

The Emergence of Non-State Environmental Governance in
European and North American Forest Sectors

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I. Introduction

Any effort to understand and explain the development of environmental forest policies across the Atlantic in the last decade and a half must pay careful attention to the emergence of two distinct paths - both of which emerged out of the ashes of the 1992 Rio Earth Summit's failed efforts to achieve a binding global forest convention (Humphreys forthcoming). Though they began from very different starting places and were intended to head in very different directions, both paths were strongly influenced by a widely accepted explanation for the demise of global forest convention negotiations: concerns that *national sovereignty* - i.e. the right of each country to decide what to do within its own boundaries - was being threatened.

. The first path sidestepped the sovereignty issues by focusing on developing *processes to define*, rather than implement "sustainable forestry", often through meetings of experts on what constituted appropriate "criteria and indicators" and the promotion of "national forest programs" through which countries, it was hoped, would see fit to globally important concerns (Humphreys 2006). Travelers on this path included domestic forestry agencies, intergovernmental negotiators, and international agencies such as the United Nations Food and Agricultural Organization (FAO) and, ultimately, the United Nations Forum on Forests (UNFF) (Humphreys 2004).

The second pathway sidestepped the sovereignty issue by rejecting state-centered intergovernmental negotiations altogether, turning instead to the marketplace to address global forest deterioration by developing and demanding *global standards with prescriptive requirements*. Followers on this path include most of the world's leading environmental groups, their social allies, a handful of forest companies and retailers, governmental environmental and aid agencies, the World Bank, and, eventually, philanthropic foundations. They created and/or developed the Forest Stewardship Council (FSC) program which was designed in 1993 to monitor companies for the environmental stewardship and social practices, and certify those that practiced forestry in accordance with pre-established performance

criteria. This approach, which is one of the furthest away from state control of a broader group of “private authority” and “public private partnerships” policy instruments, has been labeled by Cashore (2002), owing to its rejection of sovereignty authority and emphasis as “non-state market driven” (NSMD).

The first pathway has essentially evolved as would have been expected – much progress has been made in defining the economic, environmental and social benefits of the forest, National Forest Programs have been initiated to varying degrees within Europe, and functional equivalents in Canada and the United States (Humphreys 2006). Just what they do, and the practices they place attention on, varies considerably from one countries to the other (Howlett and Rayner 2006). Unlike other arenas of the Europe Union that has relied on EU directives to promote convergence among approaches, the EU has shied away from any directives over forest management and has focused instead on giving financial incentives to poorer countries to develop national forest programs (Humphreys 2006).¹ Similarly, the EU, under the leadership of Finland, has been a strong promoter of the “Helsinki” criteria and indicators forest sustainable forest management processes, which is loosely linked with other criteria and indicators processes operating globally. At the international level, the United Nations Forum on Forests continues to bring together many of the world’s countries to deliberate over the declining state of the world’s forest ecosystems, but continues to produce no international agreements about what to do (Dimitrov 2005; Dimitrov 2006).

This chapter focuses on the striking, and arguably less predictable, trajectory of the second pathway. As the FSC model gained incremental support throughout the 1990s, especially in North American and Europe, industry and/or forest owners began to reverse their initial opposition to certification and instead created “FSC competitor” programs that they hoped the market place would accept as a legitimate alternative to the FSC. These competitor programs, like path one, were designed to respect national sovereignty and to give much discretion to individual forest companies and domestic forest agencies in implementing and choosing what types of forest operations ought to be certified.

As a result, much of the debate and conflict over forest certification is about a tension over supporters of global, prescriptive standards as represented initially by the FSC; and supporters of

domestic initiated, controlled, and discretionary approaches, about which approach is the most legitimate and effective.

This chapter analyses and explores these power struggles in British Columbia, Canada, the United States, Germany, Sweden, the United Kingdom and Finland. Our historical review reveals a puzzle: in some countries, forest companies responded to market pressures by expressing interest in, or achieving certification according to the environmental group supported international Forest Stewardship Council (FSC) standards. However, in other countries forest companies gave the FSC little attention, supporting either no forest certification program at all, or industry and/or forest owner initiated certification programs.

Why did some countries' forest sector support FSC forest certification while others preferred forest industry and/or forest owner initiated alternatives? We argue that attention to this conflict, and the international trends and domestic variations in support that have occurred, requires careful attention to the ways in which three broad factors mediate these conflicts: the place of the country/region in the global economy; the structure of the domestic forest sector; and the history of forestry on the public policy agenda. Taken together, these factors influence strategic choices available to FSC supporters in their efforts to use economic carrots and sticks to "convert" forest owners to support the FSC, including whether FSC strategists are forced to "conform" by altering and changing its own program, and/or ultimately fail as forest owners choose what they perceive to be more palatable FSC competitors. Addressing such a question not only enhances our understanding of the emergence of forest certification it highlights the need to conduct careful sectoral-level analyses of cross-Atlantic trends in public and private policy innovation and adoption.

We assess our arguments in the following analytical steps. Following this introduction a second section identifies the two different conceptions of forest certification that are vying for support in North America and Europe. A third section locates forest certification as an advanced form of a non-state market driven (NSMD) governance system which are now proliferating and emerging in a range of globally important sectors including fisheries, coffee production, agriculture and eco-tourism. A fourth

section reviews the historical development of forest certification in our cases and the ultimate patterns of support for the FSC and its competitor programs. A sixth section assesses seven hypotheses' explanatory power for understanding the emergence of forest certification in these countries.

II. Two Conceptions of Forest Certification

By 1992, ongoing frustration with domestic and international public policy approaches to global forest deterioration created an arena ripe for a private sector approach. But unlike voluntary self-regulating programs in which business took the initiative in their creation (Prakash 2000, 1999), transnational environmental groups took the lead in creating certification institutions. In the case of forestry, the World Wide Fund for Nature (WWF) spearheaded a coalition of environmental and socially concerned environmental groups, who joined with select retailers, governmental officials, and a handful of forest company officials to create the international Forest Stewardship Council (FSC). Officially formed in 1993, the FSC turned to the market for rule making authority by offering forest landowners and forest companies who practiced "sustainable forestry" (in accordance with FSC policies) an environmental stamp of approval through its certification process, thus expanding the traditional "stick" approach of a boycott campaign by offering "carrots" as well.

