

**Title:** Assessment of the economic viability of IFLs, in compliance with item 5 of Motion 65, in natural tropical forests (compliance with Principle 5 of the FSC) | **Policy Motion Number:** GA2017/34

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**Original language of the motion:** English

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**Proposed by:**

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**Purpose:**

To assess the overall direct economic impacts of the management and protection measures linked with the implementation of Motion 65 on the IFLs of natural tropical forests

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**Policy Motion (high-level action request):**

Conduct an assessment of the direct economic impacts of the management and protection measures associated with the implementation of Motion 65 on IFLs in natural tropical forest.

The assessment of the economic impacts associated with the implementation of Motion 65 (including the full protection of additional forest areas) should take the following into account:

- Local populations, who will suffer a decline in economic benefits associated with payments of forestry taxes and local development.
  - Forest-owning Sovereign States, who will see a decline in their forestry taxation (surface taxes, harvesting taxes, etc.);
  - Forestry companies, who will have to make operational sacrifices in order to protect the IFLs and modify their management plan.
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**LINK TO THE 2015-2020 GLOBAL STRATEGIC PLAN:**

**Strategy 1 - Strengthen the FSC framework and governance:**

CRA 1.1, CRA 1.4

**Strategy 2 - Increase market value of FSC:**

CRA 2.2

**Strategy 3 - Transform the way we work: One FSC:**

CRA 3.3

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**Specifications for implementation:**

This economic impact assessment will need to be carried out for each natural tropical forest basin (Africa, South-East Asia, South America) by an independent entity representative of the various stakeholders involved in forest management. It will be subject to Terms of Reference that will be validated by the FSC board and terms of funding will be defined (The possibilities for co-financing will be studied so as not to bear the costs only by FSC)

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**Background/rationale:**

Implementation of Motion 65 will entail additional forest area management and protection measures. To date, the economic impact has not been assessed (as planned in item 5 of Motion 65). An economic assessment is therefore imperative before the default indicator of this Motion is applied. The economic viability of forestry activities must be ensured (Principle 5).

The forestry model in natural tropical forests differs significantly from the industrial tropical plantation model, whether in terms of logging and harvesting methods, impacts, or protective measures.

Today, even though the increase in certified surface areas in natural tropical forests is one of the major challenges faced by FSC from now until 2020, these very same surface areas are no longer growing and are even on the decline. The low profitability of the certified logging model in natural tropical forests is a major factor.

Any additional management and/or protective measures in the context of the implementation of Motion 65 could undermine this fragile economic balance that is difficult to maintain. The consequences, in addition to being in contradiction with the requirement of economic viability of Principle 5, would be disastrous, not just for the local populations (who benefit from local growth thanks to local forestry companies, even though these populations are increasing in the various tropical basins' forest zones) and for administrations, but also for the forests' preservation and protection. Indeed, forests abandoned by certified responsible stakeholders could be subjected to other destructive practices, in particular agro-industrial or mining activities.

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### **Cost to FSC:**

€80 000 per tropical forest basin

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### **Timeline:**

Immediate establishment of Terms of reference, realisation of the assessment before the close of 2018.

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### **Policy document(s) to be revised / developed:**

ADVICE-20-007-018 V1-0 : Advice Note for the interpretation of the default clause of Motion 65

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