



FSC International Center Bonn, Germany

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FSC Trade Fair Brazil 2008
www.brasilcertificado.com.br

Dear FSC supporters, partners and teams around the world,

We are excited to deliver this special issue of the FSC newsletter devoted to FSC market developments. Filled with compelling information on FSC brand penetration and market growth, we present our latest market statistics and highlight some key successes on the ground through various sectors.

We continue to see that increased recognition and demand for FSC products is driving demand for FSC forest certification. How do we know this?

The FSC logo is available on a greater variety of products and in larger volumes demonstrating that all along the supply chain companies are committing to FSC. Some of the strongest brands in the world are incorporating the FSC logo into their communications. Consumer awareness of the FSC logo is growing worldwide and independent research continues to confirm FSC as the global leader in responsible forestry.

These actions send unmistakable signals to forest owners: investing in FSC certification will result in improved market access for their products and lower cost of entry to market segments they are interested in. FSC certified area continues to grow at a high rate all over the world and now represents an area equal to 7% of the forests used primarily for production purposes, a significant market share by any measure. Today, over 95 million ha are FSC certified - a 10% increase in acreage last year.

Moreover, FSC certification is reaching all parts of the world from the vast forests of Russia to small forest holdings in Switzerland. In Nepal, community forestry operations saw their handmade papers featured in Aveda stores throughout the US over Christmas. Wrapping paper for gift boxes included information pieces on FSC and community forestry.

Good news like this would not be possible without the continued work and great efforts of the 46 FSC National Initiatives, 18 accredited certification bodies, countless partners, and most significantly over 9000 certificate holders who are finding more ways to source responsibly and promote FSC products effectively.

Through the combined efforts of our global partners, key upcoming events and recent developments include: the FSC trade fair in Brazil, the 4th FSC Global Paper Forum, the Conference on FSC Markets in Beijing, publication of the WWF Paper Buying Guide and establishment of Sustainable Furniture Council in the US. You will be hearing about other exciting developments currently underway as we move through 2008. We've added a new resource section where you can find more information on these and other events and resources.

In the coming year, FSC will focus on strategies to develop markets globally. We are developing new tools to assist certificate holders to source the FSC materials that they need. Additionally we will help ensure they develop and deliver strong credible programs that help them succeed with their commitment to FSC.

We will continue to work with our strong global network and look forward to a year of extraordinary accomplishments and successes. Enjoy this brief review of the successes you are all helping to build!

Liza Murphy,
FSC Global Development

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www.fsc.org

FSC LAUNCHES MARKET INFO PACK

Today FSC launched a market information pack that provides many indicative and revealing figures and statistics on FSC growth, market share, label recognition and other strong indicators of the growth in supply and demand for FSC products.

Updated figures indicate that the global market for FSC products has now topped 20 Billion USD and shows continued signs of growth. The FSC supply chain is strengthening with a record growth of 40% in 2007.

The FSC market share for roundwood is growing despite a decline in global production levels. This is a strong indicator of the strength of FSC in forests around the world. It shows that the market demand for FSC is affecting forests in a positive way by driving demand for improved forestry practices and recognition for independent review.

More than 95 million ha are now certified to FSC's high social and environmental standards. This represents the equivalent of 7% of forests identified primarily for production. Distributed over 85 countries, FSC is a truly robust system.

The latest UN FAO report confirms FSC to be the fastest growing forest certification scheme in the world (<https://unp.un.org>). In 2006 FSC certified acreage grew 20 million ha, roughly 33%.

The information pack reveals strong indications from the FSC certificate holder community - now over 9 000 globally - that FSC offers market value and has positive impacts on the environment.

Public recognition of the FSC brand is growing worldwide. In the Netherlands, the FSC logo is the fourth best-known trademark in the country. Prompted recognition of the brand tops 60% in several countries and unprompted recognition continues to grow. These are strong indications of market strength.

For the full market information pack visit www.fsc.org/charts.