Table 1: Conceptions of Forest Certification

Table 1: Different Conceptions of Forest Certification		
	<u>Conception One</u>	<u>Conception Two</u>
National Sovereignty	Belief that domestic states should be constrained through development of global requirements/standards	Respects rights of countries to determine forest policies appropriate for operations within their own borders
Who participates in rule making	Environmental and social interests participate with business interests	Business-led
Rules – substantive	Non-discretionary	Discretionary-flexible
Rules – procedural	To facilitate implementation of substantive rules	End in itself (belief that procedural rules by themselves will result in decreased environmental impact)
Policy Scope	Broad (includes rules on labor and indigenous rights and wide ranging environmental impacts)	Narrower (forestry management rules and continual improvement)

Source: Cashore (2002)

The FSC created nine “principles” (later expanded to 10) and more detailed “criteria” that are performance-based, broad in scope and that address tenure and resource use rights, community relations, workers’ rights, environmental impact, management plans, monitoring and conservation of old growth forests, and plantation management (See Moffat 1998: 44; Forest Stewardship Council 1999). The FSC program also mandated the creation of national or regional working groups to develop specific standards for their regions based on the broad principles and criteria.

The FSC program is based on a conception of NSMD governance that sees private sector certification programs forcing upward *global* sustainable forest management (SFM) standards. Perhaps more important than the rules themselves is the FSC “tripartite” conception of governance in which a three-chamber format of environmental, social, and economic actors, each with equal voting rights, has emerged. Each chamber is itself divided equally between North and South representation (Domask 2003). Two ideas were behind this institutional design. The first was to eliminating business dominance in

policy-making processes in the belief that this would encourage the development of relatively stringent standards, and facilitate on-the-ground implementation. The second was to ensure that the North could not dominate at the expense of the South – a strong criticism of the failed efforts at the Rio Earth Summit to achieving a binding global forest convention (Lipschutz and Fogel 2002; Domask 2003; Meidinger 1997; Meidinger 2000).²

The lumping together in one chamber those economic interests (i.e., companies and non-industrial forest owners) who must actually implement SFM rules with companies along the supply chain who might demand FSC products, as well as with consulting companies created by environmental advocates, has been the source of much controversy and criticism. It has negatively affected forest owners evaluations of the FSC (Sasser 2002; Vlosky 2000; Rametsteiner 1999) and encouraged the development of “FSC alternative” certification programs offered in all countries in North American and Europe where the FSC has emerged. In the US, the American Forest and Paper Association created the Sustainable Forestry Initiative (SFI) certification program. In Canada, the Canadian Standards Association (CSA) program was initiated by the Canadian Sustainable Forestry Certification Coalition, a group of 23 industry associations from across Canada (Lapointe 1998). And in Europe, following the Swedish and Finnish experiences with FSC-style forest certification, an “umbrella” Pan European Forest Certification (PEFC) system (renamed the Program for the Endorsement of Forest Certification in 2003) was created in 1999 by European landowner associations that felt especially excluded from the FSC processes.

In general, FSC competitor programs, following their conformance to national sovereignty, originally emphasized organizational procedures and discretionary, flexible performance guidelines and requirements (Hansen and Juslin 1999: 19). For instance, the SFI originally focused on performance requirements, such as following existing voluntary “best management practices” (BMPs), legal obligations, and regeneration requirements. The SFI later developed a comprehensive approach through which companies could chose to be audited by outside parties for compliance to the SFI standard, and developed a “Sustainable Forestry Board” independent of the AF&PA with which to develop ongoing standards. And similar to the SFI, the CSA focus began as “a systems based approach to sustainable forest

management” (Hansen and Juslin 1999: 20) where individual companies were required to establish internal “environmental management systems” (Moffat 1998: 39). The CSA allows firms to follow criteria and indicators developed by the Canadian Council of Forest Ministers, which are themselves consistent with the International Organisation for Standardization (ISO) 14001 Environmental Management System Standard and include elements that correspond to the Montreal and Helsinki governmental initiatives on developing criteria and indicators for sustainable forest management.

The PEFC is itself a mutual recognition program of national initiatives and draws on criteria identified at the Helsinki and Lisbon Forest Ministers Conferences in 1993 and 1998, respectively (PEFC International 2001). National initiatives are not bound to address the agreed upon criteria and indicators (Ozinga 2001), as the PEFC leaves the development of certification rules and procedures to the national initiatives. A PEFC Secretariat and Council that tends to be dominated by landowners and industry representatives determine the acceptance of national initiatives into the PEFC recognition scheme (Hansen and Juslin 1999). From the start, the program was explicitly designed to address forest managers’ universal criticisms that the FSC did not adequately take private landowners’ interests into account.³

These FSC-competitor programs initially operated under a different conception of non-state market driven governance than does the FSC: not only must national sovereignty be respected but also a belief that business interests, along with government forest agencies designed to promote the forest sector, ought to strongly shape rule-making, with other nongovernmental and environmental governmental agencies organizations acting in advisory, consultative capacities. Underlying these programs is a strongly held view that there is incongruence between the quality of existing forest practices and civil society’s perception of these practices. Under the SFI, CSA, and PEFC conceptions, certification is, in part, a communication tool that allows companies and landowners to better educate civil society. With this conception procedural approaches are ends in themselves, and individual firms retain greater discretion over implementation of program goals and objectives. This conception of governance draws on environmental management system approaches that have developed at the international regulatory level (Clapp 1998; Cutler, Haufler, and Porter 1999).

Table 2: Comparison of FSC and FSC Competitor Programs

	<u>FSC</u>	<u>PEFC</u>	<u>SFI</u>	<u>CSA</u>
Origin	Environmental groups, socially concerned retailers	Landowner (and some industry)	Industry	Industry
Types of Standards: Performance or Systems-based	Performance emphasis	Combination	Combination	Combination
Territorial focus	International	Europe origin, now international	National/bi-national	National
Third party verification of individual ownerships	Required	Required	Optional	Required
Chain of custody	Yes	Yes	No	Emerging
Eco-label or logo	Label and Logo	Label and Logo	Logo, label emerging	Logo
Source: Cashore, Auld and Newsom (2004), adapted from Moffat (1998: 152), Rickenbach, Fletcher and Hansen (2000), and www.pefc.org				

Terms: Performance-based refers to programs that focus primarily on the creation of mandatory on the ground rules governing forest management, while systems-based refers to the development of more flexible and often non-mandatory procedures to address environmental concerns. Third Party means an outside organization verifies performance; Second Party means that a trade association or other industry group verifies performance; First Party means that the company verifies its own record of compliance. Chain of Custody refers to the tracking of wood from certified forests along the supply chain to the individual consumer. A logo is the symbol certification programs use to advertise their programs and can be used by companies when making claims about their forest practices. An eco-label is used along the supply chain to give institutional consumers the ability to discern whether a specific product comes from a certified source.

