



Global Market Survey

Forest Stewardship Council®
Report 2012

About FSC

FSC is a global, not-for-profit organization dedicated to the promotion of responsible forest management worldwide. We enable businesses and consumers to make informed choices about the forest products they buy, and drive positive change by engaging the power of market dynamics. Through our membership consensus the **FSC Principles and Criteria** are set, the highest standards of forest management which are environmentally appropriate, socially beneficial and economically viable.

OUR GOVERNANCE

As an international membership association, FSC is governed by its members. These individuals or representatives of institutions and organizations come from diverse backgrounds and include representatives of environmental and social non-governmental organizations, the timber trade, forestry organizations, indigenous people's organizations, community forestry groups, retailers and manufacturers, and forest certification organizations, as well as individual forest owners and interested parties.

Members apply to join one of three chambers of the General Assembly – environmental, social and economic. The chambers are further sub-divided into Northern and Southern sub-chambers. To guarantee that influence is shared equitably between different interest groups and levels of economic power, the votes of the General Assembly are weighted so that each chamber holds exactly one third. Within each chamber, votes are weighted to ensure equal distribution between North and South.

OUR MISSION

The Forest Stewardship Council A.C. (FSC) shall promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

OUR VISION

The world's forests meet the social, ecological, and economic rights and needs of the present generation without compromising those of future generations.



TOGETHER FOR RESPONSIBLE FOREST MANAGEMENT

At FSC, we aim to serve our stakeholders, customers and members in finding the solutions that work best for people and forests. After 18 successful years, we are still learning and listening so that we can improve our system to better support a more equal trade system for forest and wood products. In the 2012 Global Market Survey, we asked our certificate holders about their plans for their FSC certification. We were delighted to learn that 98 percent of respondents were planning to renew or keep their FSC certification.

The Global Market Survey is FSC's annual survey of all certificate holders, certified companies and operations, and aims to understand their perceptions of FSC. In 2012, for the third consecutive year, we contacted all of our certificate holders and asked them to share their opinions and thoughts with us. In total, 4,595 of them completed the survey, which is 18.5 per cent of the 24,473 certificate holders, who received the survey. This good response rate has given us extremely valuable insights into their views, and is contributing positively to our decisions about further improving the global FSC system.

The results are an important source of first-hand information for FSC, providing us with an indicator of general market perceptions, of market developments and future trends.

We aim to provide support to find and connect markets for certified products, thus increasing demand for successful FSC certified businesses and supporting them in generating healthy returns.

The results of the 2012 survey show us that in the 18th year of its existence, the FSC system is well-established in global markets. Eighty percent of respondents saw the demand for FSC certified products increasing or staying the same.

We were very pleased to see positive reactions to our work, particularly in response to the survey questions about the EU Timber Regulation, which clearly show how our efforts in providing guidance along the road have proved useful to certificate holders.

One strength of FSC lies in our structure as a global multi-stakeholder system, represented in 44 countries by the FSC Network. To hear back from our customers supports us in our efforts to be of service to our main stakeholder, the forest. We are grateful that once again so many FSC certificate holders have taken the time to respond to the survey, and their effort is much appreciated.

As we constantly strive to improve our work on environmentally appropriate, socially beneficial and economically viable forestry practices, we need to understand our customers' perceptions. So we ask, and we listen. We welcome any feedback that you might have on this report.

Kim Carstensen
FSC Director General



FSC has a global presence, with representations in 80 markets.

Through an unbroken chain of the Forest Management certification (FM) and the Chain of Custody (CoC) certification FSC maintains its system credibility.

Together with 44 National partner organisations we are working to promote responsible forest management and to bring FSC certified products and materials from forests to stores.

Forest Stewardship Council worldwide – where are we today?