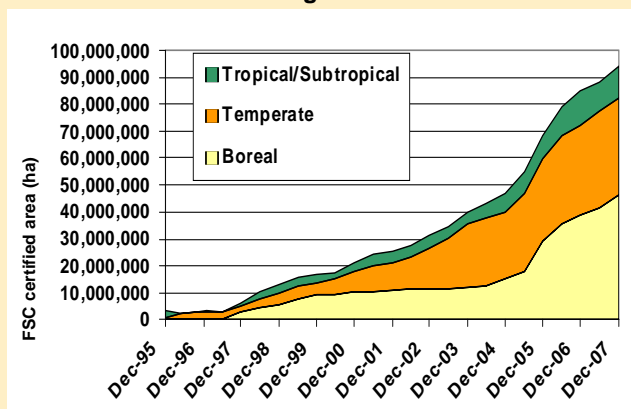
FSC IN FIGURES

Information as of February 13th 2008
Total certified area: 95'363'348 ha

Total Forest Management certificates: 892
Total Chain of Custody certificates: 8'225

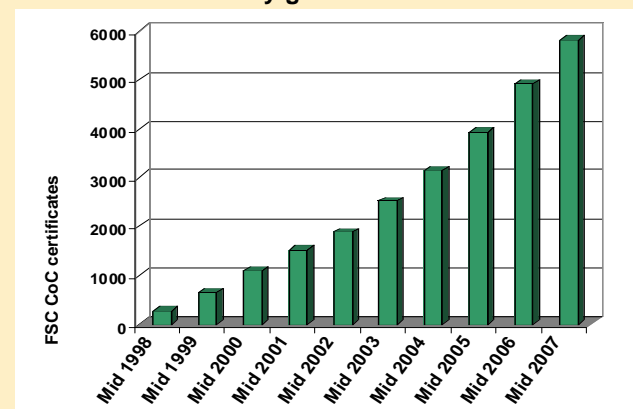
Currently FSC has Forest Management and Chain of Custody certificates in 85 countries

FSC certified forest area growth



Information as of December 2007

FSC Chain of Custody growth



Information as of July 2007

For quarterly updates on FSC charts and figures and for the FSC market information pack, visit www.fsc.org/figures and www.fsc.org/charts

FSC RECOGNITION SOARS

A number of surveys conducted in 2007 show that increasing numbers of the general public are becoming even more aware of FSC. Results from the Netherlands, Denmark, Switzerland and the UK suggest that the FSC logo is becoming a globally recognized indicator of responsible forest management and responsible purchasing in consumer markets.

In the **Netherlands**, the FSC logo is the fourth best-known trademark in the country. 21% recognized the FSC label unprompted as did a further 67% when prompted. In fact 18% of the surveyed public reported they actively seek to source FSC materials when buying wood or paper.



FSC certified hairbrush © 2007 Juraj Vysoky

Public recognition of the FSC logo more than doubled in **Denmark** to 33% since 2005, and reached 45% when prompted. Moreover, more people said they would actively search for certified products when shopping, reaching 61% in 2007 compared to just 5% in 2005.

In the **UK**, 23% of the surveyed public recognized the FSC logo in 2008, up from 19% in 2007. The highest increase was in the youngest age bracket, under 25's. Furthermore 17% of those surveyed reported purchasing FSC products.

FSC recognition in **Switzerland** soared from just 1% in 2002 to 21% in 2007. When prompted this figure reached 56% in 2007.

FSC Global Development Managing Director Liza Murphy states, "This is yet another clear result of effective worldwide efforts by the FSC global network of National Initiatives, certification bodies and our many other dedicated and supportive partners. FSC's new business unit, Global Development, will develop additional programs and strategies and tools to assist this work. These will help certified companies effectively and accurately communicate and promote their responsible choices and products through our expanded market development services."

GLOBAL RESPONSIBLE FOREST MANAGEMENT

STRONG FSC MARKET SHARE IN RUSSIA

FSC forest management certification is growing at a steady rate in Russia and has reached 18'654'774 ha. Russia maintains the second largest area of FSC certified forest in the world after Canada which holds 20'181'933 ha.