NOTE: The PEFC is included in this table for comparative reasons, but it is difficult to make universal characterizations about program content or procedures, since they vary by country or sub-region (though they must meet the minimum level set by the PEFC Council).

III. Key Features of Non-State Market Driven Environmental Governance

Five key features distinguish NSMD governance from other forms of public and private authority.

The most important feature of NSMD governance is that there is *no use of state sovereignty to enforce compliance*. The Westphalian sovereign authority that governments possess to develop rules and to which society more or less adheres (whether it be for coercive Weberian reasons or more benign social contract reasons), does *not* apply. There are no popular elections under NSMD governance systems and no one can

be incarcerated or fined for failing to comply. Rather, a private organization develops rules designed to achieving pre-established objectives (sustainable forestry, in the case of forest certification).

Table 3: Key Features of NSMD governance

Role of the state	State does not use its sovereign authority to directly require adherence to rules
Institutionalized governance mechanism	Procedures in place design to created adaptation, inclusion, and learning over time across wide range of stakeholders
The social domain	Rules govern environmental and social problems
Role of the market	Support emanates from producers and consumers along the supply chain who evaluate the costs and benefits of joining
Enforcement	Compliance must be verified

Source: Adapted from Cashore (2002), Cashore, Auld and Newsom (2004) and Bernstein and Cashore (2006)

A second feature of NSMD governance is that its institutions constitute governing arenas in which adaptation, inclusion, and learning occur over time and across a wide range of stakeholders. The founders of NSMD approaches, including forest certification, justify these on the grounds that they are more democratic, open, and transparent than the clientelist public policy networks they seek to replace. A third key feature is that these systems govern the “social domain” (Ruggie 2003)– requiring profit-maximizing firms to undertake costly reforms that they otherwise would not pursue. This distinguishes NSMD systems from other arenas of private authority, such as business coordination over technological developments (the original reason for the creation of the International Organization for Standardization) that can be explained by profit seeking behavior and through which reduction of business costs is the ultimate objective. To be sure, these arenas are important, but are very different beasts, with very different authority mechanisms, than NSMD systems.

The fourth key feature is that authority is granted through the market’s supply chain. Much of the FSC’s and its domestic competitors’ efforts to promote sustainable forest management (SFM) are focused on convincing consumers and producers along the supply chain to support, and demand that its supplies come from certified forests (Bruce 1998: chapter 2; Moffat 1998: 42-43). While landowners may be appealed to directly with the lure of a price premium or increased market access, environmental

organizations may act through boycotts and other direct action initiatives to convince large retailers, such as B&Q and Home Depot, to adopt purchasing policies favoring the FSC, thus placing more direct economic pressure on forest managers and landowners. The fifth key feature of NSMD governance is the existence of verification procedures designed to ensure that the regulated entity actually meets the stated standards. Verification is important because it provides the validation necessary for certification program to achieve legitimacy, as certified products are then demanded and consumed along the market’s supply chain.⁴ This distinguishes NSMD systems from many forms of corporate social responsibility initiatives that require limited or no outside monitoring (Gunningham, Grabosky and Sinclari 1998: Chapter Four).

IV. The Emergence of Forest Certification in North America and Europe⁵

Table Four: Support for FSC Certification Across Countries						
	BC (Canada)	United States	United Kingdom	Germany	Sweden	Finland
Initially	Scant	Scant	Scant	Scant	Scant	Scant
After efforts to gain support	Widespread pragmatic	Scant	Significant pragmatic	Weak	Pragmatic Industry; Landowner opposition	Scant

Our comparative research in North America and Europe revealed a puzzling divergence regarding forest owner support for forest certification (For a detailed analysis see Cashore, Auld & Newsom 2004). Initially most forest owners balked at the idea of FSC certification, with only scant support occurring across all cases. However, after active efforts on the part of environmental groups to influence the supply chain dynamics, largely focused on boycotting and shaming large purchasers of forest products, such as B&Q in the UK and Home Depot in North America, as well as German publishing houses and others, support for certification diverged within North America and Europe. In British Columbia, Canada, the FSC made significant inroads through active legitimacy achievement strategies, with the result that initial forest company rejections of the FSC gave way to a situation in which seven of the ten largest companies in the province indicated some support for this program (Cashore, Auld & Newsom 2002). However, in the U.S., most large forest companies continue to reject the FSC and have

instead strongly supported the AF&PA's Sustainable Forestry Initiative. In the UK, state forest owners reluctantly supported the FSC, while small, private landowners now support the PEFC. The PEFC has gained the support of most state and private forest landowners in Germany while the FSC is supported by a minority of state forest landowners, whose German political masters support an environmental agenda (Auld 2001; Newsom 2001). In Sweden, large industrial forest companies support the FSC, while small landowners reject it (Cashore, Auld & Newsom 2002). In Finland, where small forest owners dominate, the PEFC has obtained widespread support, while the FSC has failed to make significant inroads.

V. The Analytical Framework

Converting and Conforming

We assessed this puzzle deductively and inductively, with careful attention placed on forest certification as a highly dynamic process in which active “agency” efforts by environmental groups to alter initial evaluations of forest owners against the FSC⁶ were facilitated and/or debilitated by enduring features common to each country’s forest sector. Our classification framework drew heavily from Suchman (1995), and focused on the distinguishing efforts of certification programs and their supporters first attempt to influence outside audiences by “converting” forest owners to support their system. When converting fails to generate support, strategies then turn to second-best “conforming” efforts that sees the certification program change its rules and procedures to address forest owner concerns, in hopes of increasing support from the audiences from whom they seek approval. We documented, and then theorized about the factors that facilitated FSC supporter’s “converting” efforts (explaining that when these factors do not exist FSC supporters will have to conform, and/or fail to gain widespread interest from forest owners). We argue that successful “converting” strategies fit with what Vogel has termed elsewhere as “trading up” (Vogel 1995), where increased trade and market transactions lead to increased environmental protection, while “conforming” strategies for the FSC, they assert represent what Vogel refers to as “trading down” (*ibid*).

