

## Precious Woods Europe – Conference Business and Biodiversity (2 April 2008)

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### Abstract

An estimated 50-90% of all species are found in tropical rainforests. These forests are (still) disappearing at an alarming rate. Forests are cleared mainly for cattle, soy and oil palm. Large companies benefit, whereas local people and nature pay the price. The problem is well-known, and has been for over 30 years. But attempts to fight the main causes of deforestation have been largely unsuccessful.

Precious Woods ([www.preciouswoods.com](http://www.preciouswoods.com)) believes that the best way to conserve tropical rainforests outside protected areas is by giving them an economic value through responsible use. In fact, some well-managed production forests in practise are better managed than legally protected areas. The reason for this is that many protected areas in tropical countries are under-staffed and under-financed and thus suffer from illegal logging, hunting and bushmeat trade and associated threats.

Studies have shown that selective logging has fewer negative consequences for species than sometimes assumed. A recent study in Brazil concluded: *“Overall, the effect of selective logging on fauna was minor. The lower species loss in these forests compared to other types of land use in Amazonia highlights the value of this technique for conservation purposes among prominent economical activities.”* In this study logging was selective. But, more importantly, the management of all of the forests included in the study was independently certified under FSC. FSC (Forest Stewardship Council) is the world’s leading certification scheme for Responsible Forest Management. FSC Principles and Criteria include selective logging, and on top of that also deal with a range of other issues affecting the sustainability of forest operations.

Precious Woods manages over 500.000 hectares of FSC-certified tropical rainforests in Brazil and in 2007 acquired a 600.0000 hectares concession in Gabon which is in the process of FSC certification. Furthermore the company owns FSC-certified plantations (Costa Rica, Nicaragua), sells timber (mainly in Europe and Brazil) and generates carbon emission rights and electricity.

Precious Woods is a pioneer company showing that sustainability and innovation often go hand in hand. Shares have been traded on the SWX Swiss Exchange in Zurich since 2002. In 1997 the company was the first to get FSC-certification in the Amazon region of Brazil. In 2006, the company was the first to sell carbon credits from reforestations at the Chicago Climate Exchange. That same year Precious Woods was listed on the SB20 list of the world’s top 20 sustainable stocks.

In 2007, Precious Woods generated a total operating income of 99.7 million US\$, with 2300 people working in Brazil, Central America, Gabon, Switzerland (Head Offices) and the Netherlands. Future plans include expansion in DR Congo. Furthermore an increasing demand for FSC timber in Europe makes it possible to increasingly buy FSC-certified timber from other forest owners in a range of tropical countries.

Responsible Forest Management results in the harvest of many different timber species, as the biodiversity of the forest must remain intact. In other words, many timber species not known in (international) trade are also harvested. Some of these species are not hardwoods and fetch lower prices. Others have good qualities, but are not known in trade in Europe. It takes a lot of expensive testing and marketing before the traditionally conservative markets accept new species. Precious Woods Europe successfully markets 1-3 new timber species per year. A total of 70 species are harvested.

The FSC process is driven by NGOs, governments (through their purchasing policies) and companies (e.g. retailers, paper producers and building companies). Governments and companies willing to pay a price premium for tropical FSC-timber enable companies like Precious Woods to overcome the extra costs needed for testing and promoting lesser known timber species. Favourable government regulations for FSC (not only the use of FSC timber in construction projects, but also favourable import conditions for certified timber) would further strengthen this process, but free trade (under WTO and EU) is used as an argument against such regulation.

More information about FSC, it's benefits to people, nature and business and the broad support it has within business and amongst environmental and social NGOs can be found at a website set up by Precious Woods and five business partners: [www.whyFSC.com](http://www.whyFSC.com)