

December 19, 2001 – Version 1.0

**Response of TUAC to the UNEP Industry Sector Reports:
Forestry, and Pulp and Paper**

CAVEAT

The following report is based on information obtainable by the author during the course of research and writing. Attempts have been made to obtain input from appropriate labour groups. However, it is important to note that there may be relevant policy documents and points of view not represented here. This document is subject to change as additional input may be forthcoming. Please ensure that you are reading the most recent version. Therefore this report should be considered an introduction to trade union thinking on these issues rather than a final or complete position.

INTRODUCTION

The Trade Union Advisory Committee (TUAC) to the Organisation for Economic Cooperation and Development (OECD) along with the International Confederation of Free Trade Unions (ICFTU) welcome this opportunity to provide our response to the Industry Sector Reports being prepared by international industry associations under the auspices of the United Nations Environment Program (UNEP); Division of Technology, Industry, and Economics.

When seeking information on the sustainability of any industry, it is important to remember that the input from industry management and industry associations is only one-half of the story - the owners' part. Workers, through the unions which represent them, are able to complete the picture.

Business hopes to ensure that its positive contributions to sustainability are appropriately recognized. Trade unions, as part of both "industry" and civil society, acknowledge that in many cases, industries and sectors have made important progress in the areas of technology development and technology transfer, environmental management systems and tools, and voluntary initiatives.

However, there are many unfulfilled past promises, and complex future challenges for industry. These are neither uniform between industry sectors, between nations, nor even within single nations and industry sectors.

LABOUR'S VIEW OF SUSTAINABLE DEVELOPMENT

The simplest definition of sustainable development states that we must meet the "needs" of today's generation without sacrificing the ability of future generations to meet their needs. This simple definition becomes more complex upon examination of the word "needs". "Needs" does not just mean environmental or economic concerns, which is a common misinterpretation, but includes environmental, economic, and social concerns.

The concept of "sustainable development" has proven to be difficult for many people to fully understand. Perhaps that is because it requires integrative rather than compartmentalized thinking, and is not well adapted to explanation in five-second media "sound bites". Environmental, economic and social concerns must be addressed simultaneously. Very simply: if we fail to protect the environment we will have no jobs, no communities, and no future; but if we attempt to impose environmental solutions that ignore economic and social realities, we will face disaster of a different sort. Practitioners of the scientific professions, for example, need to occasionally put aside their technical and scientific training and reflect upon the broader consequences of what they do.

The first objective along the path towards sustainability will be to integrate consideration of all environmental, economic, and social impacts into all of society's decisions; whether these take place within governments, corporate boardrooms, or other institutions of civil society. Reaching this objective will in turn require a review of decision-making processes (particularly the application of consensus-building as a decision-making tool in settings that previously have neither acknowledged consensus-building as a need nor an opportunity). It may even require a complete reconstruction of many existing institutions, structures, and decision making methods – some of which are quite resistant to change. Finally, the integration of environmental, economic, and social thought into those decision-making processes will necessitate the utilization of human knowledge from the widest possible range of sources and across the widest possible range of disciplines.

Environmental, social, and economic concerns are frequently described as "the three pillars of sustainability". While this is a useful analogy in the sense of acknowledging the requirement for each to ensure the stability of the whole, it is also problematic. Pillars are very solid and distinct objects. Perhaps a better image for a discussion of how to integrate these needs is that of three puddles of paint on a plate, slightly stirred. The interfaces (social-economic, social-environmental, environmental-economic) are blurred and indistinct, and there is great difficulty in separating one from the other. Not only that, but within each component exists a myriad of subsidiary interfaces.

Environmental non-governmental organizations (ENGOS) and business have significant expertise and are powerful advocates for the environmental and economic components of sustainability, respectively. Unions, too, have a particular expertise regarding the environment and the economy that differs from that of ENGOS and business. However, the social component of sustainability is the component that unions feel has been rather neglected in the debate; and coincidentally is the area in which we are most uniquely qualified. It falls therefore upon labour to speak up for social needs - as it has so often in the past.