Eight of the top ten largest companies in Russia by turnover are now FSC certified. These include Ilim Group - 50% owned by International Paper, the largest paper company in the world - Mondi and Titan Group which all hold FSC forest management and chain of custody certificates.

The sawmill sector is seeing exceptional commitment to FSC. Several large sawmill companies in Russia are FSC certified or in the process of certification.

Andrei Pitchinikov from FSC Russia explains, "Sawmill companies are mainly exporting their products to environmentally sensitive markets who are asking for FSC."

Some of these companies export to the EU. In numerous European countries governments are strengthening market-based incentives for FSC certification by referencing FSC standards as requirements in their procurement policies.

Stretching from the Baltic Sea to the Pacific Ocean, Russia holds 22% of the world's forest area. Every year more of this area is certified to FSC standards. Three of the top ten largest FSC certificates and nearly one-fifth (18%) of all of FSC certified forest area lie in Russia. The first FSC certificate in Russia was issued only seven years ago. The FSC Russia office opened in 2005.



FSC certified stock, Russia © 2007 Milan Reska

SMALL FOREST OWNERS CHOOSE FSC

Today 60% of Swiss forest area is FSC certified, a remarkable achievement considering the 250,000 private small forest owners and apprehension towards FSC by forest owners in the past. Centuries of responsible forest management now has a simple, trustworthy and global label that communicates this tradition and performance. And it also pays.

In the Canton of Schaffhausen region in Northern Switzerland, all public forests - roughly 11'000 hectares - are FSC certified. Public buildings in Schaffhausen are now made almost entirely of FSC certified timber and certified material is exported to German paper mills. With a stronger cooperation between forest owners, forest service and the timber industry and the decision to recertify in 2006, FSC is clearly bringing benefits.

Swiss forest owners are successfully selling FSC certified wood to mills and manufacturers in Southern Germany where forest administrations chose to boycott FSC certification.

Responsible forest management was always a guiding principle of forestry practices in Switzerland. With increasing pressure from society and difficulties to finance forest management from timber sales alone, forest owners looked

for a cost effective solution. With municipalities of 13 to 1'500 ha, forest managers chose FSC Group certification for the market opportunities that FSC certified timber brings.

While only a relatively small proportion of FSC certified forest areas are held by communities and small forest owners worldwide, the number of certificates paints a different picture: more than one in seven forest management certificates issued by FSC are to communities and small forest owners.

In recent years FSC certification is growing in countries with very small forest properties. Switzerland is one such example, though this extends beyond Europe and includes countries as diverse as the United States, Nepal, Mexico and Guatemala.

FSC developed two standards to make FSC certification more attractive to small forest owners: the SLIMF (Small and Low Intensity Managed Forests) standard and Group certification. Furthermore, FSC's recently adopted Global Strategy clearly identifies increasing access to FSC certification for small forest owners as an important focus area.



FSC certified forest, Switzerland. © 2008 FSC Switzerland

TEMBEC HOLDS LARGEST FSC CERTIFIED AREA WORLDWIDE

Tembec is the largest single holder of FSC certified forest area in the world. With operations in Canada and France, the company sells pulp, newsprint, engineered wood, paperboard, softwood lumber and hardwood flooring to international markets. The company holds a total of 9.7 million ha of FSC certified lands. All of the company's pulp, paper and building products facilities are FSC chain of custody certified.

In 2001, Tembec committed to certifying all forest lands under its ownership and management according to FSC standards. In November 2007 Tembec achieved its goal when the last of its forestry licenses, Pine Falls in Canada, earned FSC certification.

Through seeking FSC certification, Tembec maintains and conserves High Conservation Value Forest (HCVF) areas. Furthermore, the company strengthened its partnerships with Aboriginal People and environmental organizations.

Tembec works in partnership with local First Nations people in southeastern British Columbia to carry out archeological surveys and with environmental organizations to identify HCVFs. Additionally the company collaborates with Aboriginal businesses across Canada to bring economic benefits and jobs to the local people.

