchants can do this on their behalf.

That this is causing concern among paper merchants is stating it lightly. The NAPM called a meeting, inviting FSC UK’s Charles Thwaites and Simon Warrick from the Historic Futures developer of the traceability software being used, to explain why the OPC is necessary and how it would work.

Neither was prepared to bend, offering no concessions to the NAPM members or the print sector.

Not only will FSC chain of custody holders have to enter details from every purchase invoice into the FSC OCP software they are then required to check every entry claim that their own customers have made for FSC product sold to them.

PAPER MERCHANTS CALCULATE the manpower cost will be huge, rather than the savings that FSC predicts will accrue. Likewise annual audits are supposed to become easier and therefore less expensive, but again merchants are not convinced.

Some present asked if FSC were making these changes due to the implementation of the EUTR; which is mandatory legislation

requiring due diligence by importers and a process which classes FSC CoC as ‘useful information’ and not a first class solution. Stricter terms for FSC would distance its position further from EUTR, perhaps weakening its value to end customers because the timber regulation is there to prove the legality of the source fibre, which was a key aim that the FSC was set up to tackle.

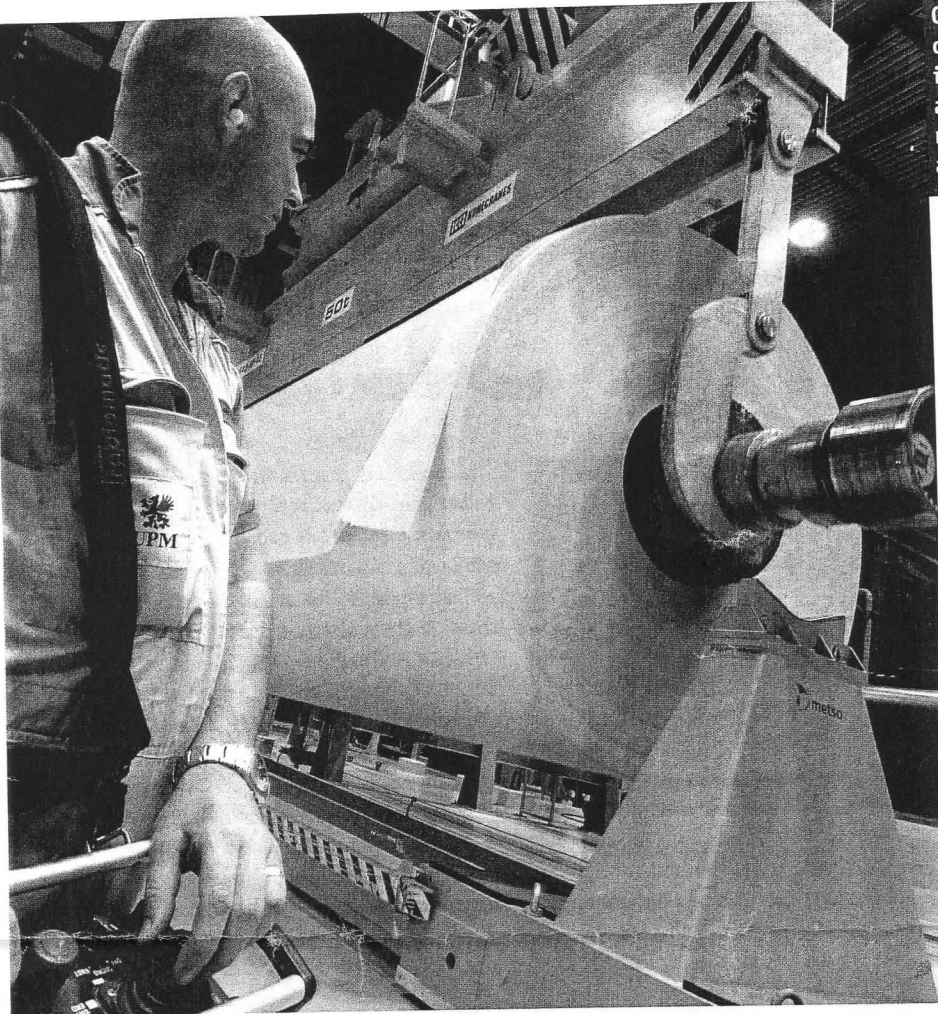
“The members present felt that the cost of the imposition of FSC’s Online Claims Platform was too onerous,” says NAPM director Tim Bowler. “However, the FSC stuck to its guns and feels that FSC is the definitive certification label.”