As a minimum, trade unions believe that we can start addressing the social component of sustainability by promoting or developing, and fully implementing:

- the International Labour Organization (ILO) Core Labour Standards;
- the United Nations Universal Declaration of Human Rights;
- "Just Transition" programs (see explanation in following paragraph);
- The United Nations Secretary-General's "Global Compact" Initiative;
- Industry Voluntary Initiatives and Agreements

Of these five, "Just Transition" programs occupy a unique position within labour's view of sustainable development. Briefly, a "Just Transition" program ensures that the costs and benefits of moving towards a more sustainable future are shared fairly; and especially, that the workers, families and communities who rely on industries or activities dubbed "unsustainable" by society are protected during the transition to more sustainable activities. First and foremost, "Just Transition" programs are a necessary prerequisite to making any substantial progress on environmental issues. Secondly, the existence and quality of "Just Transition" programs are indicators of social sustainability.

Fairly standard and well accepted indicators of economic performance exist. Environmental indicators of various sorts have been proposed and there is an emerging consensus on at least the broader categories of what they are. Clearly, however, social indicators have been the poor relation in policy analysis.

Industry, broadly, has made progress in recognizing some of the environmental imperatives of sustainable development and integrating them into its economic decision-making. Labour applauds this progress and encourages its continuation but notes that the recognition and integration of social needs into corporate decision making has made far less progress.

Every industrial sector has its own particular challenges and concerns, with considerable variation between and within regions and sectors. Sustainability for any sector can only be achieved when each of those challenges and concerns is dealt with in a consensus-seeking, integrative fashion that attempts to balance the environmental, economic, and social imperatives of sustainability.

FORESTRY, AND PULP AND PAPER

The forestry, and pulp and paper industries generate vast wealth and significant employment through the utilization of a potentially renewable resource. Around the world, over 47 million people depend on the forests directly for their livelihoods.

However, the key word in the preceding paragraph is “potentially”. In many parts of the world, forests are managed poorly, or not at all. Short term interest in profits has led to the use of inappropriate cutting methods, insufficient replanting, significant damage (sometimes permanent) to forest soils; damage to lakes, waterways, and flora and fauna.

In addition, the pulp and paper industry sometimes competes for the use of forests with recreational and conservation interests. The need to ensure the protection of spaces and species has focussed attention on both the extent, and nature, of forest company activities.

While much has been achieved in the last years there is still a very real need to ensure that union interests are not marginalized. Employment is an important, but not the only, consideration in the social dimension of sustainability. Because working forests are not found in urban areas, the forestry industry is unique in that many of its employees live and work in regions where there are few alternative sources of income. Therefore any economic cycles within the forestry industry directly affect the communities dependent upon it; more so than many other industries.

One of the problems in the forestry, and pulp and paper industries is their increasingly short planning horizon. The need to maximize profits in the next quarter is not compatible with sustainability in an industry where the principle resource may require 10, 20 or more years to reach harvestable size.

Today the forestry, and pulp and paper industries are being transformed by mergers and takeovers; frequently with little concern for the sustainability of employment, or of the families and communities that depend upon these industries.

This short term view, in turn, has made the forestry industries a favourite target of environmentalists. Trade unions are frequently sympathetic to the goals of environmental groups, although we are at times unable to support their actions. This only emphasizes the point that labour has its own distinct view of sustainability that differs from those of employers and environmentalists.

Trade unions understand that if pulp and paper is to be considered a sustainable industry, then its primary resource must be maintained in a sustainable state. We insist that sustainable forest harvest levels be based on the capacity of a forest eco-system to regenerate itself in perpetuity. This is a more complicated measure than simply comparing the amount of wood cut with the growth rate of

new trees. In order to protect the forest eco-system, some areas of forest may have to be completely protected, while environmentally sensitive areas may require less intensive industrial activity. Wildlife and fish habitat must be considered as well, because all living things are part of the forest eco-system. There is also the important aspects of soil degradation and water run-off to consider.

In many parts of the world, there are simply no data on the sustainability of current forest use. Even where some data exists, its reliability is in doubt due to outdated inventories, and reliance upon unsubstantiated forestry companies' data. Reliable estimates are highly complex and must reflect different climatic zones, species, soil fertility, and age profiles of trees. It is our view that forest inventories must err on the side of caution, and that only conservative estimates should be used as a basis for calculating how much wood is standing and how much we can safely cut.