VI. The Argument

Factors Influencing FSC Converting Efforts

We argue that three structural features -- place in the global economy, structure of the forest sector, and the history of forestry on the public policy agenda -- work to facilitate or debilitate efforts to have forest companies and non-industrial forest owners support the FSC. These factors help us understand why the FSC has gained pragmatic support from forest companies and forest landowners in some countries/regions, but little or no pragmatic support from forest companies and landowners in other countries/regions. We developed these hypotheses by drawing on a broad set of theoretical literatures from political science, sociology, policy studies, and economics, as well as extensive inductive research. This effort was also innovative in that we undertook research for the Finnish case following analysis and write up of the other five, which permitted us to do what Geddes (2003; 1990) and King, Keohane and Verba (1994) have criticized comparative historical analyses for sometimes failing to do: going outside the original case studies from which a theory was developed to explore whether the causal relationships apply elsewhere. This effort, as we review below, permitted us to rigorously assess our original inductively and deductively derived framework, and resulted in qualifications to the hypotheses that we discuss below). In the following section we identify our specific hypotheses, the rationale behind them, and then discuss their applicability/relevance in the context of our six case studies.

A. Place in the global economy

Hypothesis 1 (Forest Sector Export Dependent): Forest companies and non-industrial forest owners in a country/region that sells a high proportion of its forest products to foreign markets are more likely to be convinced to support the FSC than those who sell primarily in a domestic-centered market.

Hypothesis 2: (Forest Sector Import Dependent) Forest companies and non-industrial forest owners selling wood to a domestic market in a country/region that imports a large proportion of all the forest products it consumes are more likely to be convinced to support the FSC than those in a country/region that imports a small proportion of all the forest products it consumes.

Rationale

The rationale behind the Hypothesis One, broadly supported by existing research (Keck and Sikkink 1998), is that it is often easier for environmental NGOs to wage internationally focused boycott campaigns in countries that consume the products than in the countries where those products are manufactured (Barker and Soyez 1994; Bernstein and Cashore 2000). And at least part of the reason for

this is that campaigns waged domestically are open to domestic criticism that they are hurting the domestic economy and supporting ruling from “outside” the political system, since international market campaigns in general, and NSMD certification systems, originates outside any one country’s domestic processes. International market pressure is largely immune to such concerns, since they suffer no sanctions or “backlash” that domestic retailers can, and do, undergo.

Hypothesis Two identifies those cases in which domestic countries interest in foreign management practices is so strong that a “boomerang” effect occurs in which their own practices, which otherwise would never have made it on to a policy agenda, are also subject to scrutiny. This phenomenon has been largely underdeveloped in existing literature, and hence our justification is largely inductive. Our specific rationale for this hypothesis is that international market boycotts can reverberate to internal practices when a countries *imports* significant quantities of the product under scrutiny (forest products in our case). In other words, importing large amounts of forest products can influence the susceptibility of forest companies and landowners to FSC converting strategies. There are two ways in which this susceptibility is created. First, forest companies and producers in a region that imports a large proportion of its forest products will be especially susceptible to competition from FSC-certified producers outside its borders if their own domestic market is demanding FSC-certified products. Fear of losing market share to foreign imports makes these domestic producers more susceptible to FSC converting strategies. Second, forest companies and landowners in a region that imports a large proportion of its forest products will be more susceptible to moral suasion to practice the same sustainability requirements that their foreign producers are being required to do. Otherwise they risk facing accusations of promoting a double standard

Applicability to cases

Our initial analysis of the first five cases (BC, US, UK, Germany and Sweden) revealed strong support for Hypotheses One. Those countries that had a high level of dependence on foreign markets for their exports (British Columbia and Sweden) revealed some of the strongest forest company interest in

FSC style certification. As detailed in Cashore, Auld and Newsom (2004), both British Columbia and Swedish forest companies came under intense of showed some of the strongest interest in, and attention to, environmental groups “converting” strategies aimed at international markets (especially manufacturers and retailers). In the BC case, domestic and transnational environmental groups pressured demand-side companies in Europe and the U.S. to terminate their contracts with companies operating in the region that did not conform to FSC criteria (Stanbury 2000; Stanbury and Vertinsky 1997) while Sweden faced similar campaigns aimed at their critically important UK and German markets. However, our Finnish case (Cashore, 2005) revealed an anomaly in that while being the most export dependent of any of the original five cases, forest firms and forest owners in Finland never seriously considered the FS, and instead vigorously worked in developing a made in Finland solution and quickly sought recognition from the Program for the Endorsement of Forest Certification (PEFC). As we reveal below in our discussion of other hypotheses, the Finnish case does not actually disprove Hypotheses One, since it did come under intense pressure, but the relative influence and push of other factors we also identify as important “tipped the scales” toward developing a made in Finland solution – highlighting the importance in understanding the intersection of domestic and international pressures, which work quite differently that we would expect in the public policy and market interaction cases that Vogel and others have captured in their research.

Our cases also illustrated the validity of Hypotheses Two. We found when a region is a net importer of raw materials, domestic FSC converting strategies are enhanced, when retailers demand that foreign and domestic supply are subject to the same scrutiny. That is, the FSC and its supporters are more able to pursue converting strategies, when institutional consumers make purchasing commitments that apply to both domestic and foreign products. For instance, the UK case revealed that, when the supply-side in a region is small and cannot produce the volume of forest products required to meet local demand, it becomes susceptible to competition from FSC imports (Auld 2001). Hence, when the British home improvement retailer B & Q issued an ultimatum to its suppliers that, by the end of 1999, it intended to

purchase only FSC certified wood, local processors were cast under the same net, even though they were not the source of original concerns (Stanbury 2000; National Home Center News 1998; DIY 1998). In fact, competition from FSC-certified suppliers in Sweden and the fear that countries in the Baltic States would follow suit (Tickell 2000; Hansen and Juslin 1999), made UK local producers recognize the need to protect their UK market share by conforming to FSC sustainability requirements. However, as the Finnish case revealed, this hypothesis does not exist independently and must be assessed in conjunction with the others. Hence, even though Germany is also a net importer (though not nearly at the scale of the UK), we discuss below that its well developed domestic forest sector, its associational systems, and influence of private forest owners meant that the domestic forest sector was much more influential in shaping the emergence of forest certification than was the case in the UK.

The US case, which was neither import or export dependent, is also consistent with hypotheses One and Two, in that these features strongly limited the FSC efforts to implement successful converting strategies. With the exception of Finland, we witnessed the lowest degree of forest company and forest owner support for the FSC, despite widespread market-based converting efforts on the part of the FSC and its supporters. The US case revealed that it was easier to secure the commitment of a Home Depot to prefer FSC wood by focusing on "endangered" forests in BC and the tropics rather than on problems with domestic forestry practices.

