



Press Release: Precautions when Using FSC Forest Certification for the Biomass Feed-in-Tariff System

FSC Japan (NPO Japan Forest Stewardship Alliance, President: Takehiko Ohta), which promotes the FSC international forest certification scheme, has announced its official position regarding concerns on the falsification of FSC-certified wood in wood pellet imports from Vietnam and Thailand destined for biomass power generation projects using the Feed-in-Tariff (FiT) system.

FSC certification has been used by biomass business operators as a means to meet the legality and sustainability requirements for woody biomass fuel in the FiT scheme. FSC Japan calls on the relevant institutions and biomass business operators to properly understand and use the FSC certification. At the same time, to maintain the credibility of FSC certification, FSC Japan will collaborate with the FSC International Secretariat (Germany) and Assurance Services International (ASI), an independent organization that monitors the integrity of FSC certification to undertake necessary investigations into the wood pellet supply chain.

Recently, it was pointed out that the volume of certified wood pellets imported into Japan and South Korea far exceeds the production volume estimated from the area of certified forests, leading to allegations of FSC certification fraud in wood pellet imports from Vietnam and Thailand. However, because the FSC certification system allows for the mixing of other material that does not originate from certified forests, a discrepancy between the estimated certified wood production volume and the amount of imported certified pellets does not necessarily indicate that certification fraud has taken place. It is possible that the situation may have arisen due to the following practices, which lie outside the FSC certification system, rather than the actions of FSC certificate holders:

■The unauthorized trade of certified materials by entities that are not FSC-certified (non-certificate holders)

The trade of certified materials by non-certificate holders is itself considered false claim of certification. However, unauthorized transactions of “certified” wood can occur if the parties involved lack knowledge and a proper system of checks. Should a false claim of FSC certification be found, FSC will take legal action due to the trademark violation. Still, FSC has only limited authority to investigate and control transactions outside the certification system, and investigations of FSC certificate holders will have only a limited effect on controlling wrongful practices. For this reason, we ask for understanding and cooperation from biomass business operators and FiT scheme owners to effectively tackle this issue.

■The inappropriate use of FSC Mix biomass in the FiT system

FSC certification identifies forest products made from materials that contribute to the sustainable use of forests and provides reliable certification labels for consumer products. FSC certification was not designed for either biomass power generation or for legality verification for the FiT scheme. FSC certification and the FiT system differ in both material category definitions and material handling methods. The mix of materials allowed in FSC certification is not necessarily acceptable in the FiT scheme, which demands that materials in different categories are handled separately. To properly use FSC certified material within the FiT scheme, it is crucial to have a clear understanding of both FSC certification and the FiT scheme, as the improper usage of FSC-certified material can lead to confusion regarding both the content and origin of the material.

For example, under FSC certification, woody material from construction waste that meets the defined requirements is classified as “post-consumer reclaimed material”, which is then treated as being equivalent to wood from FSC-certified forests. However, the FiT system does not allow for the treatment of construction waste as forest-based wood fuel under the “general woody biomass” category, and sets a lower purchase price for construction waste than “general woody biomass”. Post-consumer reclaimed material can be used to produce FSC



Mix products, but selling FSC Mix biomass which contains construction waste as general woody biomass can result in companies receiving an unfairly large FIT levy that is not commensurate with the actual content of the material.

Furthermore, the FSC certification system allows for the mixing of non-forest-based materials as "neutral materials" to which certification requirements do not apply. This means that FSC-certified biomass pellets may contain agricultural residues like rice husks, bagasse and palm kernel shells (PKS), but it is not possible to see from the FSC claim of certified products whether such neutral materials are contained. On the other hand, under the FIT system, as with the construction material waste, biomass made from agricultural residue has to be managed separately from general woody biomass, and its procurement requires third-party sustainability certification. Treating FSC biomass that may contain agricultural residue as general woody biomass without the required certification can thus be considered a false claim in the FIT system.

Allowing the mixing of reclaimed materials, like construction waste, and non-forest-based materials, like agricultural residue, is an intended design of the FSC certification system responsibly sourced forest products with credible labels to consumers. However, if such mixing is not acceptable in the FIT scheme, then it is necessary to include a proper system of checks to ensure that only eligible certified materials can be claimed for each material category of the FIT scheme. FSC Japan will continue to communicate with the authorities and institutions involved in the design and operation of the FIT scheme to ensure that FSC certification is used properly within the scheme.

At the same time, we have prepared a document calling for precautions in the use of FSC certification for operators that use FSC for biomass transactions. We kindly request that biomass business operators study the document to ensure that they are using FSC certification properly.

To address the suspicion of FSC certification fraud, it must be restated that the fact that the amount of certified pellet imports far exceeds the estimated production volume from certified forests does not necessarily constitute evidence of false claims or unauthorized transactions, as the FSC certification system allows for the mixing of materials that are not from certified forests, such as controlled wood, reclaimed material and neutral material. Nevertheless, FSC Japan will collaborate with the FSC International Supply Chain Integrity Team, which is responsible for investigating fraud within the FSC system, and ASI to conduct the necessary investigations.

Attachment: <Special note for biomass business operators that make use of FSC certification when sourcing biomass fuel for power generation under the Feed-in-Tariff (FIT) scheme in Japan>

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