24,414

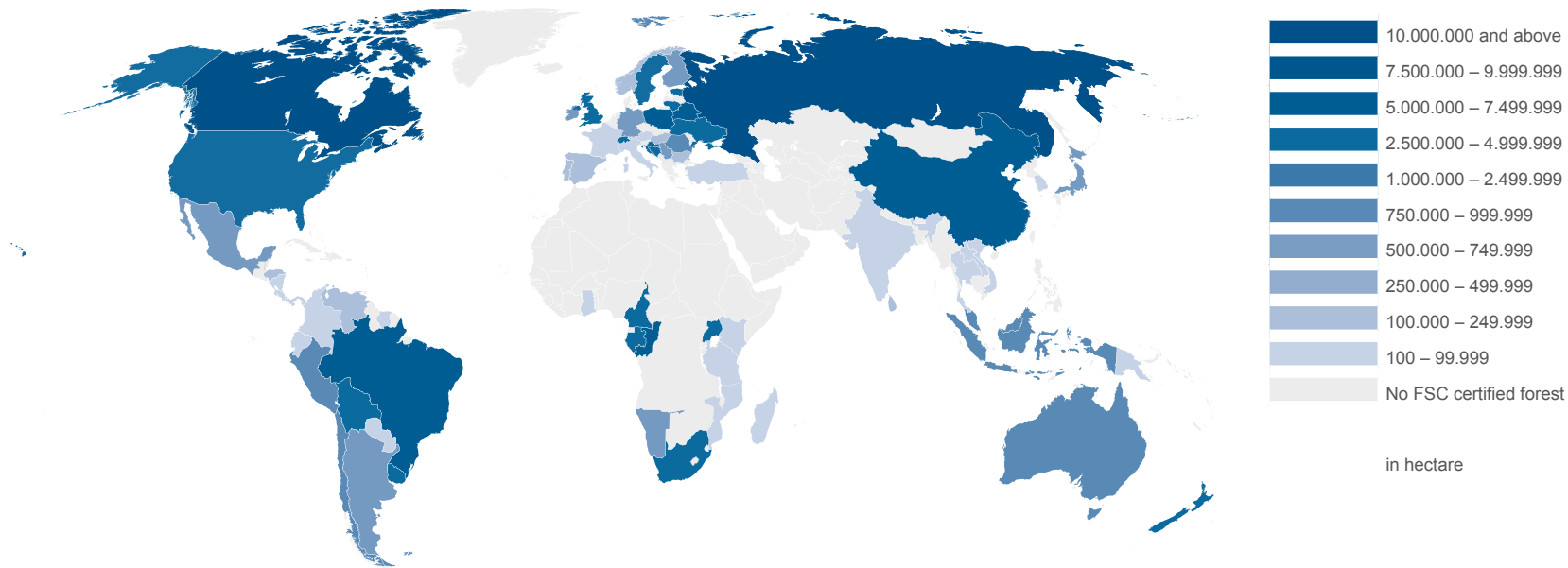
Chain of Custody
certificates



1,172

Forest Management
certificates

→ GLOBAL CERTIFICATES



North America	Europe	Asia
40.74% of total certified areas	43.04% of total certified areas	3.29% of total certified areas
68,975,670 ha	72,871,999 ha	5,576,250 ha
4,535 CoC / 223 FM certificates	12,725 CoC / 471 FM certificates	5,652 CoC / 148 FM certificates
South America & Caribbean	Africa	Oceania
7.23% of total certified areas	4.26% of total certified areas	1.44% of total certified areas
12,240,329 ha	7,215,563 ha	2,444,246 ha
1,270 CoC / 248 FM certificates	153 CoC / 46 FM certificates	450 CoC / 36 FM certificates

171,877,149 ha
certified area worldwide

80
countries

25,957
certificates

Note: All numbers reflect the status quo as of February 2013. CoC: Chain of Custody certificates. FM: Forest Management certificates.

METHODOLOGY

Group and multi-site certificate

The sample consisted of each valid certificate for which a valid email address was provided. In cases where groups and multi-sites share a single certificate, only the group or multi-site manager was contacted.

Languages

The survey was offered in 15 languages: French, English, German, Dutch, Spanish, Portuguese, Brazilian Portuguese, simplified Chinese, Japanese, Korean, Malay, Italian, Russian, Polish and Vietnamese.

Survey

The survey was conducted online by the independent research institute Zentrum für Evaluation und Methoden (ZEM), based at the University of Bonn, Germany.

Data protection

Participation in the survey was on a voluntary basis, and the data FSC received from ZEM was anonymized.

INFORMATION ON FSC CERTIFICATES

Forest Management certification – is awarded to forest managers or owners whose management practices meet the requirements of the FSC Principles and Criteria.

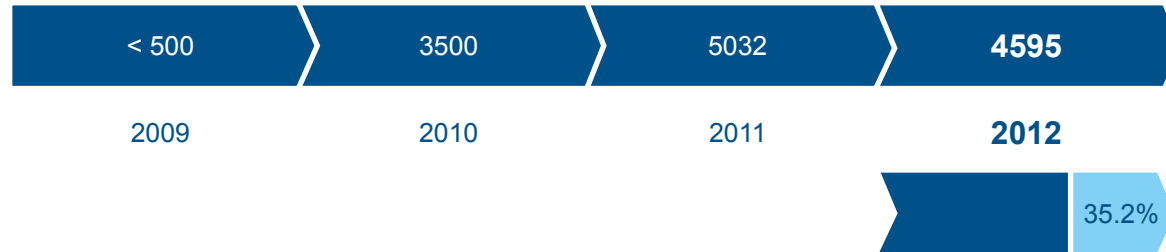
Forest Management/ COC certification – applies to operations with Forest Management certification which sell FSC certified material to customers, providing assurance that the material is certified.

Chain of Custody (CoC) certification – applies to manufacturers, processors and traders of FSC certified forest products. It verifies FSC certified material and products along the production chain.

Controlled Wood certification – is designed to allow organizations to avoid the categories of wood considered unacceptable. FSC Controlled Wood can only be mixed with FSC certified wood in labelled FSC Mix products.

The Global Market Survey at a Glance

→ RESPONSE RATE AND PARTICIPATION



→ PROFILE OF THE RESPONDENTS

In total, 4,595 certificate holders responded to the survey, representing 18.5 percent of the 24,473 certificate holders with valid addresses who were contacted. This response rate represents the FSC certificate holders very well, and allows us to draw conclusions that support our decision making.

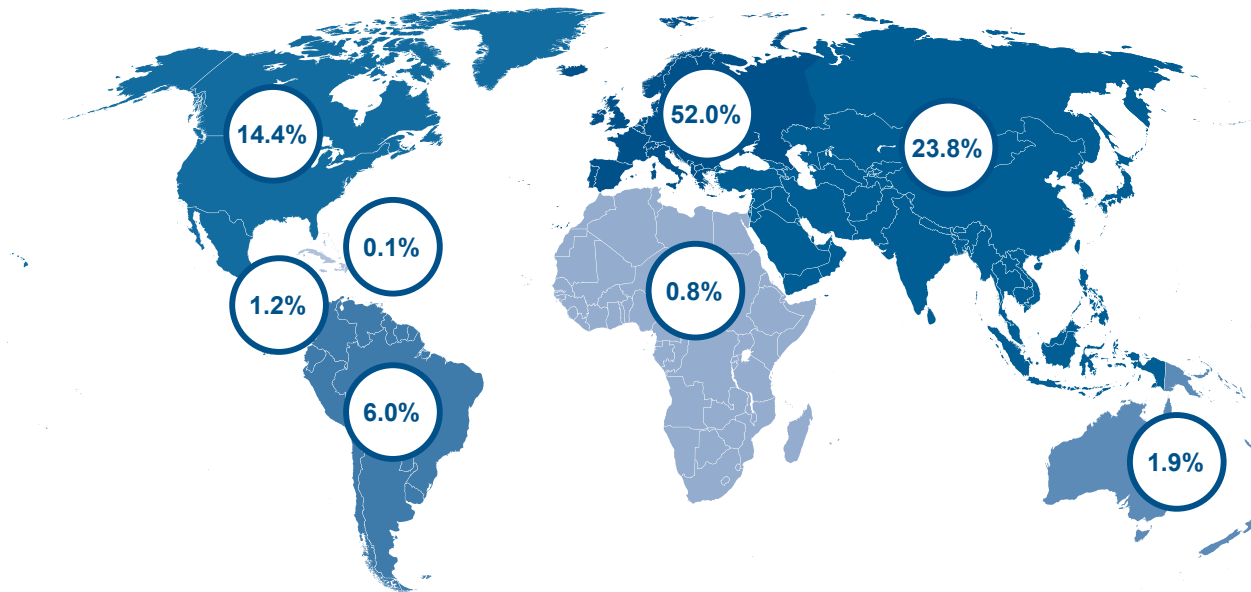
35.2 percent of the 2012 respondents also participated in the 2011 survey. This high level of returning respondents allows FSC to look at longer-term trends.