Tembec Environmental Relations Manager, Chris McDonell explains why Tembec chose FSC certification, "Tembec recognized the need to certify our forestry practices and FSC was a good fit because of its international scope, multi-sectoral governance structure and emphasis on partnerships."

"Achieving FSC certification is not an end in itself, but a checkpoint on the path of improving forest management performance", stated Michael Martel, Tembec Senior Vice President, Forest Resource Management.

PAPER SECTOR

FSC CERTIFICATION THE PREFERRED CHOICE FOR INDUSTRY'S TOP 100

PriceWaterhouseCooper's 2007 report on the Global Forest, Paper and Packaging Industry confirms Forest Stewardship Council (FSC) certification as the preferred choice of the industry's top 100 companies. The paper sector uses around 40% of all commercially harvested wood.

The study finds almost half (49%) of the industry's top 100 companies have achieved certification of one or more operations to FSC standards.

The FSC paper sector is a powerful example of a dynamic market development. Despite being perhaps the most complex chain of processes, companies are nevertheless committing to FSC all along the supply chain - from pulp producers, paper manufacturers and retailers to publishers and printers, as well as the packaging industry.

Pioneering companies such as Alpac, Arctic, Domtar, Tembec and SCA are making leading efforts to improve forest management practices worldwide by becoming FSC certified and ensuring that the timber products they purchase come from responsible sources. The successes and experiences they bring to the FSC system is invaluable.

Increasing volumes of FSC products are available on the market and are entering the mainstream with a wide variety of products on offer: newsprint, magazines, books, paper towels, sandwich boxes, packaging material, sanitary papers, tissues and many others.

Growing demand for the FSC logo is a clear sign that FSC certification in the paper sector has yet to grow. While gaps still remain along the supply chain, vast opportunities remain for developing FSC certification in this industry.

FSC LEADS CERTIFICATION IN THE PAPER MARKET

The world's first chain of custody (CoC) paper market study confirms FSC as the leading certification scheme by quality and quantity. Global FSC paper consumption will grow to nearly 6.5 million tonnes in 2012, according to a new market study by Pira International.

This study is the first to quantify and forecast the market for CoC paper markets, broken down by certification type, end-use sector, grade, region and key country.


Dynamics of chain-of-custody paper markets

The global paper market is expected to increase by 2.3% every year by 2012, according to Pira, but this may only minimally impact the growth of the market for certified papers. A continued upward demand for certified paper should continue for the next five years, following the pace of forest certification as well as COC, fuelled by growing end-user demand.

Almost all the supply chain certifications so far have been awarded in North America, western Europe, and Japan. End-users in North America and Europe are expected to drive demand for certification not only in those regions, but also in developing nations that increasingly are supplying the wood and pulp but have not yet focused strongly on certifying their fibre.

For more information contact Stephen Hill at stephen.hill@pira-international.com.

Based on Pira International Press Release 14/01/2008



Writing the future ...
markets for responsible paper!
4th FSC Global Paper Forum
9 – 10 June 2008 on drupa08 in Düsseldorf
www.writingthefuture.org



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FSC Global Paper Forum 2008
www.writingthefuture.org

FIRST FSC LABELLED LIQUID AND FOOD CARTON

Tetra Pak has launched the first FSC labelled food and liquid carton. The carton is called Tetra Recart™. The FSC logo printed on it guarantees consumers that the packaging material comes from responsibly managed forests and controlled sources. Sainsbury's, a UK supermarket chain, is the first to use these cartons for its own-label premium chopped tomatoes.



World's first FSC labeled food and liquid carton, Tetra Recart

Peter Knutsson, Managing Director of Tetra Pak UK & Ireland says, "Launching the world's first FSC labeled carton for liquid and canned food is a first step in a long and complicated process of having third party certification for the entire value chain of our all our packages. Our ultimate goal is to have all the paper in our packaging certified to the highest standards - currently set by the FSC."

