Market Effects of Public Procurement Policies for Wood and Paper Products in the UNECE Region

A study by the Team of Specialists on Forest Products Markets and Marketing for the UNECE and FAO Policy Forum on "Public procurement policies for wood and paper products and their impacts on sustainable forest management and timber markets" 5 October 2006

I. Introduction

The UNECE/FAO Team of Specialists on Forest Products Markets and Marketing (ToSFPM&M) is a network comprised of nearly 70 specialists on forest products markets and marketing from the UNECE region countries. The network's mandate has been established during the Joint Session of the UNECE Timber Committee (TC) and FAO European Forestry Commission (EFC) in 2004 for a 4-year period. The ToSFPM&M contributes to the sustainable development of forest products markets in the UNECE region by acting as a forum of discussion of forest products marketing in the UNECE region. More specifically, it aims at contributing to the annual Timber Committee market Discussions and thereby advises the TC and EFC on forest products market developments as well as other parts of the marketing programme of work. The Team undertakes studies as appropriate and provide assistance in marketing in the UNECE region, especially to central and eastern European countries and the Commonwealth of Independent States, through information collection, analysis and dissemination, including workshops.

II. Methodology

During the 2005 UNECE and FAO Policy Forum on "Forest certification - Do governments have a role?" Team members proposed that the 2006 Policy Forum focus on public procurement policies. In order to contribute to the 2006 Forum, the ToSFPM&M conducted this study on the "Market Effects of Public Procurement Policies for Wood and Paper Products" by asking its members to complete a 10-question survey (see figure 1) on public procurement policies (PPPs) in their countries and about how other countries' PPPs affect their wood and paper products markets (including consumption, production imports and exports). The survey was sent electronically to the Team members in April 2006. The Team members' stress that this study does not claim to be scientific, but rather is based on a survey limited to Team members, who responded with their expertise on this subject.

Figure 1. Survey questions

1. *Do PPPs for wood and paper products exist in your country at the national level? Describe briefly the main components (legality, sustainability, certification request, what certification are accepted, chain of custody requested, etc.).*
2. *Do PPPs exist at the sub-national (provincial, state, regional or municipal level) levels in your country? Describe briefly the main components.*
3. *What are the main drivers behind the adoption of PPPs in your country (e.g., need to meet international engagements, civil society pressures, competitiveness issues, industry request, other)?*
4. *If PPPs do not currently exist in your country, are they being considered either at the national or sub-national levels (provincial, state, regional or municipal level)? (If no PPPs in your country, skip to question 8.)*
5. *If PPPs exist in your country at the sub-national levels, is any attempt made to harmonize PPPs within your country?*
6. *Are your countries' PPPs harmonized with any other countries' policies? Or with EU policy? How?*
7. *Have your country's PPPs had any effects on your country's wood and paper products markets? How?*
8. *Have your country's PPPs changed imports of wood and paper products? How?*
9. *Have other countries' PPPs affected your exports to those countries? How?*
10. *What other effects on your country's forest products markets have PPPs had, either in your country or in other countries?*

This report is based on the replies from 24 correspondents (from 22 countries represented on the Team):

- 12 valid country responses representing a sample of all subregions: Canada, Czech Republic, Denmark, France, Hungary, Netherlands, Norway, Romania, Russian Federation, Slovakia, Turkey and United Kingdom
- 1 valid reply from an association: CEI-Bois
- 4 negative responses indicating that no reply can be delivered, either due to time constrains (1) or due to lack of knowledge when the requested topic did not conform to the expertise of the country correspondent (3).
- 9 out of the 12 valid replies had particular problems or lacked sufficient information about questions 7 to 10.

The Team members reviewed the draft in August and their comments were incorporated into this version.