98 percent of all respondents see the value that FSC certification adds to their products and businesses, and plan to keep their FSC certification.

→ RESPONSE BY REGION

The survey participants are based in 94 different countries, with more than one third responding from countries in the global South.

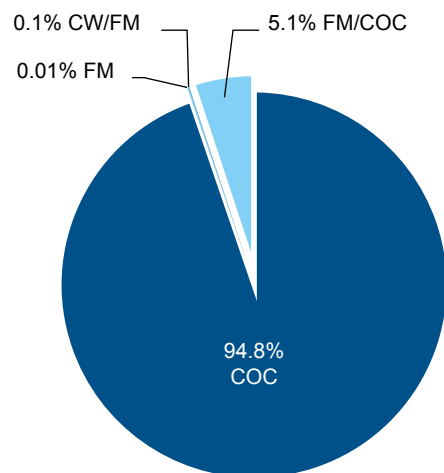
The lowest response rate was from Africa. As a global system, FSC is currently strengthening efforts and infrastructure for operations in Africa, where we are already working with partners and companies in 18 countries.



→ RESPONSE BY CERTIFICATE TYPE

The vast majority of respondents hold CoC certificates. CoC is the most common FSC certification, and has undergone significant recent growth. In December 2012, there were 24,414 CoC certificates, compared to 20,000 in 2011. This growth reflects the current trend of increased environmental and social consciousness among corporations, which see FSC certification as an important tool for ensuring that supply chains comply with their sustainability policies. Growing global consumption of wood and paper products also contribute.

CoC/Forest Management is the second most common FSC certification, with a total of 1,172 certificates at the time of the survey.

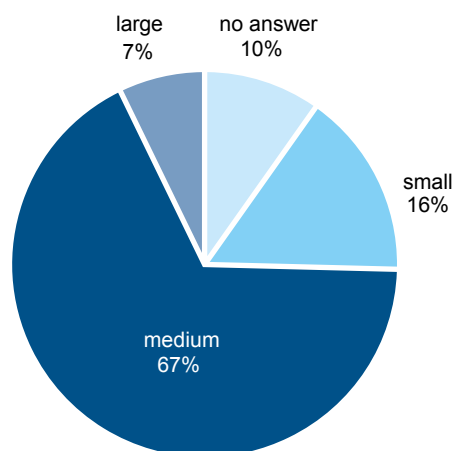


Based on 4,595 respondents, if not otherwise indicated

→ RESPONSE BY COMPANY SIZE

The majority of respondents came from medium-sized enterprises (less than US\$100m annual turnover in forest products). Small enterprises (less than US\$1m annual turnover) followed, and finally large companies (US\$1bn or more annual turnover), which made up only 7.2 percent of respondents.

FSC has a number of programs in place to support companies of different sizes to increase access to the market. For example, the Smallholder Support Program supports companies and forest owners managing small forests and those who apply low-intensity harvesting practices to timber and non-timber forest products. It also supports those who practice community forestry, where ownership and management are community-controlled.



→ RESPONSE BY MAIN INDUSTRY

Printer	1360	29.9%
Secondary manufacturer / wood processor	992	21.8%
Distributor / trader / broker / importer	849	18.7%
Sawmill / primary wood processor	512	11.3%
Forest management	388	8.5%
Packaging producer	384	8.4%
Paper mill, paper producer	290	6.4%
Retailer / End of supply chain	182	4.0%
Publisher	149	3.3%
Building contractor	126	2.8%
Pulp mill	85	1.9%
other industry	412	9.1%

* no. of participants who answered, more than one answer was possible



KEY FINDINGS

- 98 percent of currently FSC certified businesses plan to keep or renew their FSC certification going forward.
- Printers present the largest group of FSC certified businesses with 29.9 percent.
- Paper-based products are the most frequently traded FSC certified product, mostly traded by companies in Europe and Asia. 43 percent of respondents are trading mostly paper-based products.
- The green building sector has come in as a strong driver of FSC certified materials used in construction. This is also visible in the increased timber and sawn wood sales in particular in Europe and North America.
- There is sufficient supply of FSC Mix, FSC Controlled Wood and FSC recycled materials and products in the market. Also for FSC 100% a majority of 53% believes there is enough supply in the market.
- Demand for FSC certified products is increasing most for tissue paper (reported by 76% of respondents) and for non-timber forest products (stated by 71 % of all respondents), which include rubber, food and drinks, cosmetics or bamboo.
- Client demands and improved market access are the major reasons for FSC certification.
- Looking at trends in the market the results showed that increased environmental awareness of consumers together with the competitive advantage which FSC offers are the strongest drivers of FSC in the market.
- 93 percent of respondents find that the biggest impact of FSC certification is that it makes transparent that products are from well-managed forests. 89 per-cent consider the fact that certification helps to maintain biodiversity in managed forests as an impact of FSC certification.