Taken together, our exploration of these hypotheses is revealing about the influence of economic globalization in assisting efforts by environmental groups to force upward environmental standards. The cases strongly support Bernstein and Cashore's argument, drawing on Vogel, that the "downward" "race to the bottom" effects of economic globalization can be reversed by efforts to link access to these markets with environmental performance requirements (2000). As a result, our analysis challenges those environmental critics who contend that economic globalization always has negative consequences. While much more research needs to be done to understand how the upward and downward effects intersect,

there is no question that environmental groups can, in certain cases, use the power of the global marketplace to force companies and forest owners to make choices they otherwise would not have made.

B. Structure of Domestic Forest Sector

Hypothesis 3: (Large Companies) *Large and concentrated industrial forest companies are more likely to be convinced to support the FSC than relatively small and less concentrated industrial forest companies.*

Hypothesis 4: (Large forest ownerships) *Unfragmented non-industrial forest ownerships are more likely to be convinced to support the FSC than fragmented non-industrial forest ownerships*

Hypothesis 5: (Weak Associational Systems) *Forest companies and non-industrial forest owners in a country/region with diffuse or non-existent associational systems are more likely to be convinced to support the FSC than those in a country/region with relatively well-coordinated, unified associational systems.*

Rationale

The rationale for these three hypotheses is as follows. First, concentrated companies – companies with extensive forestland holdings and operations at all points of the supply chain, from the stump to the retail shelf – are more susceptible to converting strategies by FSC supporters. Being easily identifiable, they are more easily “targeted” by environmental campaigns than smaller, less recognizable companies (Sasser 2002). In addition, their size makes it easier to adopt FSC-style certification owing to reduced transaction costs both in terms of ease of accessing certified fiber supply and ease of tracking certified products along the market’s supply chain. Second, fragmented land ownership creates obstacles for FSC style certification. Many small landholdings face diseconomies of scale in implementing adopting certification and, perhaps more importantly, small, non-industrial, and private forest owners tend to be philosophically opposed to an environmental-group initiated program creating rules for their forest lands and also opposed to a program in which non-industrial private forest owners do not have a lead role in decision-making processes (Newsom et al 2002). All these factors mean that the more a region is characterized by fragmented small non-industrial private forest ownerships, the less susceptible its forest sector will be to FSC converting strategies.

Third, the existence of a well-developed associational structure is influential because, as existing literature has found, it has a strong affect on businesses ability to influence policy-making processes

(Schmitter and Streeck 1981; Coleman 1988). Hence, in forest certification, Cashore, Auld and Newsom assert that we would expect that the more integrated an associational system, the better able it is to “fend off” pressures from the FSC by undertaking well-coordinated and strategic responses (Oliver 1991). Further, such an association is better poised to limit the ability of individual members to defect or break ranks, such as in the case of a company or landowner who wishes to take advantage of relatively high demand for FSC certified products. Well-represented and unified industries appear not only to be less fertile ground for FSC market campaigns but also able to create a cultural environment in which forest companies are not receptive to certification market pressures.

Applicability to cases

All six cases revealed the importance of the structure of each country or region's forest sector in understanding FSC efforts to increase support. Developments in countries or regions with and without large, concentrated industrial forest companies, fragmented non-industrial forest ownerships,¹ and well-integrated associational systems all provided support for the hypothesized direct effects of these factors in mediating strategic efforts by the FSC and its supporters.

In BC and Sweden, large concentrated forest companies were relatively easy and identifiable targets for campaigners focusing largely on UK and German retail markets. This increased the tendency of both BC and Swedish companies to positively evaluate the FSC; in the case of BC, it pushed them away from solely supporting the competitor program (the Canadian Standards Association (Petit et al.)), and in the case of Sweden, it caused them to withdraw support from the stalled Nordic Forest Certification competitor program. However, the Finnish and US case reveal the importance in qualifying the independent effects of Hypotheses Three, with the intersecting effects of other factors (especially Hypothesis Four) For example, Finland's forest companies are indeed globally influential, the largest being Stora-Enso, UPM-Kymmene, Metsäliitto, and Ahlstrom. (In 2002, these companies were among the 10 leading industries in Europe and in the world). However, their operations in Finland do not follow the same level of vertical or horizontal integration found in British Columbia or Sweden. While they are

horizontally integrated at the level of product manufacturing, they only own nine percent of Finnish forests and are highly dependent on private non-industrial landowners for their raw material.⁷ What this meant is that whereas BC and Swedish companies could make executive level decisions about whether to directly respond to pressure to become FSC certified, Finnish companies could only make such decisions from a “bottom up” approach, which would have required significant and widespread learning and changes in original positions from thousands of small forest owners – a task much more challenging than the pressuring of a handful of executives that was needed to promote the FSC in British Columbia and Sweden.

Similarly, with few exceptions, the existence of large, concentrated industrial forest companies in the US did not facilitate FSC efforts. Instead, market-based converting efforts by the FSC in the US had the effect of industrial forest companies supporting more vigorously the FSC competitor program, the Sustainable Forestry Institute (SFI). Of course, since we identify seven factors with direct effects that push in different directions, it is logical that not all will be able to strongly influence the dependent variable (forest company and forest owner choices to support the FSC). What is important is to understand better which factors “trump” other factors and under what conditions the hypothesized direct effects may intersect with other factors to create unpredicted outcomes.

The cases that did not have concentrated forest companies are also consistent with hypothesis Three. That is, the absence of large, concentrated industrial forest companies in the UK and Germany made these regions much less fertile for direct targeting market campaigns by environmental activists. Instead, activists relied on targeting bigger companies down the supply chain, but this was a second best option and, owing to the fact that most of these companies were in the same country (place in global economy), was made more difficult by charges that the FSC was a “foreign” organization and hence inappropriate for domestic forestry.

The research in all cases, revealed reveal the importance and influence of Hypothesis Four. Indeed, the cases revealed that the majority of non-industrial private forest owners in all of the cases under review either saw no need for forest certification at all, or worked to develop an alternative to the

FSC where sustained pressure existed. In no country did the majority of non-industrial private forest owners accept, adopt, or express interest in, the FSC. Indeed, in all of the six cases under review revealed a common pattern: though there was divergence in industrial support for the FSC there was much stronger hostility from private forest owners towards the FSC – which Cashore, Auld and Newsom (2004: Chapter Eight) hypothesize may be partly explained by a sense of “independence” private forest owners have, qua owners, that profit maximizing firms do not. Research on US forest owner attitudes supports these conclusions, revealing that many forest landowners in this region are ideologically opposed to FSC-style certification (Newsom et al. 2002).