III. Results (in order of 10 questions)

1. PPPs for wood and paper products at the national level

All correspondents indicated that each country has their own regulations or guidelines in term of public procurement. Among all responses, only four countries, Denmark, France, Netherlands and United-Kingdom have procurement policies specifically on wood and paper products. Regarding Canada, Czech Republic, Hungary, Romania, Norway, Russia, US, Slovakia, Turkey, those countries do not have similar policies. Let's underline that countries like Canada or United States have adopted green (environmentally-oriented) procurement policies. In the case of Canada, the new green procurement policy that came into effect in April 2006 focuses on the integration of environmental performance considerations into the procurement decision-making process including planning, acquisition, use and disposal. While the policy does not explicitly mention criteria for the purchase of wood and paper products, these products are covered by the policy. In the US, there are the Comprehensive Procurement Guidelines that require federal agencies, state or local agencies to purchase items that are made from recovered materials which include paper and paper products.

2. PPPs existence at the sub-national level

The answers received show that only countries having public procurement policies for wood and paper products on a national scale have PPPs at the sub-national level (provincial, state, regional or municipal level). In the case of Denmark, some municipalities have developed further supplementary guidance for purchase of tropical timber. For instance, in 2002, The City of Copenhagen and Port of Copenhagen launched guidance on the market availability of certified tropical timber.

As for the Netherlands, governmental organisations at sub-national level do not yet have a central policy for green public procurement for timber. However, many do follow the policies at national level on a voluntary basis to some degree. A target of 50% green procurement policies for sub national levels is being discussed in mid-2006. It is still unclear what that would mean in practice for timber procurement. The sub-national level will be involved in the working group that will write the guidance document for PPP of timber. In addition the Government will start to encourage local authorities, water boards, housing associations and financial institutions to use the GPP guidance on timber when it is published.

In Norway, even if there is no official PPP for wood and paper products at the sub-national level, it was reported that at the same time some official building projects are focusing on forest certification when buying timber products.

In the UK for example, the central policy is not mandatory for timber purchases by local authorities for publicly funded local housing developments. However individual authorities have discretion to implement these policies and some probably are doing so. It is government policy to make these requirements mandatory at local level in the near future.

In the US, the city of New York has adopted a procurement policy specifying certified wood.

In Canada, examples exist at the provincial level such as publications in the Alberta Ministry of Environment. Ministry must be printed on materials made of the highest practical content (minimum 30 percent) of recycled and/or post-consumer materials, with preference to printing companies that have the ability to produce publications on materials certified by the Forest Stewardship Council (FSC).

3. Main drivers behind the adoption of PPPs

Denmark, France, Netherlands and United Kingdom have public procurement policies specifically for wood and paper products. Their motivations for adopting such policies were to contribute to sustainable forest management (SFM) by using market rules, as well as answering environmentalist groups concerns. Also these policies are tools to allow meeting international commitments in fighting illegal logging. Remember that G8 countries committed to fighting illegal logging and that European countries created the *EU Forest Law Enforcement Governance and Trade (EU FLEGT).*

In Canada, the key drivers of the federal government procurement policy include: competition, transparency, non-discrimination, value for money, national socio-economic policies such as procurement opportunities for Aboriginal businesses and industrial-regional benefits, in a manner consistent with international and national trade obligations. Yet, sustainability and legality are not identified among the key drivers.

In addition, many wood products companies see these policies as a way to meet criticisms levelled at the industry by NGOs. Forest products companies, especially the large multinationals, and trade associations are being proactive in adopting corporate social responsibility policies and behaviour. Finally, in the case of the UK, there is also a linkage to the government's policy on sustainable construction which is being driven mainly by climate change targets. This requires all public sector building projects to go through an environmental assessment system.

4. Development of PPPs at sub-national

The responses make us believe that there have not been many developments of PPPs at the sub-national level. However, some examples have been reported as mentioned in question 2. Members of ToSFPM&M believe that once the central government PPPs are well established, it is only a matter of time before we see a proliferation of PPPs at the sub-national level.

5. PPPs harmonisation within countries

In the US there was perhaps some effort to harmonize the recycled content procurement standards for paper among various states, inasmuch as some states seemed to "copy" one another or follow the federal standards in the 1990s. However, there also has been some divergence and lack of uniformity among state standards (and some states have no standards).