The Global Market Survey

Findings

Industry trends

→ BUYING AND SELLING PRODUCTS AND MATERIALS

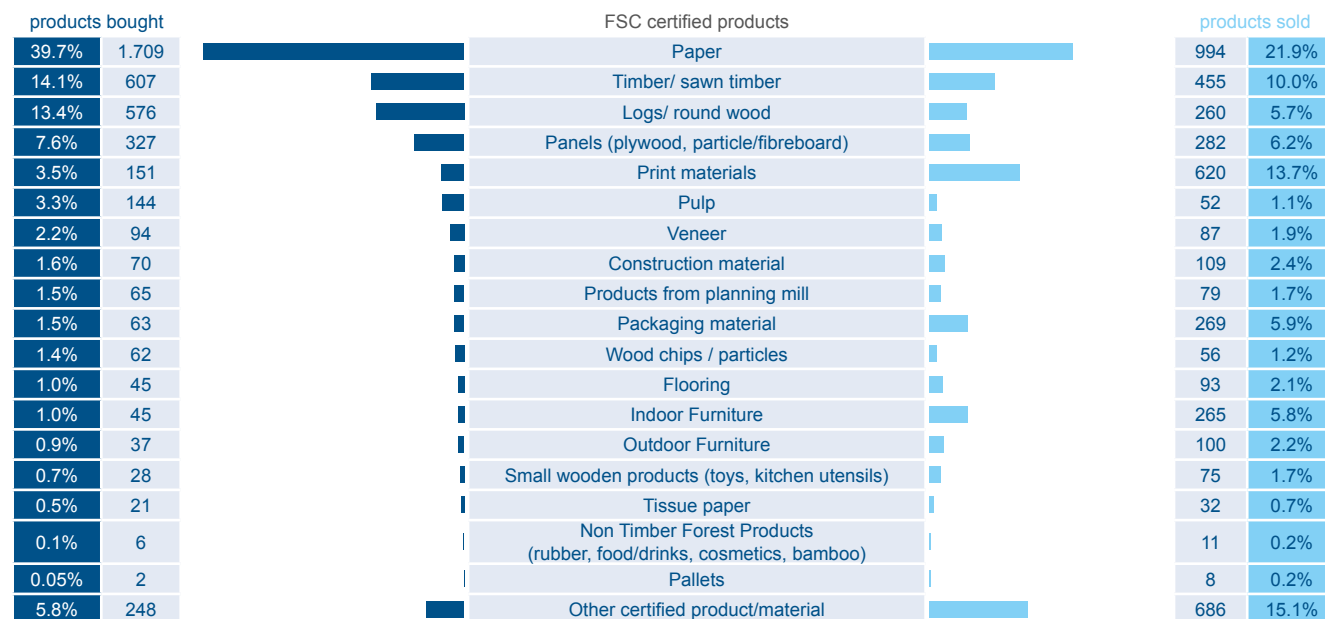
Paper is the most frequently bought and sold FSC product. It is mainly traded by companies in Europe, followed by Asia. 42 percent of respondents stated that paper-based products make up the majority of their sales. Solid wood products are the main product which is sold for 31.8 percent of the respondents.

There is a high demand for fiberboard, and FSC has responded to this by launching a campaign aiming at showing the commitment of potential buyers of FSC certified fiberboards as an incentive to producers. More information on the campaign can be found at www.changeourfiberboards.com.

Timber and sawn wood sales have increased in the last year, especially in Europe and North America

where the green building sector, a strong market driver for FSC sawn wood, has grown significantly. Schemes like the USA's Leadership in Energy and Environmental Design (LEED), the International Green Construction Code (IgCC) which came into effect in 2012, and Building Research Establishment's Environmental Assessment Method (BREEAM) use the detailed structure of certification schemes to evaluate responsible forestry operations. LEED and BREEAM, for example, provide credits for FSC certified products. In the category 'other,' products sold and bought included a range of wooden and paper products: labels and hang tags, toys and crafts such as wooden beads, fibers, and charcoal. Many products related to building are amongst these, with wooden doors, often custom-made, being sold and bought particularly often. Window frames and whole modular houses also appear as an important sub-category.

“What is the main FSC certified product/material you are buying/selling?”



Supply

→ SUPPLY TRENDS

The availability of FSC products in the market is important to guarantee the healthy and sustainable growth of the FSC system and FSC certified enterprises.

We asked FSC certified businesses about the supply situation to understand if there is sufficient FSC certified material available for their procurement. FSC certified products are categorized into FSC Mix, FSC 100% and FSC recycled. FSC Controlled Wood is used for the production of FSC Mix products. The results show that there is sufficient supply of FSC Mix products, including FSC Controlled Wood and FSC

recycled materials, in the market. Some FSC certificate holders found it challenging to source material for products wholly made of FSC certified materials. Traditionally, these include solid wood products such as furniture, or wood used in construction. However, most FSC certificate holders found that the supply of FSC certified products has either increased or been stable since 2010. Overall, only 10 percent of the respondents observed that the availability of supply had decreased.

Increased FSC certified supply is mainly identified in Latin America and Europe. To understand where supply is easy to find and where there are still challenges is important for FSC to identify in order to address these areas by adjusting our programs accordingly.

“

What has been the trend over the past three years in the supply of the product you are buying?”

Supply situation by industry	difficult to source/ not enough supply	easy to source/ enough supply
Sawmill/primary wood processor	48,55%	51,45%
Secondary manufacturer/ wood processor	47,88%	52,12%
Pulp mill	51,61%	48,39%
Paper mill, paper producer	59,48%	40,52%
Printer	36,12%	63,88%
Publisher	28,95%	71,05%
Packaging producer	27,93%	72,07%
Distributor/trader/broker/importer	47,37%	52,63%
Retailer/End of supply chain	14,61%	85,39%
Building contractor	8,82%	91,18%

“

What is the situation with regard to the supply of ...”

What is the situation with regard to the supply of FSC certified FSC 100%?	difficult to source/ not enough supply	49%
	easy to source/ enough supply	51%
What is the situation with regard to the supply of FSC certified FSC mix?	difficult to source/ not enough supply	24%
	easy to source/ enough supply	76%
What is the situation with regard to the supply of FSC certified FSC controlled wood?	difficult to source/ not enough supply	37%
	easy to source/ enough supply	63%
What is the situation with regard to the supply of FSC certified FSC recycled?	difficult to source/ not enough supply	31%
	easy to source/ enough supply	69%

