



October, 2000

The Customer and the Forest: Meeting New Expectations

by

Bill Dumont, Chief Forester, Western Forest Products Limited

Linda Coady, Vice President, Environmental Enterprise, BC Coastal Group, Weyerhaeuser

Deborah Somerville, Manager, Corporate Communications, Fletcher Challenge Canada

Mike Bradley, Director, Technology Pulp & Paper Marketing, Canadian Forest Products

Over the past year announcements detailing eco-friendly procurement policies by U.S.-based Do-It-Yourself retailers, homebuilders and other purchasers of British Columbia forest products have drawn a mixed reaction. Some environmental groups have applauded the new policies claiming victory in their battle to end logging of old growth and other types of forests. Others have decried the announcements as a form of economic blackmail, claiming the policies are not the result of science or knowledge, but rather, fear of environmental protesters.

Conservation Issues Have No Borders

It wasn't that long ago that forest conservation issues were almost entirely local in nature, spawning grassroots efforts that seldom traveled beyond a nation's borders. But the UN Earth Summit in Rio de Janeiro in the early 1990s made protecting forests a global cause. Ironically, in the decade since the Earth Summit efforts by governments around the world to protect forests have largely failed. Now, spurred by consumer concern—a concern fed by dramatic environmental campaigns but increasingly supported by science—the international marketplace is stepping in to do what international governments could not.

Early boycotts and eager Rock Stars may not have saved many tropical rainforests, but they began a global trend. After the Rio Summit, UK retail giant B&Q and the Worldwide Fund for Nature (WWF) got together to establish an independent, third-party mechanism to promote global forest protection by verifying wood and paper products produced from well-managed forests.

B&Q joined Sainsbury, Homebase and others in the UK to form a buyers' group that favored products independently certified as environmentally responsible. German paper companies, along with the powerful, consumer savvy magazine publishers they supplied, followed along. Today, this trend—large commercial buyers of forest products setting procurement policies that address issues of forest management and conservation—affects some 40 countries.



The Power of the Purchase Order

One year ago the world's largest lumber retailer, the US-based Home Depot, joined the movement, announcing that it would use the power of the purchase order in favour of products that came from forests independently certified as managed in ways that balance social, economic and environmental factors. Home Depot also announced that it was going to phase out purchasing products from forests considered rare or endangered at the global level.

At the time of the announcement Home Depot CEO Arthur Blank said, "Our policy is rooted in environmental responsibility, and it makes good business sense, because we believe people will see the value of what we are doing". Though the company had been the target of aggressive campaigns by environmentalists, Home Depot had been moving for sometime towards this policy and remains confident that it reflects the values of its customers and employees.

We all work for forest companies that operate on the coast of BC. At the time of the Home Depot decision, our companies were facing similar questions: What is the relationship between forest and consumer in the global economy? How does a company operating in a region known for important environmental values create a stable, conflict-free climate within which to conduct business, while protecting forest values and sensitive areas? What is the right balance of social, economic and environmental factors? How do we produce products that can be socially and environmentally responsible both globally and locally?

Even before the Home Depot announcement our companies knew they had to move to support key customers who wanted to ensure they were not purchasing products from forests that the world views as rare or endangered. We understood that it would not be easy to meet changing market expectations, given the complexity of forest issues in BC – where most forests are publicly owned; where First Nations have aboriginal title and their own ideas about the use of forests within traditional territories; and where more than 125 local communities depend on forests for their existence.

Find Solutions or Lose Business

But failure to respond to the shifts occurring in marketplace on forest issues is not an option for our employees and shareholders. If we don't help shape emerging demands and values regarding certification and endangered forests, we might not be able to sell the products that sustain the communities where we operate.



Coast Forest Conservation Initiative

In a 1997 report on the status of the world's remaining large, natural forest ecosystems, the World Resources Institute (WRI) identified the Central and North mainland coast of BC as containing important areas of intact coastal old growth forest. Environmental activists subsequently dubbed the area "The Great Bear Rainforest", citing the WRI report as the reason for their campaigns against harvesting in it.

That campaign has been underway for almost four years now. It has had an impact on markets for BC forest products and on global perceptions of the coastal BC forest industry. Twelve months ago our companies decided to try to address our critics' campaign head on, by trying to forge a new relationship with the environmental groups involved. We weren't sure how to do it, but we believed that reducing immediate conflict between us was a necessary first step.

We decided to reduce that conflict by continuing to defer logging in those parts of the Central and North Coast that were of greatest contention. Our plan was to use the breathing space this created to work with First Nations, affected parties, scientists, communities, environmental groups, government planning processes and others to develop new approaches to ecosystem-based management and conservation. We believed that ecosystem-based management held the technical and scientific tools that would ultimately prove capable of conserving critical forest ecosystems while also addressing local social, cultural and economic requirements.

The Path Forward

Putting the new strategy into action has not been easy. We have made mistakes. We were rightly criticized for not showing enough respect for local planning and other decision making processes. We have taken steps to ensure that the role of our initiative is to provide formal decision-making processes with technical information and options on ecological and economic issues that would not otherwise be available to them.

The BC government says it is reinvigorating the four-year-old, multi-stakeholder land use planning process for the Central and North Coast, to ensure that it results in the designation of new protected areas before spring of next year. As part of British Columbia's modern-day Treaty process, Victoria and Ottawa are also moving to try to reach agreements with First Nations on the Central and North Coast.

Our companies strongly support these processes and the resolution of outstanding issues around land use and aboriginal rights on the Central and North Coast of BC. In the meantime, however, it is not the day-to-day



Coast Forest Conservation Initiative

responsibility of any of the parties involved in public decision making processes on these matters to respond to the needs of our customers – that is something only we can do.

The everyday reality in our markets is that the world can live without forest products from coastal BC. The once all-important factors of price, availability and quality are no longer the only elements shaping customer decisions. In a world that has come to view BC as an arena of loud conflict over forest use, we are convinced our companies must now work with other interested parties to see our province globally recognized as a centre for groundbreaking innovations in the management and conservation of natural forests.

Does this mean that logging has to stop on the coast of BC? No. Does it mean that companies like ours have to be prepared to do things differently? Yes.