In the Netherlands, the policy for governmental organisations at national level will be communicated to organisations at sub-national level. It will, however, not be binding for the sub-national level. It is also believed that sub-national organisations will voluntarily pick up the guidance used at national level.

In the UK, the response indicates that there will be a common system across the UK. However, there may be some differences between England, Wales and Scotland although these will probably not be very significant.

In Denmark, there are mechanisms that contribute to the harmonization within the country. Under the Danish Environmental Protection Act, all public authorities have a general obligation to pursue the objectives of the Act through the establishment and management of public institutions as well as through procurement and consumption. Each central government institution is obliged to develop its own green procurement policy as well as an action plan for its implementation.

However, since 1996, the Danish Ministry of the Environment has launched approximately 50 environmental guidelines on public purchasing of various products. These guidelines serve to facilitate development and implementation of green procurement policies and in practice do indeed also contribute to harmonisation of requirements. The guidelines on tropical timber are an example.

The Danish government has also set up a Panel for Professional Environmentally-concerned Buyers, which meet on a regular basis to discuss issues related to public procurement. The panel consists of ten members from both the public and the private sector. The Danish Environmental Protection Agency is also a member of the panel. The panel has made an action plan that was decided in June 2004. Several activities have been initiated within the panel framework, and the results are gathered on an internet portal on green procurement. Included on the portal are a Best Practice Guideline on analysing an organisation's procurement, an instrument to help purchasers meet environmental requirements in calls for tender under the EU procurement directives, a list of true and false statements on green procurement, and a tool for self-evaluation on company level. Furthermore the panel has carried out a documentation project on the status of green procurement at the national level and has entered into dialogue with different trade associations on how to cooperate on promoting green procurement. This work also contributes to harmonisation of requirements.

Another body in Denmark, which contributes to facilitate public procurement is the National Procurement Ltd. National Procurement was established with the defined goal to secure the public sector savings and benefits through better prices, safer purchases and more efficient working processes. National Procurement has a great commercial expertise in the many terms and conditions that complicate public procurement. Through the development of framework agreements with large suppliers, National Procurement also contributes to harmonisation.

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, including the WTO Government Procurement Agreement, to which Denmark has signed up. Furthermore, on green procurement as such, the Danish Competition Authority has initiated the "Public Procurement Network", which is an international network aimed at improving the efficiency of the administration of the rules on public procurement.

7. Country's PPPs effects on internal wood and paper products markets? How?
8. Country's PPPs changed influence on imports of wood and paper products? How?
9. Other countries' PPPs affected country exports to those countries? How?
10. What other effects on your country's forest products markets have PPPs had, either in your country or in other countries?

Most of the respondents were not able to answer questions 7 to 10 for many reasons. Some questions did not apply to importer or exporter countries. Some respondents said that their knowledge was insufficient to answer and others underlined missing data on the subject. On this point, even countries having procurement policies and import or export data cannot differentiate between legal and illegal products or certified or non-certified products.

The Team believes that it is too soon to measure precisely the impacts on markets because too few PPPs exist and they have only been adopted recently. As the regulations have only recently come into force it is too early to see a distinct shift in timber purchasing from one region or country to another.

One of the effects reported with the adoption of PPPs on internal wood and paper products markets is that it has sent a strong signal to the market to be more environmentally and socially viable. First by pushing some countries to adopt a national forest certification scheme and second to encourage forest certification. As an example, the Danish government has decided that all Danish state forests are to be dual certified by both FSC and the Programme for Endorsement of Forest Certification Schemes (PEFC). The Government provides assistance to forest owners to achieve dual certification. Another effect of the introduction of PPPs is on forest certification schemes themselves. In the UK, when the Central Point of Expertise for Timber (CPET) first did not recognised PEFC as evidence of a "sustainable" source, it lead to modifications of the PEFC system. France is an example of where non-recognition of PEFC would have a significant effect. In France, any PPP regarding PEFC label as legal but not sustainable will affect French exportations, because the French forests are 30% certified and about 99.6% of the certified forests are under PEFC label.