All Tetra Pak paperboard suppliers in Europe are FSC certified. Recent certification of Sainsbury's means the entire supply chain is FSC certified, from the forest to the retail shelf.

Mario Abreu, Director Forestry & Recycling for Tetra Pak and member of the FSC Board of Directors stated, "The main raw material we use is paper. We believe that the sustainable use of renewable resources - like wood fibers - is of utmost importance. And we want to convey this message to consumers in the clearest possible way. Today, FSC is the best proof of sustainable forestry. That's why we prefer wood sources that are FSC certified."

With over 20'000 employees, Tetra Pak is one of the largest food packaging companies in the world and operates in more than 165 markets. They supply hundreds of different types of carton packages for food.

Ulrich Malessa from FSC Germany states, "The packaging sector is enormous. Think of all the transport boxes, millions of pallets and an even greater number of carton boxes. Although FSC currently only holds a tiny share of this market, the bold steps of Tetra Pak and other suppliers clearly mark that this sleeping giant has awoken." FSC Germany is organizing the upcoming FSC Global Paper Forum.

Based on Tetra Pak and Sainsbury's Press Release 29/11/07

PUBLISHING SECTOR

HARRY POTTER BOOKS SPUR FSC USE IN PUBLISHING

JK Rowling's Harry Potter series has galvanized the world's book industry into sourcing environmental papers including from socially and environmentally responsibly managed forests certified to FSC's standards. Around the world millions of copies of the final book in the series are carrying the FSC logo.

Harry Potter and the Deathly Hallows is widely regarded as the most environmentally friendly book published to date. Seventeen countries are now printing the book on FSC paper including Argentina, Canada, Finland, Germany, Mexico, the Netherlands, the UK and US.

The Harry Potter series ignited a shift where over 300 publishers around the world adopted environmental policies to print a growing number of their book titles on environmentally responsible papers, including FSC. According to Greenpeace, nearly half of the UK book publishing industry introduced FSC paper policies including Random House, Harper Collins, Egmont Press and Bloomsbury.

With a total of 11 million tons, US publisher Scholastic purchased the largest amount of FSC paper in a single purchase to date for the final book in the Potter series. The publisher followed up with the development and release of corporate wide paper procurement policy supporting FSC.

Moreover the trend spurred demand to the point that mainstream paper companies created development of six new FSC papers specifically for the Potter titles, including Cascades' Enviro 100 and Schleipen's RC Volumen.

Canadian environmental organization Markets Initiative presented JK Rowling with The Order of the Forest awarded in October 2007 for her direct hand in transforming the publishing industry.

Based on: Market Initiative Press Release 23/10/07 and 17/07/07

TRAVEL MEDIA DIFFERENTIATES WITH FSC

US based Northstar, a worldwide provider of information and news for the meetings and hospitality industries, now uses and promotes FSC for its magazines. Northstar Travel Media LLC is printing 62'000 copies every month of its 'Meetings and Conventions' international periodical with the FSC logo. To accomplish this, Northstar worked with its printer, Brown Printing to source FSC paper. Both companies are now FSC certified.

Northstar's Production Director Robert Brai stated, "The meetings and hospitalities industries are embracing green initiatives. To differentiate our products in the market, we chose FSC certification. The FSC logo shows our readers that we are taking responsibility for our impact on the environment."

As well as changing their procurement policy to source FSC paper, NorthStar is telling their readers of their commitment to responsible sourcing. Each copy includes a full page advertisement explaining what the FSC logo means and encourages the meetings industry to follow its lead.

Having chosen Leipa Ultralux Silk paper for its high recycled content (80%), they are testing different FSC papers for two other publications. Paper merchant Lindenmeyr Central was instrumental in this process. Currently the US based company purchases around 500 tons of FSC paper a year.

Based on Northstar Travel Media Press Release 10/05/07



Advertisement of commitment to FSC certification in Meetings and Conventions publication © 2007 NorthStarTravel Media

CONSTRUCTION SECTOR

US GREEN BUILDING COUNCIL REQUIRES ONLY FSC FOR TROPICAL WOOD IN HOMES

Launched in December 2007, the US Green Building Council (USGBC) initiative, LEED for Homes, requires that only FSC certified or reclaimed material is permitted when using tropical wood in residential buildings. LEED for Homes is a rating system that promotes the design and construction of high-performance green residential homes.