Sourcing

→ EMERGING TRENDS IN FSC MARKETS

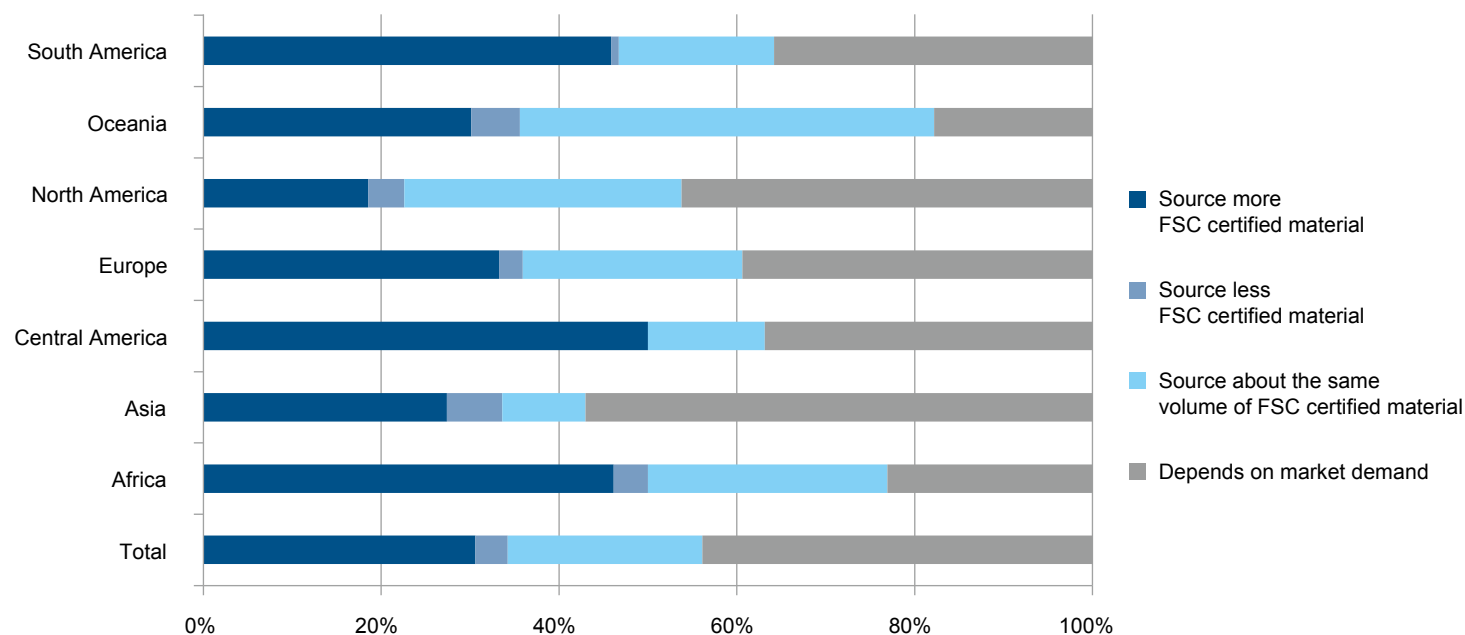
Market demand remains the strongest driver for sourcing FSC certified products. This means that we will continue to strengthen our available tools and processes to raise consumer and market awareness in order to better support FSC certified companies.

Many companies plan their sourcing depending on market demand. Of those respondents who had already planned their sourcing of FSC certified

materials for 2013, 54.5 percent reported that they were planning to source more FSC certified materials than in 2011. Companies that were new to the FSC system and still developing their FSC operations planned to source high volumes of FSC products, and connected their sourcing closely to market dynamics and demands. Companies that had been certified for longer than five years can already plan better the amounts they were planning to source, and felt less dependent on market trends. This shows that FSC can help businesses and producers to be less dependent on volatile market developments.



What are your plans in 2013 with regards to sourcing FSC materials?”



Demand

→ DEMAND TRENDS FOR PRODUCTS

Over the past few years, an increasing trend in market demand for FSC products has become visible. The number of FSC certificates has grown significantly during this time, and FSC has broadened the reach of the system and increased efforts to grow the visibility of FSC in the market. For example, FSC is collaborating closely with enterprises and

organizations which actively seek to promote FSC in their marketing and outreach activities, and supports the linking of FSC certified operations to markets through different tools and services.

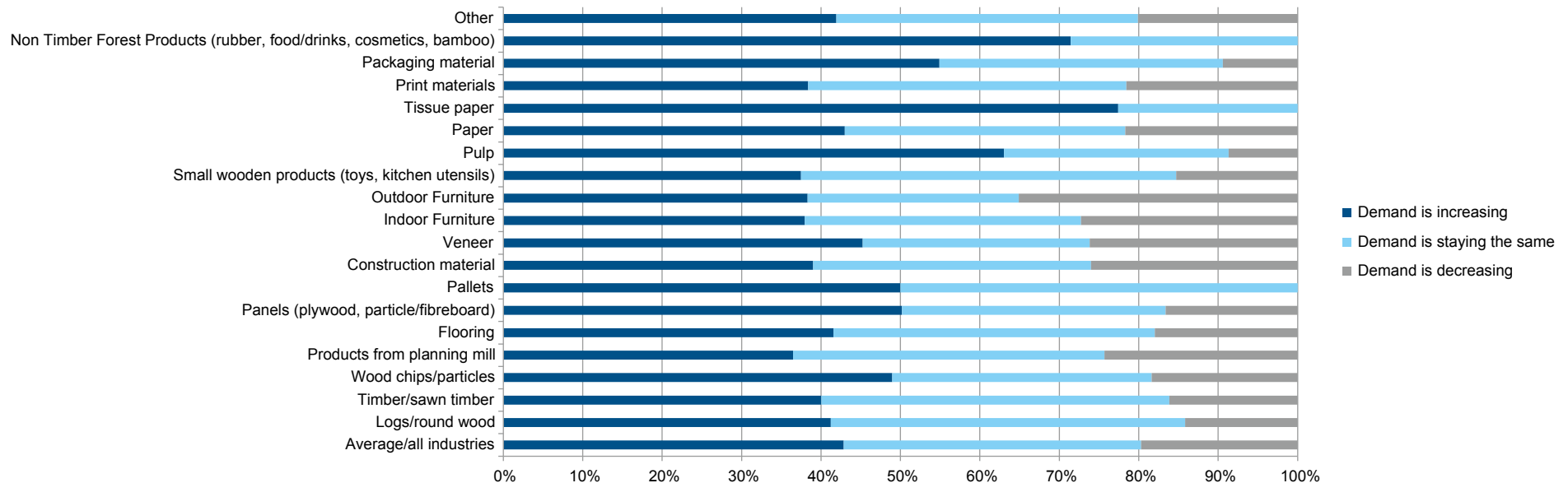
Overall, 40 percent of the respondents saw enough demand for the FSC certified products they are selling. Newly certified companies often experience high market demand within the first year of FSC certification. This is one reason it is so important to build long-lasting trade relationships from the beginning, to continue ensuring a healthy market share for FSC certified companies.

