

**Organics and Sustainability – Linkages and Interplay –
Exemplified by FSC, MSC and Fair Trade**

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We would not have to talk about sustainability if there was true cost accounting – e.g. in private transport – and if there were pricing systems which reflect true resource costs. If, in addition, perverse subsidies were abolished – e.g. the US\$25 billion in fisheries subsidies which support the world's over-capitalized fishing fleets – we would move a big step in the direction of an economy that doesn't destroy the resource base. Globally, at least US\$650 billion worth of subsidies, corresponding to almost 10 per cent of all government revenue, go to supporting timber exploitation, mining, oil extraction, agriculture and fisheries, energy production and private transport. In most of these cases, this means subsidized unsustainability.

If, in addition, we were to tax resource consumption and environmental destruction, following the "polluter pays principle", rather than labour, we would hardly have to talk any more about financing sustainability. However, currently, about 95 per cent of the global tax revenue originates from salaries, corporate and capital gains, and trade, etc. Resource taxes therefore are an urgent and necessary instrument for reaching, for example, the targets of the Climate Change Convention. What would then be left would be the introduction of economic indicators, a system of national accounting, which takes account of resource costs. This is not the case with the current system of GDP, which only measures activity irrespective of its contribution to sustainable development. Ironically, therefore, the destruction of a forest or the consequences of an earthquake are accounted for as a positive contribution to GDP. Real cost accounting, pricing systems, abolition of destructive subsidies and resource taxes, as well as economic indicators which measure true development, will become unavoidable simply because economic activity will increasingly be dependent on the environment.

However, these necessary changes are of a regulatory character and are difficult to introduce with the growing influence of business and industry and international corporations, as well as with generally weaker governments. It therefore becomes necessary to introduce market instruments to bring the proof that an environmentally friendly economy makes economic sense in the long run. Without the pressure from consumers, egos and the frontrunners in business and industry, the necessary innovations mentioned above will continue to be contested.

Forest Stewardship Council (FSC)

Around the time of the Earth Summit in Rio in June 1992, it became evident that it was hardly possible to address the problems of deforestation on a global scale with only international agreements and conventions. Despite the fact that standards for sustainable

forest practices existed, there was an evident gap between theory and practical application. Previous attempts to introduce sustainability in tropical forestry (through ITTO or TFAP) had failed and the reservations vis-à-vis a global forest convention were substantial and justified. Thus, without the market, in this case the timber market, it was evident to WWF that sustainability in forests at a global level would remain hypothetical. This laid the basis for the development of the Forest Stewardship Council (FSC).

The FSC, the development of which was promoted by WWF, is an independent certification system for forest products, based on clearly defined norms of environmental and social sustainability. Independent agencies accredited by the FSC oversee the application of these norms with the producers on site and recommend the attribution of the FSC label, which allows the consumer to identify the certified timber products on the market.

Such market mechanisms require a massive effort of communications, on the one hand to convince the producers of existing markets for sustainably produced products, and on the other hand to promote the interest of consumers. Another difficulty lies in the fact that supply and demand have to be balanced – not an easy task in a widely diversified forest product market. The FSC had been struggling with severe difficulties for about five years following its creation, however, since 1997 the demand for certified forest products has been rising rapidly.

A key role in the development of market mechanisms lies with the retailers who can play a pioneering role. In the case of the FSC, it was B&Q, the largest do-it-yourself chain with hundreds of stores in the UK, which committed itself to shift to FSC-certified products early on in the process. This step paid off for the enterprise in a competitive market, but provided additional benefits for the internal culture of the company: higher motivation of employees and ultimately higher productivity for the enterprise were the result.

Currently, about 19 million hectares of productive forests are FSC-certified in 33 countries, with standard setting processes underway in more than 60 countries. Currently there are 14 Forest and Trade Networks covering 18 countries with more than 600 companies involved. The World Bank is cooperating with WWF to promote certification and forest conservation on a global scale.

The Marine Stewardship Council (MSC)

The Marine Stewardship Council (MSC) was created in 1997 in response to the global fisheries crisis. Established through a unique partnership between WWF and Unilever, one of the world's largest commercial buyers of fish, the MSC is an independent, non-profit organization working to promote responsible fishing practices worldwide. It aims to ensure the long-term future of fish stocks and the health of the marine environment on which they depend.

Working with experts from around the world, the MSC has developed a set of global standards to evaluate responsible fisheries management. Any fishery operation, irrespective

of size or location, can apply to be assessed independently against these standards. Only fish coming from sources that have met the MSC's strict standards can carry this eco-label. For the first time, consumers in shops and restaurants will be able to choose fish that have been caught from certified sustainable sources.

Partners around the world are now working with the MSC to protect the web of life in our oceans. The first fisheries to earn the MSC logo – the Western Australian rock lobster fishery and the UK's Thames herring fishery – had their marketplace debut in March 2000. Other fishing groups are recognizing the potential market benefits associated with MSC certification and are applying for recognition.

Experiences with certification schemes

Certification schemes combined with eco-labels can be powerful tools to change markets and introduce environmental and social standards. Although such schemes should not be seen as the only mechanism to introduce sustainability in resource use, they may be the only way ahead when regulatory measures and legal frameworks are resisted or have run into problems of implementation. Market mechanisms should, however, not be perceived as substituting for regulation/legislation; they may indeed trail-blaze such steps. The recently agreed Biosafety Protocol provides an example where consumer pressure (resistance against GMOs) spurred the acceptance of a partial regulatory solution. True cost accounting and pricing, abolition of destructive subsidies and a shift from labour to resource taxes must also remain a medium-term objective.

Certification in combination with product labelling works at the interface of producers and consumers and requires a high degree of coordination and publicity. In the case of the FSC and the MSC, strong partnerships between an NGO – in this case WWF – and the producers (buyers groups) was crucial, not least in order to ensure sufficient financial resources to firmly establish an independent certification body. To establish an effective certification/labelling system and make an inroad into the market, a period of up to five years or more may be required. This is certainly the case with products where public awareness for environmental and social aspects is not widely understood – as with timber and fish. Although the same organization (WWF) stood behind the development of the FSC and the MSC, and similar approaches for their development were chosen, the widely differing products and market structures required individual solutions, as well as constant adaptation by the independent certification body.

Important lessons can be drawn from the experiences of FSC, and the more recent ones of MSC for the organics market. However, the situation here presents itself differently: on the one hand the awareness of consumers with regard to the advantages in terms of quality, environmental and health aspects are much more evident and widely recognized in organic products than is the case with, for example, sustainably produced timber. Timber does not go through the belly, so to speak, and the selling proposition builds only on an intellectual concern.

Certification verification and identification of organics, on the other hand, may be more complex and is potentially more confusing for the consumers if a multiplicity of labels appear on the market.

Strong and credible communications and media support thus remain an important prerogative for any certification/labelling system, and some markets (e.g. East Asia) may be difficult to access for years to come.

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