



**Principles and Criteria Review**  
**Briefing Paper on Forest Carbon**

**Bonn, 12 November 2010**

This paper was produced by the P&C Review Working Group (P&C Review WG) to explain its approach to conservation of Forest Carbon in the revised Principles and Criteria and to address stakeholder concerns raised in relation to this approach. The paper will also serve as a basis for further discussions at the P&C Review Workshop on the 15<sup>th</sup> and 16<sup>th</sup> of November 2010. The P&C Review Working Group expects discussions on this topic to continue.

In line with its terms of reference, the tasks of the P&C Review Working Group are mainly:

- a. to clarify the FSC requirements, so as to reduce disparities in evaluations by ASI-accredited conformity assessment bodies;
- b. to shift the wording of Criteria towards outcomes where practicable; and
- c. to minimize the variety of interpretations found in national forest stewardship standards and national adaptations of the generic standards developed by the conformity assessment bodies.

Should you have any further questions regarding this issue, please contact Matthias Fecht at [m.fecht@fsc.org](mailto:m.fecht@fsc.org)

**What is the issue as perceived by some FSC stakeholders?**

Motion 43 of the 2008 FSC General Assembly acknowledged “...that forests can play important roles in addressing climate change by reducing or preventing greenhouse gas emissions and/or increasing carbon sequestration in situations where business as usual management practices are improved”.

By voting, overwhelmingly, to debate this motion before any other, and by voting almost unanimously in favor, the membership affirmed the urgency of this issue for the forest sector and the need for FSC to respond. However, beyond agreement on the relevance and importance of forest carbon, consensus among the membership is elusive.

The major concerns, and the responses of the P&C Working Group, are as follows:

**1. Forest carbon markets risk undermining global climate change mitigation efforts**

There is widespread skepticism about the contribution of international carbon markets to climate change mitigation efforts. The trade of forest carbon credits as offsets for emission reduction commitments of industrialized countries is a cause for particular concern. The offsets were originally viewed as interim measures for reducing the net total of emissions while the emitting industries devised ways of making sustainable in-house reductions. The offsets were not intended to enable those emitters to escape from the need to make in-house reductions.



Some offset projects on the voluntary carbon market do appear to be functioning as intended with double-sided benefits. Scolol Té in México and New England Power/Deramakot in Sabah have enhanced local livelihoods through the payments for avoided deforestation and enhanced sequestration (Scolol Té) and for RIL in Deramakot, while (some of) the purchasers of offsets are indeed re-tooling their industries.

**P&C Review WG response:** The P&C Review WG acknowledges these concerns. There is a risk that the reputation of FSC as a credible standard will be damaged if certified operations engage in one-sided trade in forest carbon credits without a degree of oversight and guidance from FSC. FSC has presently no leverage to prevent the unilateral trade in offsets, nor to stimulate a bilateral arrangement, with offset purchases being parallel by lowered emissions at source. A new criterion has been included under Principle 10 to impose a requirement on certified organizations which choose to engage in forest carbon trade.

This criterion commits such organizations to comply with credible carbon market standards and accounting protocols, and ensures they clearly demonstrate how carbon financing as a management objective influences their compliance with other FSC Principles and Criteria. FSC will derive a set of criteria, based on coherence with the P&C, against which prevailing carbon market standards can be assessed. Standards will be re-assessed against these criteria periodically to acknowledge changes in their structure and content over time.

## **2. Carbon rights' should be recognized as a new form of rights**

As carbon markets develop, carbon rights are emerging as a new form of property rights. Particularly in forests where indigenous or customary tenure and use rights are unclear or contested, the exchange of such 'rights' to own or trade carbon may crystallize injustice and inequity.

**P&C Review WG response:** These concerns are relevant to Principle 1 of the revised P&C. Carbon rights are a new and still-developing legal field. They are the right to derive benefits from a particular environmental service of forests; carbon storage and sequestration. Under the revised Principle 1, Organizations must demonstrate clear rights to derive economic (and other) benefits from the provision of services as well as from forest products.

## **3. Forest ecosystems with actual or potential high carbon content should receive special protection.**

'High carbon forests' should be considered a new category of High Conservation Value (HCV) area.

**P&C Review WG response:** The HCV categories under Principle 9 have been revised in light of the latest knowledge on the vulnerability of ecosystems in response to forest management operations. Sensitive ecosystems which were not explicitly covered under previous definitions of the HCV categories were considered. Forest ecosystems with high carbon content in below-ground carbon pools (such as deep peat) are not covered in existing definitions and have been added to the definition of HCV4 (Basic environmental services in critical situations).



#### **4. Carbon accounts are an indicator of responsible management**

Forest managers should pay particular attention to stocks of forest carbon, compared to other elements and nutrient cycles, because of its role as an indicator of the impact of forest management operations on efforts to mitigate climate change.

**P&C Review WG response:** Under Principle 6 (Environmental values and impacts), carbon storage is explicitly acknowledged as an ecosystem function, noting its particular importance in the context of climate change. In criterion 6.1, carbon sequestration is explicitly listed as an ecosystem function that must be assessed by forest managers in order to develop appropriate conservation measures and impact monitoring regimes.

#### **5. Carbon accounting will entail significant additional burdens for forest managers:**

If carbon accounting is included in the P&C as a requirement for Organizations this will inevitably require additional costs in terms of both human and financial resources.

**P&C Review WG response:** This point is debatable as the architecture of UNFCCC post-Kyoto carbon accounting is still under discussion. The P&C Review WG has therefore not included criteria which require any additional field data collection by forest managers for the creation of a carbon account, nor explanatory notes which may lead to the development of indicators with such requirements. In the Preamble and in notes to Principle 6, the revised P&C make clear that measurements of above-ground biomass collected during the course of forest inventory are sufficient to derive first-order estimates of forest carbon stocks. Two exceptions to this are covered in Principle 9 (forests on deep peat or other vulnerable below-ground carbon pool) and Principle 10 (for forest managers who voluntarily engage in forest carbon trade). In both these cases, more detailed carbon accounting will be required.

#### **6. The link between carbon stocks and forest management strategies is not clear**

We do not understand enough of the dynamics of forest carbon to make sense of the partial and sometimes conflicting evidence on many aspects of the relationship between forest management and carbon stocks. For example, as atmospheric CO<sub>2</sub> rises, the rate at which forests sequester carbon changes, and may even become negative. Good management practice may not prevent substantial losses in carbon stocks, for example due to pest epidemics such as are currently underway in western North America, or due to warmer climates in Boreal peat forests. Carbon stock levels are therefore not an appropriate indicator of compliance with FSC Principles.

**P&C Review WG response:** The WG is conscious of the ongoing research, the imperfection of current knowledge on this issue and the limits of forest managers' influence on carbon stocks. Accordingly, there is no requirement for the restoration of forest carbon stocks to any particular level or reference point.

#### **7. FSC's social and environmental standards can serve as a benchmark for 'good forest carbon management'**



Responsible management of forest carbon stocks involves basic good forestry practice, including adherence to credible social and environmental safeguards. FSC is the most robust and credible international standard for good forestry practice.

**P&C Review WG response:** The WG believes that this contribution of the FSC P&C to the development of 'good forest carbon management' should be made explicit in the Preamble to the P&C and will develop a form of words to this effect.

**8. Forest carbon must be addressed as part of a wider acknowledgement of the forest sector's role in the mitigation of human-induced climate change and adaptation to its adverse impacts**

**P&C Review WG response:** The role of forest management in climate change adaptation strategies is acknowledged in criterion 5.2, which requires The Organization to identify the environmental costs and benefits of forest management operations.