The demand for FSC certified products bought by companies has increased since 2009 in all regions, and has been stable in Central and North America.

This reflects the growth in importance of FSC in those markets. The highest increase in demand was seen for FSC certified tissue paper, followed by Non Timber Forest Products, which includes rubber, food/drinks, cosmetics or bamboo. Demand for pulp and packaging has also continued to grow.

In Africa and North America, more than 20 percent of respondents reported a decreasing trend in demand. Globally, demand has increased in the past three years, mostly in the global South which shows the growing markets for FSC certified products. The market demand in countries grouped to the global north has remained stable. In those countries FSC has had presences for longer and FSC certification is an established label.

Overall, 40 percent of respondents saw enough demand for the products they are selling.



Reasons for FSC certification

“

What was the most important reason for your company to become FSC certified?”

(only companies who were certified for less than one year were asked)

→ WHY BECOME FSC CERTIFIED?

Companies that had recently decided to get FSC certification named economic advantages and better prices, as well as demand-based reasons such as improved market access and client demands, as their main rationale.

Many companies and organizations have chosen to incorporate FSC into their overall CSR strategy as they recognized FSC as one of the most rigorous and credible independent certification schemes available globally.

Client demands	466	54.3%	
Improved market access	111	12.9%	
In line with our Corporate social responsibility strategy	100	11.7%	
Knowledge that the material comes from responsibly managed forests	62	7.2%	
Ensuring that forestry minimizes negative impact on the environment	26	3.0%	
Economic advantage	18	2.1%	
Better conditions for small producers (e.g. better visibility on the market)	15	1.7%	
Other reasons	13	1.5%	
Better management of risks and reputation	12	1.4%	
Legal reasons (e.g. for verification of the origin of the material)	9	1.0%	
Ensuring the protection of biodiversity and of threatened species	9	1.0%	
Helping communities who are managing forests	9	1.0%	
Advised by social or environmental NGO /NGO pressure	4	0.5%	
Better prices	2	0.2%	
Strengthening of forest workers rights, health and safety (e.g. helps to reduce accident rates)	2	0.2%	

Importance of FSC in different sectors

“

What is your perception of the trend of the relevance of FSC certification currently and in the future in your industry?”

We asked FSC certificate holders about their perception of the relevance of FSC certification currently and in the future in their industry. Respondents indicated whether they saw increasing, decreasing or stable relevance within their industry. Overall, respondents saw a growing relevance of FSC in the market. In total 57% of the respondents across all sectors saw an increase, 33.2% perceived a stable situation and only 8.9% saw a decrease in the relevance of FSC.

The results show that the rapidly increasing number of FSC certified products in the marketplace and the growing awareness amongst consumers and stakeholders about FSC give responsible forestry and FSC an important role in addressing environmental, social and economic challenges – also in the future.

The positive trend perceived on FSC's importance in the market is particularly high in the paper and packaging industry and on the level of manufacturing and wood processing. In other sectors where FSC certification has a high market penetration, such as for printers and publishers, the reported increase is still positive but at a lower level, which reflects the important role FSC already plays today.

On a regional level the growing relevance of FSC is perceived especially by forest managers and manufacturers in Asia, paper producers and traders in South America and pulp mills in Europe.

Percentage of respondents seeing an increasing relevance of FSC certification in their industry.

Retailer / End of supply chain	50,3%	
Publisher	50,4%	
Printer	50,7%	
Building contractor	53,3%	
Pulp mill	56,0%	
Distributor / trader / broker / importer	57,0%	
Sawmill / primary wood processor	57,8%	
Forest management	58,8%	
Secondary manufacturer / wood processor	62,1%	
Packaging producer	67,2%	
Paper mill, paper producer	69,6%	



Drivers of FSC certification in the market

“

What do you see as the most important driver for FSC certification in your market?”

→ WHAT DRIVES FSC CERTIFICATION?

In 2012, we saw a higher awareness of FSC amongst consumers. We are working actively with our stakeholders to build on this by increasing the visibility of FSC through communicating about the system and the benefits of producing responsible forest products.

More and more companies are looking to meet increased environmental awareness among consumers with certification. Because it assures

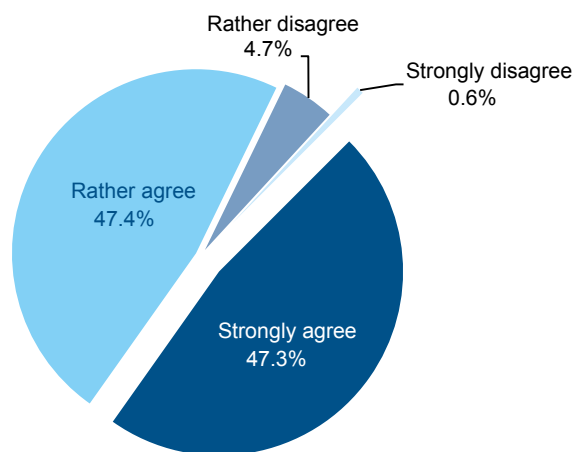
consumers that responsible forestry practices are guaranteed, companies see a competitive advantage in their FSC certification, which leads directly to economic advantages.

Tangible strategies and indicators for social responsibility are also increasingly being demanded. This is another economic trend that is driving the FSC certification of wood-based products.

Increased environmental awareness of end consumers	942	21.4%	
FSC certification as a competitive advantage	930	21.1%	
Requirements for Corporate Social Responsibility	613	13.9%	
Other actors then end users in my supply chain require FSC certification	486	11.0%	
Consumer demand for any label	399	9.1%	
Public procurement policies requirements for wood/forest products	269	6.1%	
Governmental timber legislations (European Timber Regulations, Lacey Act a.o.)	200	4.5%	
Green building movement	193	4.4%	
The need to be able to know where the material comes from	178	4.0%	
Pressure from societal groups (NGOs such as WWF, Greenpeace etc)	86	2.0%	

FSC certification and impact

“
Do you agree or disagree
that FSC is a credible
organization?”