Trade unions believe that there must be a balance between legitimate use of the forest as a resource; and conservation. An approach to forest management that takes into account industrial needs as well as environmental considerations is termed "zoning." In simple terms, this means designating through a land use planning process areas of forest land that will be used primarily for industrial forestry, and designating other areas in which industrial forestry will be more restricted. Zoning does not imply the exclusive use of any area of the forest for industrial purposes, nor does it mean that the most fertile part of the forest is automatically zoned for logging. However zoning does provide the possibility to offset a decline in harvest levels in an environmentally sensitive area with a higher level of harvest elsewhere. Zoning may provide for intensive forestry practices – thinning, pruning, fertilization etc. – in areas that can support higher yields of timber.

In some parts of the world, former productive forest areas have been cleared for questionable and unsustainable uses such as marginal agricultural land. Returning these areas to productive forest would benefit both the environment, and the industry.

Increased attention to recycling programs can also benefit the industry by providing a reliable secondary source of fibre. Trade unions also believe that there is a significant future for paper made from non-wood fibres (including hemp, agricultural residues like bagasse, wheat straw, rice straw etc.) and that this should be encouraged through research and pilot projects.

Forest governance varies in different parts of the world. In some areas, forests are publicly owned with pulp and paper companies granted temporary rights to cut certain areas, or quantities of wood. In other parts of the world, the forests are primarily privately owned.

In all cases, local employment in the forestry industry, along with the pulp and paper mills or other industrial facilities that process wood, is the public good that societies seek.

In the era of globalization, forest companies are using their financial power to threaten governments to de-regulate the forest industry, to lower the costs of production. Companies want the right to close mills, throwing people out of work and breaking the link between harvesting the forest and providing jobs in forest communities.

Forestry is a global industry. But sustainable development demands that we act locally in forest management. Local authorities have shown that they can manage community-based tenures, provided that adequate resources are available for planning and for the best practices of modern forestry. Likewise, small business and wood lot programs provide opportunities for workers to harvest and process timber.

Trade unions insist that the benefits of resource extraction be distributed in the regions where wood is harvested.

All forest users, large and small, and private forest land owners, must develop land use plans and forestry plans that are negotiated with community stakeholders and workers. Democratic or consensus-based local land use planning is the best way to determine which areas should be protected because of environmental values, and which areas are suitable for more intensive forestry operations. Land use planning will ensure that tourism, recreation and other forest uses are integral to forestry operations.

Trade unions believe strongly that the link between the right to harvest wood and jobs in the processing sector must be maintained and strengthened. Forestry companies like to mention the jobs that they provide, when discussing social sustainability. Unfortunately, the trend in the industry has been to substitute capital for labour. Even in the developing world, the labour intensity has dropped to about a third of what it was twenty years ago, but is still high compared to that in developed countries. The break up of integrated forest companies is a particularly disturbing trend in this regard. For example, when pulp and paper mills are no longer connected to a forest land base and are reliant on purchasing fibre from open markets, economic instability and "market chaos" results which encourages poor forestry practices. In many areas, the industry has sought to replace regular workers with contract workers who have less social protection.

Harvesting, whether on public or on private land, should be governed by forest practices legislation. Forested lands designated as working forests should be protected from deforestation or conversion to other uses.

The forestry, and pulp and paper industries must also pay attention to the rights of indigenous peoples. Indigenous peoples are playing a new role in the forest industry as a result of increased and evolving attention to their rights, particularly in land claims. Trade unions support this trend, but equally demand that the legitimate interests of workers be considered when changes in title and allocation of resources affect workers and communities. Environmental standards must not be weakened, and arrangements must be made to ensure the continuation of fibre supply to existing facilities, for example, when lands claims are settled. As indigenous peoples establish new forest industry operations on their own or in joint ventures with companies, workers' rights to form unions, and to be treated with dignity in a safe workplace, must be respected.

With respect to forest harvesting, clear-cutting is a legitimate forest practice, but only on appropriate lands and when the size of the clear cutting is relatively small. There are many different approaches to harvesting, including selective harvesting. Natural forests are diverse, and so are harvesting methods. The right harvesting method for a particular forest is the one that is most respectful to the forest eco-system, terrain and species.