Recognition of this highlights the need to understand the role of non-industrial private owners in facilitating or debilitating FSC efforts. In the case of Sweden the importance of non-industrial private owners and their eventual opposition to the FSC worked to limit slightly industry's commitment to the FSC. Given the non-industrial private forest owners, Swedish forest companies first looked to the FSC to *conform*, by pushing the program to alter its percentage-based claims approach. Later they went so far as to urge the FSC to reach out to the landowner-initiated program, the Pan European Forest Certification (PEFC), in an effort to develop a "made in Sweden" system that Swedish forest owners could deem appropriate. The UK case is a good example of how the effects of fragmented non-industrial private ownership were very real, but concentrated government owned lands and highly strategic maneuvering by FSC officials worked to downplay their significance. In the UK FSC strategists carefully read conditions in this country, allowing them to gain indirect support from most landowners in the UK

The US and Finnish cases reveal the importance of private forest owners resolutely opposing the FSC in influencing the support and evaluations of others along the supply chain, particularly industrial manufacturers. In both regions the opposition of non-industrial forestland owners to prescriptive focused certification in general, and the FSC in particular, trumped other effects such as industrial forest company concentration, greatly reducing FSC strategist's converting efforts. In both countries, wood processors require a continuous fiber supply in order to feed their highly specialized, capital-intensive mills. IN the

absence of non-industrial support, industrial forest companies were influenced by the sheer logistical problems associated with the FSC chain of custody requirements. Hence, the higher the importance of non-industrial private forest owners as a source of fiber means that everything else being equal, companies who might otherwise have been open to supporting the FSC will be much less likely to do so. When this occurs the "large, concentrated" hypothesis gets reversed - pulling in the opposite direction that we argue would have been the case had it operated by itself. Instead, and because of intersecting effects, industrial forest company concentration actually will work to hasten opposition to the FSC and increase support for FSC competitors such as the SFI in the US context and the PEFC in the Finnish example.

We do note that by the same token, our research did reveal that when a region was characterized by small number of large landowners, rather than thousands of small ones, the region were more easily converted to the FSC (largely owing to economies of scale in the costs of implementing FSC certification). This helps to explain why FSC strategists in the UK, by using a mix of conforming and converting efforts, was able to achieve strong support in their sector.

Finally, the hypothesized direct effects of a cohesive associational (Hypothesis Five) did influence as predicted forest company and forest owner choices in BC and the UK (low associational system cohesion aided FSC converting strategies) and Germany and the US (high associational system cohesion limited FSC converting strategies), where well-developed associational systems helped companies and landowners to develop strategic alternatives to the FSC. We observed mixed results for the hypothesized direct effects in Sweden. The associational system cohesion for non-industrial private landowners was high, allowing them to vigorously create and defend the FSC competitor, the PEFC. However, the choice of Swedish industrial forest companies was not as expected. Indeed, the Swedish forest industry's associational system cohesion ultimately worked to enhance support for the FSC, rather than limit it. Again, the explanation for this has to do with understanding the role of intersecting effects during the early stages of FSC efforts to gain support. The effects of Swedish companies being highly exposed to foreign markets and also being large and concentrated ended up, ultimately, trumping the

direct effects of associational structure. Once the association reversed its opposition toward the FSC, however controversial it may have been within the association, the associational structure ended up facilitating support for the FSC since once the association made a choice, all of its major forest industrial company members acted consistently with that choice. It was the specific timing and sequence of FSC's early efforts to gain support by focusing on foreign market pressure, followed by company decisions to support the FSC, that saw the associational system solidify its support for the FSC rather than work to create an industrial alternative.

The historically well developed associational systems in Finland were also critical in understanding the emergence of PEFC certification in Finland. Almost all private landowners with holdings greater than five hectares are members of one of over 200 local Forest Management Associations (Finnish Forest Certification Council 1999; MTK 2001), who are in turn members of “Regional Unions of Forest Management Associations” who are themselves united national Forestry Council of MTK – an influential and instrumental group in shaping national forest policy (MTK 2001) This longstanding cohesive associational system facilitated clearly facilitated Finland’s forest owners efforts to craft a strong, made in Finland solution for staving off the pressures for FSC style certification, reviewed above. The association had immediate access to scientific information, communications budgets, and policy experts with which to develop their own strategic responses and convey them quickly and efficiently to the international market place (Cashore, 2005).

C. History of Forestry on the Public Policy Agenda

Hypothesis 6: (Public Dissatisfaction) *Forest companies and non-industrial forest owners in a country/region with sustained and extensive environmental group and public dissatisfaction with forestry practices are more likely to be convinced to support the FSC than those in a country/region with less dissatisfaction.*

Hypothesis 7: (Open forest policy processes) *Forest companies and non-industrial forest owners in a country/region where access to state forestry agencies is shared with non-business interests are more likely to be convinced to support the FSC than those in a country/region where forest companies and non-industrial forest owners enjoy relatively close relations with state forestry agencies vis-à-vis non-business interests*

Rationale

The rationale for the Hypothesis Six is forest owners operating in regions where longstanding criticisms remain are more likely to support the FSC as a “shield” against being targeted in the present or the future since the FSC offers a set of standards endorsed by both domestic and international environmental NGOs. The rationale for their Hypothesis Seven is that when the forest industry and/or non-industrial private forest owners enjoy close relations with governmental agencies (i.e. the subsystem is categorized as “clientelist” or “agency captured”, forest companies and landowners are less likely to support a FSC-style certification program because it represents a fundamentally different approach in which business cannot dominate forest policy development. On the other hand, if the policy subsystem had already opened up to include an array of interests groups in which business is one of many, then, everything else being equal, business is more likely to support FSC-style certification since it does not represent a change in the status quo.

Applicability to cases

In each of the cases under review, the traditional public policy approach to forest management was identified as being key to understanding support for FSC-style certification, as it influenced whether forest companies and landowners viewed FSC certification as a threat or an opportunity. All of our cases showed support for our predicted relationship regarding sustained conflict and closed public policy networks.

The lack of business-government dominated public policy processes and the experimentation of a range of multi-stakeholder processes in BC during the early to mid-1990s meant industry was less threatened by the FSC multi-stakeholder, tripartite approach. The industry recognized that the closed processes dominant in the 1970s and 1980s would be difficult to reconstruct, even with the election of a more sympathetic administration in 2000. And the sustained scrutiny on BC forest practices both domestically and internationally meant that industry was more amenable to market solutions provided by the FSC approach.