→ OUTLOOK FOR FSC CERTIFICATION

Almost all respondents (98 percent) plan to keep their FSC certification. This is a great result. We asked respondents for their reason to choose FSC certification, and to rank these reasons according to priority.

Maintaining their client base and increasing their potential clients are the main benefits respondents see in deciding to continue their FSC certification. In addition, companies are increasingly including preferences for certain systems in their procurement policies, and in 2011 this already applied to almost half of all respondents.

'Commitment to responsible forestry' also remains an important reason for keeping FSC certification, reflecting the commitment of FSC certificate holders

to social, environmental and economic best practices according to the FSC certification standards.

The highest-ranked impact of FSC certification was the transparency that certified products come from well-managed sources; this was perceived as particularly important amongst respondents from Latin and Central America. In general, impacts were evenly spread across the three key areas of environmentally appropriate, socially beneficial and economically viable forest management.

Ethical consumption has proven to be resilient in the face of the economic downturn, and more companies, among them large paper and print companies, are looking to FSC certification to add value to their products or help measure the success of their sustainability strategies.

What are the most important reasons for planning to keep your FSC certificate?*

With certification, I will keep existing clients	First priority	585	48.7%
Without certification, I will lose clients	First priority	563	56.8%
With certification, I have more potential clients/will find more markets	First priority	559	33.3%
It is part of our sustainability strategy	First priority	411	31.3%
Commitment to responsible forestry	First priority	213	28.3%
We get a higher price for our product when it is certified	First priority	33	16.9%
Risk mitigation (avoiding criticism or debate with environmentalists etc.)	First priority	15	8.9%

*Reasons that respondents ranked as their first priority.

Do you agree with the following statements about the general impacts of FSC certification?

With the certificate, it becomes transparent that products are from well managed forests	93.7%
Certification helps to maintain Biodiversity in managed forests	89.9%
Certification helps to increase the environmental value of forests, while not ignoring the economic values	89.8%
Certification helps to ensure protection of threatened species in the managed area	89.0%
Certification helps us to fully use the economic value of forests balanced with other values	83.8%
Certification supports small and community forest users to be better respected	82.9%
Certification has a positive impact on workers' health, safety and other working conditions	78.8%

The FSC Online Claims Platform

→ ONLINE CLAIMS PLATFORM

As part of this year's survey, certificate holders were questioned about the FSC Online Claims Platform (OCP) that is currently under development. The OCP is a simple online service that will allow customers to declare details of the FSC goods they receive from their suppliers. Their declaration is shared with the supplier and the relevant FSC Certification Bodies. This will support efficient verification and simplification of FSC processes, such as volume reporting and verification of the FSC certification status of suppliers.

By allowing Certificate Holders to confirm details of traded FSC goods more effectively, the OCP aims to improve relationships between supplier and customer, make annual reporting of FSC trades more efficient,

and ensure product claims are accurate. FSC maintains a CoC system from the forest to the final end user of a product. To date, this system has been paper based.

Survey respondents were asked about the possible benefits of the OCP and the languages they use to conduct business. FSC is a global system which connects people who speak many different languages, which is why much of the information provided by FSC is often translated into several languages. So information on the languages used when conducting business provided valuable feedback on the different tools that the OCP should offer and the languages needed.

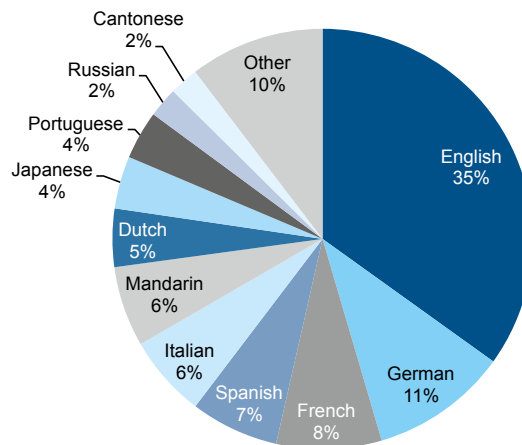
For more information on the OCP, please go to www.claims-forum.fsc.org.

The survey shows that 43 percent of certificate holders used either English, Spanish or Mandarin in their businesses, so these will be the first languages supported in the OCP. FSC is looking to quickly expand language support to include German, Italian, Japanese, French and Portuguese when the OCP becomes mandatory in January 2014.

FSC certificate holders saw that the main value of the OCP is ensuring the integrity of the FSC brand. Certificate holders also found value in the OCP providing tools to help meet FSC standards and legality requirements. The OCP is being developed to provide tools such as volume summary tables and reports on country of harvest and species composition.

“

The OCP will be developed to work in many languages. Please select the languages in which you conduct business.”



Main values of OCP	%
Ensuring the integrity of the FSC brand and products that you sell	40,6
Automatic verification of suppliers certification scope and status	32,7
Streamlining Material Accounting Records	27,9
Demonstrating legality requirements (for example, EU Timber Regulation, Lacey Act)	21,7
Providing volume summaries	16,8

European Union Timber Regulation

FSC SUPPORT IN COMPLYING WITH EU TIMBER REGULATION

On 3 March 2013, the European Union Timber Regulation (EUTR) entered into force, making it an offense to introduce illegally-harvested timber and certain wood based products onto the EU market. Importing companies, called “operators” under the EUTR, are required to have a “due diligence system” to avoid this offense.

The EUTR does not consider certification schemes as automatic proof of compliance. But such schemes can be used as part of due diligence systems, and FSC worked to fulfill the specific requirements for this.