In addition, it has pushed the forest products industry (harvesting and processing) to adopt better corporate social responsibility behaviour. In the Netherlands, it is said that the introduction of PPP for forest products has stimulated timber importers to increase their share of certified products. The Dutch Timber Association has recently set new goals for imports of their members: in 2009: 75% of the imports have to be from certified forests and for all imported products, the origin must be known. In tropical hardwood markets Dutch companies with concessions in the tropics have initiated the FSC forest certification. Last year FSC-certified timber products from Africa were introduced in the Dutch market.

In Denmark, it is reported that there has been a drop in imports of tropical wood between 2001 and 2002, the year of the introduction of the guidelines issues by the central government (see figure 2). The 23% drop in imports from 2001 to 2002 suggests that the Parliament decision of 2001 had a negative impact on tropical timber imports, and conversely that the guidelines from 2003 had some positive impacts. The guidelines aim to help buyers obtain tropical timber from legal and sustainable sources. However, further and more detailed analyses would have to be carried out to fully justify such a conclusion. Nevertheless based on the figures, it is evident that PPPs for tropical timber have probably not significantly reduced DK imports of tropical timber.

Figure 2. Danish Imports of Tropical Timber – 4 selected timber product categories
1000 tons

	1998	1999	2000	2001	2002	2003	2004	2005
Plywood	29	27	26	26	23	26	29	22
Sawnwood	24	22	24	28	17	21	24	20
Veneer	5	4	4	3	3	3	6	5
Logs & roundwood	8	6	4	4	3	4	3	5
Total	66	59	59	61	47	54	62	53

Note: Excludes paper and paper products, wood based furniture and other items
Source: Danish response to this report's survey.

It is uncertain to what extent the fluctuations can be attached to the PPP or to other parameters affecting tropical timber imports. Unfortunately, the Danish trade statistics do not differentiate between uncertified and certified timber (or timber otherwise verified as coming from legal and/or sustainable sources). Thus, behind the figures there may be a shift of timber from unknown sources to timber verified for legal and/or sustainable origin.

IV. Market impacts discussion

The following discussion synthesizes responses to the questions and adds expertise and opinions of the Team members on the subject of PPPs and their market impacts.

4.1 Forest products markets patterns

Responses from the Team of Specialists on Forest Products Markets and Marketing revealed that for a variety of reasons it is too early to measure precisely the impacts of the introduction of PPPs on the markets. First, only 5 countries (Belgium, Denmark, France, Netherlands and United Kingdom) out of 56 countries within the UNECE region have so far adopted procurement policies at the national level. This represents only 9% of total member states. Second, a few years would be necessary to measure any changes in the forest products markets. Finally, the exact volume of wood and paper consumed by the central governments is not well known, except for France and Denmark where estimations have been made. A WWF study published in 2002, estimated that the governments of the G8 purchase 18 percent of the timber products imported into their countries (WWF, 2002)

4.2 European PPPs versus North American Green Building policies

Two trends can be observe at the UNECE region level on the influence that public administrations could have on markets.

In Europe, the entire debate on wood and wood products coming from legal and sustainable sources will lead many central governments, and eventually local administrations as reported by the Team Members, to adopt procurement policies similar as the ones already adopted. In North America, Green Building[1] that emerged around the year 2000 could be the main driver for the consumption of wood and wood products