Road building is a key issue in forest practices. Millions of hectares of forest land are transformed into roads by modern forestry. Road building practices, especially near waterways and on slopes, are chiefly responsible for slides and run-off that damage waterways and affect water quality, as well as impacts on wildlife. Logging roads are expensive, especially when properly constructed. However it is essential that the industry acknowledge the costs of poor road building and build roads to appropriate standards for heavy equipment. Some logging roads may be permanent; others must be deactivated, with the land returned to productive forestry. Since communities may well depend upon the continuing existence of a road after logging comes to an end, it is also important to discuss with affected communities plans for infrastructures when logging ceases.

Soil and land must be protected against mechanized logging methods that unnecessarily damage the forest floor. Often these poor practices are a choice by companies to reduce labour or cut costs or both. Good forest practices will not be the cheapest – they may be labour intensive or involve expensive technology (i.e. helicopter logging), or they may involve benign traditional methods such as the use of elephants in teak harvesting in parts of Asia.

Riparian zones, or buffer zones, around streams and lakes are also costly because large, accessible trees in these locations are protected. However, like other good forest practices, effective riparian zones are an integral part of modern forestry.

Training of forest workers is another key ingredient for improved forest practices. Investments in the workforce must ensure that forest industry workers, particularly those engaged directly in harvesting, have regular training and upgrading to provide contemporary expertise on the evolving science of managing forest eco-systems. Skilled workers who know how to identify and safeguard habitat and other forest values, will be the best protectors of the forest.

Forest management and forest practices also require a silviculture regime to ensure the regeneration of the forest and the best possible yield in subsequent generation forests. Basic silviculture refers to the replanting or regeneration of the forest. Intensive silviculture means additional treatment of the forest to promote its health and yield at harvest.

Trade unions, however, reject the "agricultural" or "plantation" model of forestry. Forest lands must remain in the first place as forests, with evolving forest eco-systems. After harvesting, these forests will not be the same as the virgin forest that previously existed. Nevertheless, a high degree of bio-diversity can remain, and these forests will not be mono-cultures of a single or a few designated species grown to achieve conformity and quick rotations. Second and third growth forests must continue to be forests with diverse species and life within.

The appropriate use of herbicides and pesticides is in limited, specific applications that minimize the impact on the environment. Too often, mass sprayings of forests are used as an "insurance policy" against potential damage from insects that would affect forest revenues. In other situations, herbicides are used as substitutes for labour intensive methods of addressing the problem.

Trade unions are also concerned over the growing use of genetically modified stock in regeneration programs. Until much more is known about biotechnology, the precautionary principle must apply.

Other silviculture practices such as brushing (weeding against competing growth), spacing, pruning, fertilization, tree breeding – do offer the prospect of increasing yields, although more research is needed in some areas. Forestry companies must be required to re-invest in the land base and to use appropriate silvicultural practices that can enhance yields from the working forest.

Global climate change is not unimportant to the forest industry, as growth zones for tree species and other effects such as flooding and desertification become more common. In addition, while trade unions have serious doubts about the security and efficiency of carbon sequestering schemes, there is a potential for good forest management practices to increase carbon sequestration by forests. Also, the use of forest products for longer periods will prevent the sequestered carbon that they represent from re-entering the atmosphere.

The core issue driving forest politics today is undoubtedly the need to protect forest biodiversity. "Old growth forests" or large, intact areas of virgin forest not commercially logged in the past, are key parts of the biodiversity equation. In the interests of protecting biodiversity, the United Nations Earth Summit in Rio de Janeiro in 1992 set the goal of preserving 12% of representative eco systems in their natural state.

Different categories of protected areas with different restrictions on use are implemented in various parts of the world. In most cases, however, industrial activity like logging, mining and hydro-electric dams are not allowed in protected areas. The movement to protect areas can create fear and conflict between forest-dependent communities and environmentalists.

The common goal that union members share with the Rio objectives is to create a network of protected areas that can protect bio-diversity in significant, intact natural eco-systems. Protected areas must balance the goal of bio-diversity protection with economic and community sustainability. We believe we can have both significant protected areas and a large working forest in which bio-diversity will also be protected to a high degree. Protecting bio-diversity within working forests requires the passing of endangered species legislation in every jurisdiction.