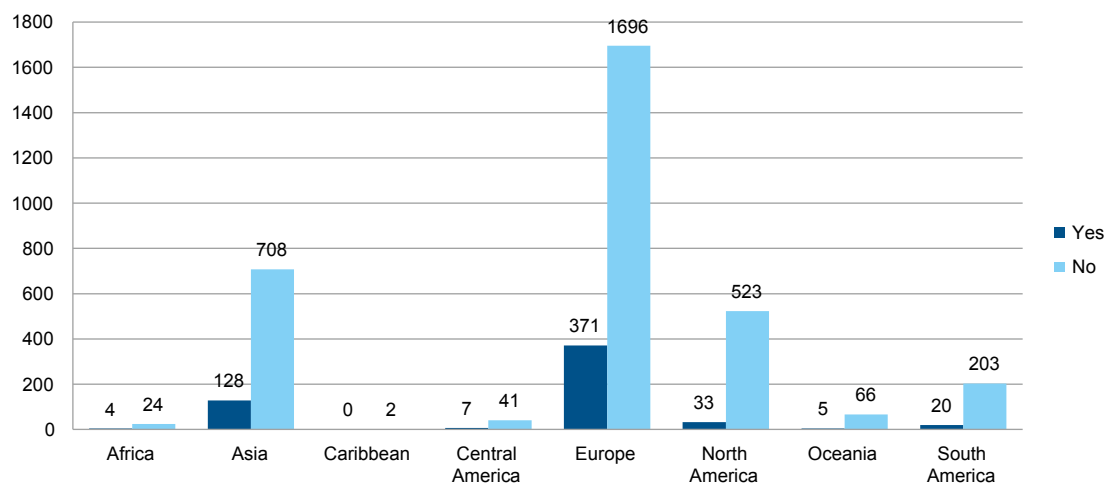
For more information on the EUTR and FSC, go to <https://ic.fsc.org/timber-regulation.46.htm>.

Throughout 2012, FSC communicated its analysis of the EUTR and its preparatory work on compliance with its members and stakeholders. The Survey shows that this communication reached many of the certificate holders.

In the survey, only 15 percent of the respondents considered themselves “operators”. If this is a correct figure for the entire FSC certificate holder community, this would add up to some 3 700 “operators”. However, it is quite possible that the concept of “operator” is not yet entirely understood, which is unsurprising given that the EU only fully explained the term in February 2013. In most cases it is the importing company, inside Europe, that is the “operator”, and not the exporter. The exporter is only the “operator” if only after materials have passed through customs in the EU a buyer is found. That is why the relatively small proportion of European respondents considering themselves “operators” may be an underestimate.

“

Is your company an »operator« in the sense of the EU Timber Regulation, meaning: a company that brings wood and/or wood products »for the first time« on the EU market?”

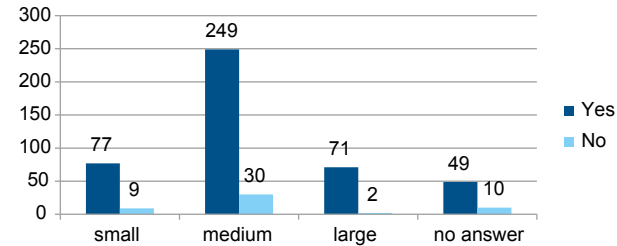


Even though they are not usually “operators”, however, exporting companies will often become involved in the development of due diligence systems, as their European clients are likely to ask for information about their operations.

Almost 90 percent of the self-declared “operators” said that they were prepared for the EUTR, with the larger companies scoring more highly.

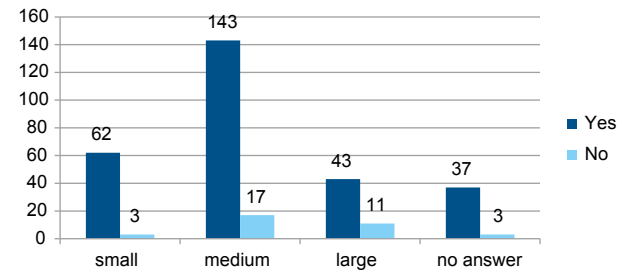
90 percent said that FSC’s analysis of the EUTR and the role of certification in compliance was “useful”. Larger companies, however, were less dependent on that analysis than smaller ones.

On average, two thirds of the respondents said they would increase FSC supply “as part of addressing the EU obligations”. This is encouraging. However, there were large differences in this response between regions. Respondents from Africa and Asia were most determined to use FSC certification to avoid losing access to the EU market. One possible explanation is the origin of the materials. Companies working with materials coming from countries that could be considered bearing a higher risk regarding illegal harvesting are more likely to increase their FSC certified purchases. This could in particular explain the 95 percent positive response from the Asian region. Indeed the first principle of FSC certification is to guarantee legality.



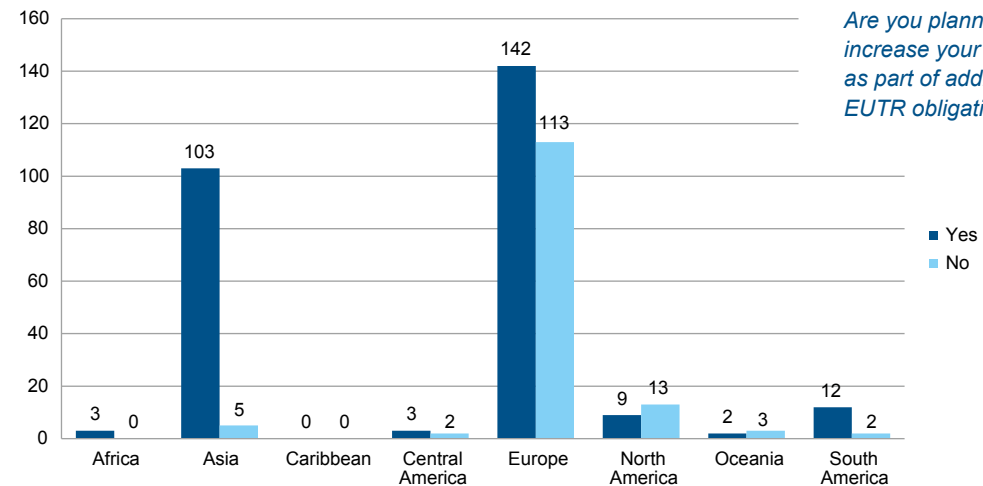
“

Are you preparing for your obligations from 3 March 2013 regarding the measures to take that you avoid introducing illegal timber on the EU market?”



“

Is the analysis FSC has made with regards to the EU Timber Regulation and the relevance of the FSC scheme useful to you?”



“

Are you planning to increase your FSC supply as part of addressing the EUTR obligations?”



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