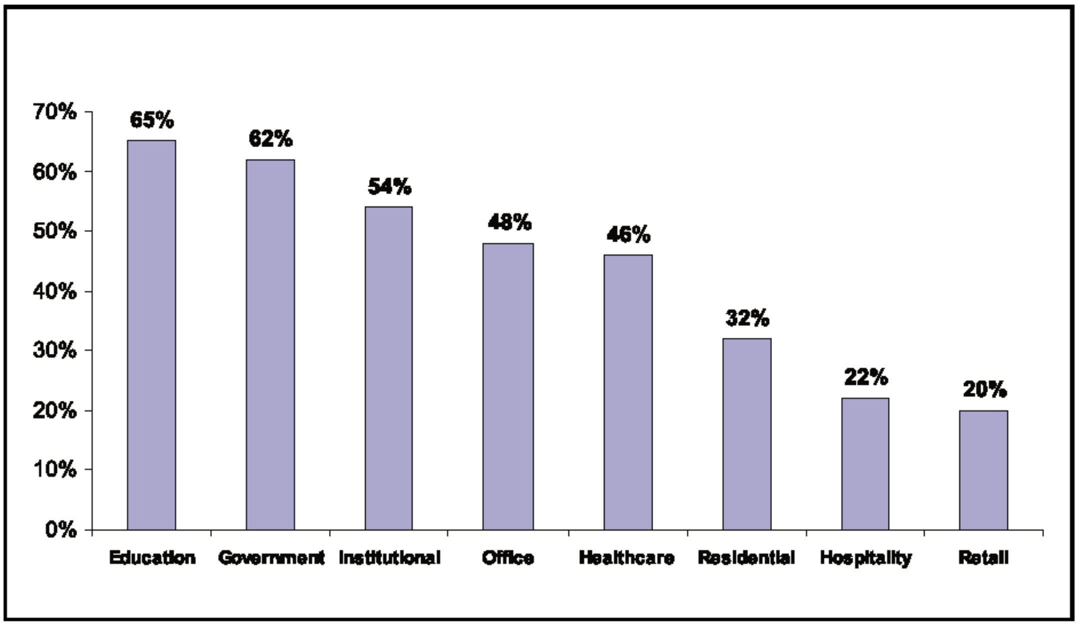
[1] *Green building refers to the careful design, construction, operation and reuse or removal of the building environment in an environmentally, energy-efficient and sustainable manner. Green building first emerged as environmentalists, builders, architects, owners, government, product manufacturers, and others in the construction industry realized the tremendous impact buildings have on our environmental and economic resources.* (McGraw Hill. Construction, Green Building SmartMarket Report, 2005). Note many definitions of green building exist and "*Because the set of issues continues to grow, and the margins are unclear, there will continue to be some ambiguity as to a clear definition*". (McGraw Hill. Construction, Green Building SmartMarket Report, 2005).

coming from legal and sustainable source. One factor that contributes to the shift towards green building, is the "creation of reliable building rating system and performance measurement systems and performance measure for new construction and renovation" (McGraw Hill Construction, 2005) such as the US Green Building Council (USGBC), Leadership in Energy and Environmental Design (LEED) rating program, the UK's BREEAM (Building Research Establishment's Environmental Assessment Method) or the Green Globes System. The link between these rating systems and wood products is that credits can be obtained when using wood products certified according to internationally recognised certification schemes such as the Canadian Standards Association (CSA), the Forest Stewardship Council (FSC), Program for the Endorsement of Forest Certification (PEFC) and the Sustainable Forestry Initiative (SFI).

Contrary to Europe, we observe that in the US in addition to the federal government, local administrations (cities, counties and states) are also a driving force behind green building. In the case of LEED "*Forty-four percent of LEED registered projects are government (federal, state and local) owned. Further, to date, 14 states and 42 localities have adopted various mandates, governmental orders, incentives and other mechanisms to encourage green building. Some government agencies require LEED certification or adherence to internally developed green guidelines…*" (McGraw Hill Construction, 2005)

According to the same study, public administrations will play a major role in the growth of green building. Education, government and institutional sectors are where most building professionals, government leaders and product manufacturers expect growth (see figure 3).

Figure 3. Sectors expected to have Substantial Growth in Green Construction.



Source: McGraw-Hill Construction 2006.