The guidelines of the LEED for Homes Rating system requires that all tropical wood used in residential projects must be FSC certified. If the building contains tropical wood that is not FSC certified, the project is not eligible for LEED certification.

In addition to the requirement for FSC for tropical woods, many other opportunities are available to earn points toward LEED certification by using FSC products. Points can be gained for framing material, sheathing, flooring, cabinetry and other wood products used in home construction.

For all its additional programs, LEED recognizes FSC certified wood products to encourage environmentally responsible forest management. They do not recognize any other forest certification schemes.

LEED for Homes aims to transform the mainstream homebuilding industry. By the end of 2007, 540 homes were certified under the LEED for Homes rating system and nearly 13,000 projects were under development.

The USGBC has six Leadership in Energy and Environmental Design (LEED) programs. LEED certification is a key driver of responsible construction in the United States.

For more information visit www.fscus.org or www.usgbc.org/leed/homes/.

RETAIL SECTOR

MARKS AND SPENCER'S LEADS RETAIL INDUSTRY IN THE UK *COMMITTED TO ONLY SOURCE FSC WOOD PRODUCTS BY 2012*

Marks and Spencer's (M&S), a leading retailer in the UK, has committed to sourcing all of its wood from FSC certified or recycled sources by 2012. This five year plan is arguably the boldest commitment to date made by any retailer in the world.

From cardboard used to wrap M&S sandwiches to timber used to build its stores, M&S are exclusively requesting FSC or recycled materials. To achieve this goal, the company is working with its suppliers to move towards more sustainably sourced materials as quickly as possible.



Marks and Spencers FSC certified sandwich packaging
© 2007 Marks and Spencers

M&S Sustainable Raw Materials Manager Lauren Orme states, "This is a challenging goal. But to make changes today we need to make bold statements to drive change faster. We have chosen to pursue FSC certification as we consider it to be the international gold standard in forestry certification. We believe that it is the most rigorous standard that balances the views of environmental and social interest groups with industry. "

So far M&S converted their entire range of 'Food to Go' sandwich packaging to FSC certified board. This means every week more than 1.5 million sandwich packages carry the FSC label - 2'500 tonnes of FSC certified board a year. More than 90% of M&S garden furniture is now FSC certified. All quarterly loyalty mails sent to more than 1 million customers are also produced on FSC paper and now all of M&S's kitchen towels, toilet tissues and facial tissues are FSC certified or recycled.

Additionally, materials used in-house such as paper, hand towels, and compliment slips are responsibly sourced. M&S are aiming to only use FSC timber for all new building developments, redevelopments and renovations. M&S have 520 stores in the UK and over 200 stores overseas.

Source: Marks and Spencer' and the WWF Guide to Buying Paper

RESOURCE SECTION

Quarterly updates on FSC figures and charts - FSC maps and data: www.fsc.org/figures and www.fsc.org/charts

Events:

FSC Brazil Trade Fair (April 2008):
www.brasilcertificado.com.br

FSC Global Paper Forum (June 2008):
www.writingthefuture.org

FSC Paper Forum in Japan (Dec 2007) - FSC News and Notes Vol 5 Issue 9: www.fsc.org

Developing Certified Forests, Forest Products and Markets (April 2008):
www.rainforest-alliance.org/news.cfm?id=china_certified

Initiatives:

US LEED for Homes - FSC in construction:
www.usgbc.org/leed/homes

Sustainable Furniture Council - Information and outreach on FSC in furniture sector:
www.sustainablefurniturecouncil.com

Why FSC: www.whyFSC.com

Publications:

Global forest statistics - UN FAO State of the World's Forests 2007: www.fao.org

WWF Paper Buying Guide:
www.panda.org/paper/toolbox