Sustainable development is interwoven with job security and community stability not only in the forests, but also in pulp and paper mills. Pulp and paper mills are among the largest, most capital intensive manufacturing facilities in today's industrial economy. Typically, pulp and paper mills are located on major rivers or on tidal waters. Pulp and paper mills require large amounts of wood fibre, fresh water and electricity. Pulp and paper mills are also significant users and dischargers of toxic pollutants, including general organic content in effluent, organochlorines as the result of bleaching, air emissions, solid waste and sludge, and greenhouse gasses. Optimal utilization of all resources; fibre, chemicals and auxiliaries, energy and water must be the industry's goal.

Pulp and paper with no chlorine compounds (TCF – "Totally Chlorine Free") is a proven technology; however market conditions make an industry-wide shift to TCF economically unviable at this time. Technology also currently exists for "closed loop" processes that virtually eliminate liquid effluent. Pulp and paper companies are holding back until the new technology becomes more cost effective, or until forced to change by regulation. Every environmental risk that pulp mills pose to their neighbours is also a health and safety issue for workers members inside the mill.

Our experience has proven that tough environmental regulations do not harm the pulp and paper industry. To the contrary, regulations have forced companies to almost completely eliminate the use of elemental chlorine in bleaching and the amount and toxicity of organochlorines in effluent is greatly reduced as a result. Regulations have forced companies to build secondary treatment plants to reduce organic content and suspended solids in effluent. These investments have improved the performance of the industry, secured greater public support, and satisfied more customers in world markets.

In the era of globalization, the transnational corporations that dominate the forest economy are often without long term commitment to the forest industry or forest communities. Increasingly, business decisions about forestry operations or a pulp and paper mill are motivated not by productivity issues in the workplace, but by financial markets and stock prices. To achieve these goals, forest companies are cutting costs, and seizing every opportunity to downsize the work force. Mergers and acquisitions are creating larger companies to facilitate rationalization and further reductions in costs. Mills that cannot keep pace with the program will be closed, regardless of the social consequences.

As the forest industry undergoes this structural reform, trade unions recognize the growing importance of non-timber economic activity. Tourism, recreation, the harvesting of herbs, mushrooms, berries and other products from natural forests are generating thousands of jobs. These economic activities are beneficial to forest communities and should not be in conflict with timber based forest activities.

The pulp and paper, and other forest industries, are increasingly integrated, global industries. As a result, forest-dependent workers everywhere are impacted greatly by forest policies and activities elsewhere. According to the World Resources Institute, world demand for wood will grow by 56% by the year 2010. Much of this increased demand will be met by the ravaging of tropical rain forests and frontier style exploitation of the Siberian forests. Only a minority of wood production comes from "managed" forests with sustained yield plans in place.

Globalization has had profound impacts on the forest industry, creating new pressures on forest resources and destabilizing world markets. However, globalization is not about increased trade in forest products. On a world basis, international trade in merchandise as a percentage of world Gross Domestic Product (GDP) has not dramatically increased. Globalization is about the freer movement of capital around the world, without regulations or policy controls of national or local governments.

In developed countries, companies threaten governments that unless there is deregulation and free trade policies, capital will flee the country and invest overseas.

In developing countries, globalization has resulted in massive amounts of capital concentrating in parts of Latin America and South East Asia where exploitation of labour, tax regimes and lax or non-existent environmental regulations were extremely favourable to companies. This resulted in south-east Asian pulp production increasing by 300% between 1996 and 2000, encouraging unsustainable forest operations and creating over-capacity in world markets. When this pumped-up Asian economy collapsed in 1998, it resulted in a major collapse of commodity prices as cheap Asian pulp flooded the market.

The World Trade Organization (WTO) is assisting these destructive investment patterns. The WTO is promoting fast track free trade agreements to facilitate capital movements and the rapid start up of new pulp mills and forestry operations. These free trade agreements also are used to over-ride or outlaw environmental or social restrictions on forest exports that may be imposed by national governments.