Likewise, in Sweden increasing and sustained societal criticism of Swedish forestry practices, also from both domestic and international sources, meant that its industry was open to alternative solutions. And while lower level implementing networks were still closed, the increasing use of multi-stakeholder processes at the national level, with clear goals governing environmental stewardship, helped enhance support for the FSC as the way of addressing these goals. Similarly, in the UK increasing concern about domestic forestry practices helped the FSC in its efforts to convert forest owners to support the FSC. Relatively closed government-business networks mitigated against forest owner support, but once government decided to help facilitate certification discussions, these closed networks ended up, indirectly, supporting FSC efforts. This is because business interests entered into these discussions only because it was government, and not the FSC, with its highly disputed decision-making procedures, that was convening the process. And yet it was the FSC that was able to capitalize on this agreement by positioning itself as the dominant certifier of this negotiated standard.

The absence of such features on the German and the US public policy agendas worked to limit efforts to converting private forest owners to supporting the FSC. In Germany there was simply no discernible widespread society critique of domestic German forest practices and, hence, no strong rallying cry that FSC-style certification was needed to address a policy problem in this country. And unlike most other countries' domestic forest policy processes, Germany continues to maintain close relations between its state forestry agencies and its landowner clientele--at all levels of their policy process. In the German case the FSC multi-stakeholder approaches posed a radical departure in the way regulations would be made, one that found disfavor among most forest owners.

The role of the public policy process in the US was similar to Germany. National forest policy was, for the most part, off limits to FSC certification, which meant that core FSC environmental supporters would come to see the FSC as most relevant for privately owned commercial forestlands. Unlike the long tradition of sustained conflict on national forestlands, US private land regulation, for the most part, has not received high degrees of sustained and extensive scrutiny. In addition, forest industry and NIPF landowners are relatively more successful at influencing public policy networks at these levels.

Both of these features worked against FSC efforts to gain support: in contrast to the educational and voluntary approaches encouraged by most state forest management agencies, companies and forest owners felt they had much to lose with FSC-style certification, in terms of both reduced access to the policy process and the prescriptive and perceived <"stringent" approach of the FSC.

There is no question that, following “forestry wars” in the 1990s public attention was placed on the forest sector. Environmental group campaigning, frequent on-site protests, and physical attempts by ENGO supporters to stop logging activities, and resultant arrests, resulting in significant media coverage (Hellström 2001). While protests and campaigns initially focused on state lands, by 1994 they moved to include private forests. However, the Finnish governmental forest policy reforms served to significantly address, and minimize, widespread criticisms. This is in part owing to the Finnish government’s leadership role in the Helsinki Process, and its June 1993, signing of the Helsinki resolutions which called for ecological sustainable development and biological diversity as an essential element of forest management.⁸ And following its national forest policy reforms that concluded in 1997 the Finnish government now responded to societal scrutiny by asserting that all Finnish forest legislation was completely reformed with a new focus of promoting economically, socially, and ecologically sustainable forest management (Mikkela, Sampo, and Kaipainen 2001).⁹

These proactive efforts to change and develop Finnish forest policy, public dissatisfaction with forestry practices in Finland never reached the level of dissatisfaction found in British Columbia, the United States, or even Sweden. In fact, some analysts assert that environmental groups campaigns over old-growth forests and protected areas actually represented a conflict between environmental interests and the general *public*, who either directly or indirectly (through a member of their family) owned forestland. And governmental efforts to reform forest policy, precipitated by “changes in the international and societal environment of forestry, pressures for reducing the costs of forestry operations, and the active public debate on the sustainability of forestry” (Mikkela, Sampo, and Kaipainen 2001), appears to have satisfied the general public in ways that did not occur in other cases reviewed by Cashore, Auld and Newsom.

Summary

Table 5 reviews each of our cases for whether the particular feature exists that we hypothesize would influence the ability of the FSC to use converting efforts to gain support. We must emphasize as

we discuss above, that each factor has equal causal weight, and that intersecting effects must be carefully analyzed. Nonetheless, Table 5 present important overall trends that should be of interest to scholars attempting to theorize about the emergence of global NSMD governance in different countries, the particularly flavor or approach it may take domestically; as well as to practitioners involved in shaping the emergence of NSMD. What is clear is that the three structural features we identified to influence the choice, and impact of, strategic choices made by environmental groups, industry and forest owner associations, and others involved in the NSMD supply chain.

Table 5: FSC ability to alter evaluation by hypothesis and case*

Case	<u>Place in the Global Economy</u>	<u>Structure of the Domestic Forest Sector</u>			<u>History of Forestry on Public Policy Agenda</u>		✓/6
	H1 or H2	H3	H4	H5	H6	H7	
BC	✓	✓	✓	✓	✓	✓	6
Sweden	✓	½	X	X	✓	½	3
UK	✓	X	½*	X	✓	X	2.5
Finland	✓	✓	X	X	X	X	2
Germany	✓	X	X	X	X	X	1
US	X	½	X	X	X	X	.5

Notes: H1: high dependence on foreign markets for exports; H2: high dependence on imports; H3: concentration of forest industry; H4: low level of non-industrial forest fragmentation; H5: fragmented forestry associations; H6: long history of unresolved forestry conflict; H7: industry shares access with non-business interests

* The factor's effects described by each hypothesis do not have equal weight as we elaborate and explain in our case studies. We use the numbers simply to synthesize and present a general guide to understand the cumulative effects of each of the individual effects described by our hypotheses.

** H4 Non-industrial forest land in the UK is distinguished from concentrated government ownerships, and fragmented private forest owners.

Source: Cashore, Auld and Newsom (2004) and Cashore, Egan, Auld and Newsom (2005)..

VI. Conclusion

The prevailing consensus among most environmental policy scholars is that, for at least the last decade, Europe is a hare - becoming the place of advanced and innovative environmental policy

development and either “catching up” to (Vogel 2003), or forging ahead of (Speth 2004), the United States. This is not a hard conclusion to draw. From US efforts to relax existing domestic forestry and environmental regulations in favor of development interests to its refusal to sign the Kyoto protocol,¹⁰ its public policy responses have understandably caused much consternation to those who care about the troubling environmental deterioration of the planet.

But can we draw such stark generalizations across all efforts to address environmental deterioration? How do we begin to assess complex and diverse policy innovations that vary within and across sectors, let alone countries, and whose short and long-term impacts are uncertain? Moreover, what can we say about the increasing use of *non-governmental* policy instruments in North America and Europe, including voluntary, self-regulation, reporting, and consumer-oriented labeling approaches? Do they follow the same trends in public policy noted above? Or do they take on a different flavor that, when assessed, add an important caveat to generalizations about public policy?