One of the main concerns of the wood products industry is that certain public procurement policies and green construction systems express a preference for one certification scheme over other schemes. For public procurement policies, the early version of the UK PPP was a good example when SFI and PEFC were not recognised for the guarantee of sustainability until both certification system were modified. Another current example at a country level is Belgium where the PPP specifies FSC-certified wood or Belgium PEFC-certified wood only. At a local level, the Greater London Authority PPP clearly favours one scheme over others. The policy says: "[We will] purchase sustainably produced timber and timber products (such as joinery, fittings, furniture and veneers), specifying that products carry the Forestry Stewardships Council (FSC) Certificate." (Greenpeace, 2006). For Green building, this is the case with the *LEED for New Construction and Major Renovations (LEED-NC) Version 2.2.* rating system[2] where FSC is identified as a preferable certification system. It is important to remember that the global forest products industry has always taken position in favour of PPPs or green procurement policies (GPPs) that are inclusive, i.e. that recognise all the internationally recognised SFM certification schemes such as CSA, FSC, PEFC and SFI. In addition, the global forest products industry has always been supportive of competition between strong certification systems and recognized that it is essential to ensure that public procurement policies do not create a bias among certification systems that threatens this competitive situation.

One of the other impacts of green building is that specific credits for the use of certified wood products will contribute and accelerate the demand in North America for a variety of certified wood building components such as structural framing and general dimensional framing, flooring, sub-flooring, wood doors that are manufactured by either large corporations or small- and medium-size companies. We believe that there will also be an effect on the small- and medium-size forest products industry as described the next section.

4.3 The innovators will be the first: impacts on forest products industry

4.3.1 Impacts on large multinational forest products companies

The adoption of private procurement policies in the early 90s in Europe and some years later in North America forced large, multinational forest products companies and forest products users to adopt procurement policies for certified SFM products. For example when *Time* magazine decided to use certified paper made from certified pulp this caused a big wave of certifications of many US state forests. Big customers wanted to be supplied with certified forest wood products but without requiring chain of custody because it was business-to-business relations without a middleman. One could presume that the introduction of procurement policies would have few impacts on certified companies.

But we can identify four impacts related to public procurement policies and green building. First is the inability to meet requirements of procurement policies promoting certain certification systems while excluding others. The second impact will be the necessity to prove origin and legality of wood that implies adoption of measures to allow following the wood stream or chain of custody by wood products companies. The recent adoption of chain of custody by some large multinational companies gives them a current competitive advantage. In addition, certification chain of custody will soon become a standard business practice. Third is the competition from substitution materials having points advantages in green building. Companies may have to review their sales and marketing strategies to demonstrate that their products may be recognized in green building. Those companies could stand out from the others. On this point, the McGraw Hill study shows clearly the potential opportunities for building products companies:

- *"There is no dominant "green" building products manufacturer in any building material products category. There is a ripe opportunity for manufacturers to gain an early entry into the market, particularly since over 50% of Architects, Engineers, Contractors (AEC) firms currently specify green products (p5.)."*

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[2] Material & Resources (MR) Credit 7: Certified wood receives 1 point. Intent: Encourage environmentally responsible forest management. Requirements: Use a minimum of 50% of wood-based materials and products, which are certified in accordance with the Forest Stewardship Council's (FSC) Principles and Criteria, for wood building components. These components include, but are not limited to, structural framing and general dimensional framing, flooring, sub-flooring, wood doors and finishes. Only include materials permanently installed in the project. Furniture may be included, providing it is included consistently in MR Credits 3–7.

- Short-term opportunities areas: “*There is no perceived green building product leader. As a result, tremendous opportunities exists for building products manufacturers to gain early competitive advantage in the market place. However, only truly sustainable products will enjoy long-term advantage due to prevalent suspicion about dubious “green” building products claims (p. 27).*”

Fourth, we think that one of the major substitution processes that will likely take place is that tropical hardwood will be replaced by temperate hardwood species, at least in the short term. This might be liked to a geographical shift in the supply pattern, as it would give a competitive advantage to local producer who is able to prove chain-of-custody.