Whereas transnational forest companies want trade deals and laissez-faire government policies that reduce all economic decisions to the bottom line of costs, profit margins and shareholder values, the market place in the 21st century is becoming increasingly restrictive and imposing environmental and human rights values.

Forest certification is a means to promote sustainable forest practices. Market pressure in the forest industry underlies the world wide movement to certification of forest products. Certification establishes processes to ensure that consumer products have been manufactured from wood harvested in a sustainable fashion and that the manufacturing process meets environmental standards. There are many approaches to certification from various "eco-labels" to forest certification by independent auditors. Trade unions note the differences between forest certification options that are "process based" such as ISO 14000 and "results based" such as the Forest Stewardship Council (FSC). Within these schemes there is hardly any credible attempt to measure

social sustainability. If social standards are included, trade unions believe that certification can provide protection for forest workers' rights, help build sustainable communities, and promote improved occupational safety and health. The International Federation of Building and Wood Workers promotes certification which includes the right to organize, job security, remuneration and living and working conditions, health and safety, participation, training, equality for all workers, needs of special workers, child labour, and indigenous peoples and community issues.

Forest companies know that changes are coming to the industry and are well prepared to protect their interests by adapting or reinvesting in other industries or countries. Forest communities and workers cannot so easily divest and move on.

Direct forest industry jobs will likely continue to shrink as a percentage of all employment in the world economy. But this trend should not be confused with the importance or vitality of the forest sector for future generations of workers.

Sustainable forest management does not stop at the forest's edge; it must include efficient and sustainable transport of products, minimising waste and hazardous materials in production and transportation, fair delivery and pricing for consumers, and decent work for all workers involved in the production of forest products. It also involves building and construction practices where wood is promoted as a sustainably-produced resource. Whatever strategy is employed, workers must play a key role in its implementation.

Unions support "Just Transition" programs for the forest industry to enable our members to face the future with confidence. Given the enormous wealth and resources in pulp and paper, and forestry, we believe that major transformations towards a more sustainable future are affordable and practical. We understand "Just Transition", in the first place, as transitions within the forest industry. There are few other viable options for forest communities apart from reinventing the livelihoods they secure from the forest resource. Workers are culturally connected to the forest industry, and in many cases a multigenerational attachment to forestry is a matter of personal and community definition.

Where environmental and economic conditions result in displaced forest workers, real support from transition agencies, including job placement in comparable employment, and training/ education and income support of up to four years to enable those workers who choose to re-train to successfully transition into new careers.

Conclusion

The forestry, including pulp and paper, industries have a significant role to play in moving the world towards sustainability. This industry sector also faces considerable challenges, many of its own making, as described above.

Trade unions believe that the following are what the industry needs, or needs to do:

- joint ecosystem and forest management planning through local land use and resource management proposals that bring together tenure holders, workers, industry, and community;
- a central role for government in planning, regulation and enforcement of standards, including labour standards; public repatriation of forest resources and an end to privatization of public forest lands;
- an end to excessive clear cutting, with a variety of harvest methods, with standards for silviculture, road building, soil protection, etc.;

- comprehensive recycling and reuse programs to prevent wastage of forest resources;
- adequate zoning to provide a balance of economic, social and environmental uses;
- comprehensive conservation measures to protect watersheds and vital habitat, as well as education and training on sustainable practices directed at industry, workers and the public;
- use of “green accounting practices”, working environment accounting practices and planning of human resource development;
- certification of forests and mutual recognition of systems and labelling of forest products (chain of custody);
- use of certified wood and forest products and promote certification of the pulp and paper, wood and furniture industries;
- integrate the idea of the lifecycle of products in systems that are going to have an influence over the environment and working environment;
- demand the use of certified products especially in public purchasing.

Consensus-based decision making with the involvement of all stakeholders will enhance the sustainability of the forestry, and pulp and paper industries.

In particular, worker participation models which ensure the involvement of workers and trade unions in developing industry strategies, forestry planning, and sustainability assessment methods (including workplace and social indicators) are urgently needed. This will include joint target setting, monitoring, reporting models with employers and joint implementation of change at the enterprise level and across sectors.

The full implementation by the industry of key elements of social sustainability, including the ILO core labour standards will assist the industry in reaching a more sustainable future.