This chapter has shed light on these broader questions by examining what is arguably, of all recent private sector policy innovations, the furthest away from government control than any other: “non-state market driven” (NSMD) governance systems that turn to the market-place for policy making authority. Unlike public environmental policy initiatives in the EU which were, according to Vogel (2003), pushed upward owing to *governmental* decisions that harmonization was instrumental in developing its single market,¹¹ support for, and implementation of, NSMD systems have diverged significantly *within* Europe and North America

Two important conclusions emerge from our analysis of the emergence of private authority as a means to addressing environmental forestry concerns across the Atlantic. First, more attention must be placed on understanding how market-based systems that rely on economic demand intersect with longstanding economic and state-based structural factors. Taken together, these factors give different opportunities to supporters of global-standards focused efforts vis-à-vis supporters of domestic initiated programs that pay homage to national sovereignty. While scholars have long studied the role of market integration, including EU and US variations (see especially Vogel (Vogel 2003) on public policy choices

(especially regarding upward or downward convergence) limited attention has been placed on systematically understanding the emergence of private authority. This omission is problematic as market and domestic pressures appear to intersect in very different ways than they do in *public* policy processes. For example, while the EU's institutionalized single-market where mandatory environmental directives can, and do, provide upward pressure on EU-wide environmental policy (Vogel 2003), the relative strength of international and domestic pressures in shaping policy innovation becomes much more important in the private sphere - where the coercive power of the state is absent and authority derives from support in market transactions. As we revealed above, it cannot be assumed that international economic pressures will "trump" domestic considerations – as the structure of the internal forest sector and existing public policy approaches, strongly influence whether, and how, international pressure will influence domestic policy making.

Second, analysis also calls for greater attention to understanding not only the influence of existing public policy approaches to the emergence of private authority, but also on how the broad suite or basket (Gunningham, Grabosky, and Sinclair 1998), of policy innovations of the "next generation" of environmental policy (Chertow and Esty 1997) interact to produce different domestic choices. A major contribution in this regard has been made recently by Howlett and Rayner (2006) who have found that the divergence of national forest programs within Europe, especially regarding their content and character, can be explained, in part, by the role, and support of, domestic support in *forest certification* across these countries. That is, not only do public policy choices and public policy networks influence the emergence of non-state authority, but it is now increasingly clear that private authority is influencing the emergence of new public policies initiatives, including their content and instrument design.

What is clear is that forest certification programs have presented the world of policy analysis with one of the most provocative and startling institutional designs since governments the world over first began addressing the impacts of human activity on the natural environment. Whether the forces emphasizing global standardization, or national sovereignty, will ultimately dominate, or whether intra EU and North American differences will remain, is arguably one of the more important questions facing

students of transatlantic relations, and global environmental governance. What is clear is that public policy scholars can no longer afford to ignore the emergence of private authority in the sectors they examine; and likewise, that scholars of private authority must carefully assess how their emergence might influence domestic public policy processes.

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Endnotes

¹ The development of national forest programs has been developed by , the “European Co-operation in the Field of Scientific and Technical Research” (COST), which though funded by the EU is not, technically, an EU initiative (Humphreys 2006). Our thanks to David Humphreys for this clarification.

² Originally the FSC created two-chambers – one with social and environmental interests that was given 70 percent of the voting weight, and an economic chamber with 30 percent of the votes. There are current three equal chambers among these groups with one third of the votes each. Each chamber is further divided equally between North and South.

³ The PEFC Council’s membership comprises 25 National Governing Bodies, 19 of which are European. Authority to endorse these schemes rests with the PEFC Council, 13 of which have been endorsed as of January 2003. The US SFI, Tree Farm and the Canadian CSA became members of the council in 2000, while the CSA achieved the additional step of formal endorsement by the PEFC in July 2005. The PEFC provides for single, group and regional forest certification. Regular audits are conducted of forest owners participating in a group certification. Under regional forest certification, an applicant’s region must be certified by a third party as meeting the requirements of the national standard. Landowners within a defined geographical area that has been granted regional certification status can apply to be recognized participants in the PEFC system only after committing to implement the national performance standards. Once the regional certification is complete and the landowner demonstrates his/her individual commitment to participating in the program (that is, he or she is committed to complying with national criteria), forest owners can apply to the PEFC Council or the relevant PEFC National Governing Body acting on

behalf of the PEFC Council to obtain permission to use the PEFC logo. The PEFC offers a chain of custody certificate, based on “physical separation” of the certified product from non-certified products, or based on a “percent in, percent out” type approach.

⁴ In the case of the FSC and CSA, a mandatory auditing process is conducted by external auditing companies. The SFI originally developed looser verification procedures, but voluntary independent third party auditing is now the method of choice for most companies operating under the SFI. Similar verification procedures exist under other NSMD systems, such as the case of socially and environmentally responsible coffee production, where producers are audited to ensure they are following the program’s rules, and a label is given to firms that sell this certified coffee (Transfair USA 2000). Here, the desire to be seen as a good corporate citizen is linked to a market advantage – Starbucks and Peets can sell their coffee as socially responsible, allowing them to maintain or increase market access and perhaps to charge a price premium compared to what other coffee retailers are able to charge (Seattle Post-Intelligence Staff 2000).

⁵ The following empirical and explanatory analysis draws on several in person interviews conducted with key members of the Finnish forest policy community in the summer of 2003. For brevity, we only refer to specific interviews when identifying key factual points. This section also benefits from the generosity of Prof. Heikki Juslin, who shared his personal notes on the Finnish case, greatly enhancing our understanding of the historical events that influenced the development of forest certification. We refer to these notes below as “personal communications, Juslin” to distinguish this source from data collected through our in person interviews.

⁶ Cashore, Auld and Newsom’s notions of support draw on “pragmatic”, “moral” and cognitive legitimacy distinctions developed by Suchman. Our paper emphasizes efforts to gain “pragmatic” support, since it was this category that informed the bulk of their attention.

⁷ As a result some officials assert that “large-scale industrial forestry doesn’t exist in Finland. Personal interview, senior official, MTK.

⁸ Personal interview, senior official United Nations Forum on Forests.

⁹ The revised Forest Act and the new Act on the Financing of Sustainable Forestry provided a compensation incentive whereby small private landowners would be subsidized for safeguarding biodiversity and setting aside protective areas or special habitats.

¹⁰ The US is the worst contributor to global warming, whether measured nominally or per capita (Union of Concerned Scientists 2005).

¹¹ The EU, according to Vogel (2003) faces considerable pressure to promulgate higher EU-wide environmental standards for three reasons: through the increased concern of consumers about the regulatory policies safeguarding health and the environment in other EU states; to avoid a tarnished collective reputation as a consequence of a single bad apple; and because the EU roots its legitimacy on representation of broad EU interests and concerns.