Finally, like SFM certification, traceability will also become entrenched in regular business practices.

4.3.2 Impacts on small- and medium-sized companies

Small- and medium-sized enterprises (SMEs) will have to face the same impacts as large corporations. That means with public procurement policies differing for each country, SMEs will also need to prove wood’s origin and legality. Failure to prove sustainable origin will lead to increased competition from substitution products.

Many SMEs do not have sufficient human and financial resources to monitor and measure SFM practices and the implementation of follow-up mechanisms in order to get a chain of custody certificate. In this context it is unthinkable to meet requirements of more of than one certification system. Differences between certification systems slow adoption of a system by companies willing to change direction, but not knowing which system to choose.

Based on the North American experience, other than the demand from large customers to large producers, the demand for certified wood products remains very low. To over come the cost of certification and chain of custody, SMEs need to adopt new marketing strategies to reach out to the market asking for certified wood products and use it as a tool as to differentiate from competition.

4.3.3 Impacts on forest products trade associations

The impacts associated with the development of PPPs in Europe and GPPs in North America has forced trade associations around the world to:

- Dedicate considerable time and energy to monitor developments. Efficiency could be gained if a formal network was established.
- Lobby foreign governments if PPPs represent trade barriers, especially for exporter associations, often with the help of their own government.
- Take a variety of actions to demonstrate that their members are socially responsible, such as:
    - Statement condemning illegal logging
    - SFM certification and chain-of-custody commitments
    - Collaboration between importer and exporter trade association on specific projects.
    - Code of conduct in which members will favour wood and wood products of known origin and SFM certified.
    - Act as a “resource centre” for all issues related to responsible trade (SFM certification, illegal logging, procurement policy, code of conduct, corporate social responsibility (CSR) reporting, etc.) especially for associations representing SMEs.

V. Conclusion and next steps

Responses from the ToSFPM&M revealed that for a variety of reasons it is too early to measure precisely the impacts of the introduction of PPPs on the markets, especially the forest products trade patterns within the UNECE region.

Two trends can be observed at the UNECE region level on the influence that public administrations could have on markets. One will be the PPP in Europe and one will be the Green Building in North America. North America could be ahead of Europe when it comes to the adoption by regional or local authorities.

The ToSFPM&M believes that in the near future there will be a domino effect and that in Europe more countries and regional or local authorities will adopt PPP and in North America, more regional and local authorities will adopt Green Building requirements. For that reason, the ToSFPM&M suggest that a common set of key principles be agreed upon amongst the UNECE countries of what should PPP and Green building should contain when it comes to paper and wood products.

Few cases of public utilities (for example, publicly-owned electricity companies) or services (for example, train and post) who have adopted PPP have been reported. The ToSFPM&M believes this trend will grow in the near future.

The adoption of PPPs has sent a strong signal to the market to be more environmentally and socially responsible. First by pushing some countries to adopt a national forest certification scheme and second by encouraging forest certification by the forest products industry.

At the moment, forest products companies capable of delivering certified products with chain of custody have gained a competitive advantage over the others, especially in countries where PPPs are said to be inclusive, i.e. accepting all the internationally recognised SFM certification standards.

Although too early in the process of adoption and meeting PPPs to measure precisely the market effects, the Timber Committee could consider whether a different study would have merit in a few years from now. At a later time, a few countries which have adopted and enforced PPPs could be subject to an in-depth study, especially if these same countries would have the statistical information to show impacts.

Another potential study would be to expand to national and international trade associations to assess their own procurement policies, and any market effects that they could ascertain.

Finally, this current study focussed on PPPs, because that is the topic of the 2006 policy forum. As shown in the report above, in North America, the impact of Green Building far outweighs PPPs. The Team recommends that the Timber Committee consider Green Building policies' effects on forest products markets for the 2007 policy forum. This topic could be valuable as well for the members of the International Softwood Conference, scheduled to hold joint market discussions with the Timber Committee in 2007.

VI. References

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