The FSC had chosen the traceability application without reference to the paper industry where multiple small transactions are the norm rather than fewer transactions to cover larger volumes as might be the case in the timber industry. But here too there have been complaints that the system is being imposed with no consultation and little appreciation of the extra workload involved.

GOULD INTERNATIONAL RECKONS that staff who might spend a couple of days a week on recording FSC transactions will now need to spend the majority of their time loading the system. This comes at a time when merchants are trying to manage their costs in terms of interlinked systems, improved procedures and cut-to-the-bone staffing levels. But with the new FSC system, following on from EUTR, the workload is increasing all the time says Gould’s environmental officer Roger Warwick. “Our focus should be about progress on sales, not on box ticking,” he says. “The EU legal requirements are going to take priority.”

Suggestions that the FSC should concentrate first on the timber sector where volumes are higher than in paper merchandising have

CONVERSION RATES Although the FSC claims that the manpower that goes into maintaining its chain of custody accreditation will be less, paper merchants insist that the reverse is true and the cost will be huge.



also been brushed aside. There seems to be no provision for handling consignment stocks, nor any change in the cost of certification to reflect the work that certificate holders will be doing for the organisation. And should there be a mix up or what FSC calls a 'false entry', there are only 14 days to make the correction. Beta versions of the software have been available since March and testing will run until the end of October.

The NAPM plans to have a further meeting with FSC at around this time, but it is unlikely to change its stance.

BY THEN THE MERCHANTS will have been able to consult with their customers, perhaps suggesting that the costs of the extra administration be passed on to printers and their customers. The alternative is that merchants may pull out of FSC altogether. "Some of our members have wondered about the continuing cost of FSC registration," says Bowler. "And have wondered whether EUTR will be sufficient for many customers, especially in the publishing world."

Already many buyers are happy to know that they are using FSC paper without

applying the logo and CoC number to the job. EUTR provides the guarantee of legality in paper sourcing. Says Bowler: "I think there's a mood against the NGOs, that some of them, especially FSC, have moved away from their original concept as one merchant said to me 'Now it has become a business'."

THE DIFFICULTIES THAT FSC has got itself into have provided an opportunity for the PEFC as a competing forestry management certification scheme to enhance its position within the UK print and paper trade. It was invited to present to the NAPM last month following the FSC meeting and received a warmer though cautious welcome.

It has noted the opportunity to raise awareness of the PEFC brand in the UK market and wants to encourage demand for PEFC certified products. These are not just paper of course, covering timber used in construction as well as in furniture for example. It told the NAPM meeting that it is seeking to engage high profile retail brands to get them to specify PEFC CoC products. It is also targeting public authorities, financial services and the packaging sector. The aim is to encourage these organisations to

consider certification a 'good concept' for business.

The PEFC standards seem to be more inline with the requirements of the EUTR. Rather than impose a system from outside, PEFC seeks to work with national forest management certification schemes. Nevertheless it has altered its overall conditions to bring these in line with EUTR while also going a step further in providing species and origin information that end retailers have asked for. While this may not be mandatory for traders within EUTR, as merchants are defined, most will have this information or access to it via the mills.

Any timber or fibre arriving in the EU with PEFC certification is deemed as negligible risk in terms of due diligence, so certification aids the process and so enhances the status of certified product as this is less hassle for buyers to work with. Its registration and information system software has been sourced from a company already experienced in such schemes, so adaptation for the paper industry has been relatively straightforward.

Certainly the feeling from the NAPM was that the meeting with PEFC was somewhat more positive than the equivalent with FSC, that the PEFC was prepared to be more flexible.

THE QUESTION IS WHETHER the net impact will be that the additional costs and burden of implementing the FSC's OPC system will break the print and paper industry's commitment to that CoC system in favour of the PEFC alternative. The changes to PEFC will require some extra work, but nowhere near as much as the anticipated impact of the FSC's changes. Certainly this issue is going to be on the agenda in the board rooms of a number of merchants in coming months. ■