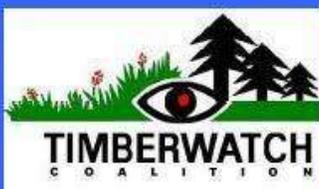
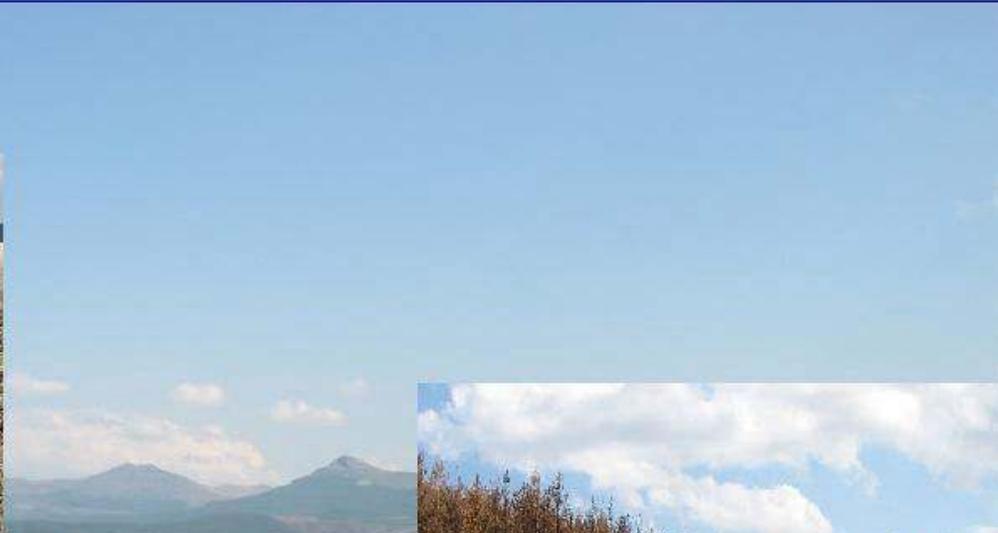




# Life as Commerce: Certification in South Africa



The summary reports and the other full case study reports can be found at [www.globalforestcoalition.org](http://www.globalforestcoalition.org)

## ***Life as Commerce Certification study***

### **Can the FSC forest certification model demonstrate sustainability in large-scale agrofuel crop production?**

Certification is intended to ensure “*sustainable forest management... based on environmentally, socially beneficial and economically viable management of forests for present and future generations*” according to the Programme for the Endorsement of Forest Certification schemes (PEFC)’s Council. The leading certification body, the Forest Stewardship Council (FSC), also says its mission is “*to support environmentally appropriate, socially beneficial and economically viable management of the world’s forests.*” In addition, FSC’s Principle 6 states that: “*Forest management shall conserve biological diversity and its associated values, water resources, soils, and unique and fragile ecosystems and landscapes, and, by so doing, maintain the ecological functions and the integrity of the forest.*”

Despite these fine sentiments, global deforestation has accelerated to unprecedented rates since the inception of ‘forest’ certification – as has the destruction of agricultural land and natural areas, as new tree plantations have been established.

Meanwhile, in an attempt to defuse growing criticism of the impacts of the booming agrofuels (biofuels) industry, consumer countries are proposing adherence to similar set of ‘sustainability criteria’ that will supposedly restrict imports of agrofuels to those products that have been certified as meeting certain socioeconomic and environmental standards.

On the surface, this may appear to be an appropriate mechanism to provide assurances and guarantees to allay consumer fears and to satisfy government regulators: its proponents maintain that the existing certification of forest and tree plantation management has been a great success, and that the use of similar agrofuel certification will guarantee peace of mind for all concerned.

In reality, the certification of forests and tree plantations by organisations such as the FSC (103 million ha) and the PEFC Council (202 million ha) – leaves much to be desired, even when it comes to certifying forests. As this and other case studies show, such criteria are often insufficient to meet the intended objectives; and can sometimes be easily manipulated or sidelined.

**The full report can be downloaded from [www.globalforestcoalition.org](http://www.globalforestcoalition.org)**



## **'LIFE AS COMMERCE' PROJECT:**

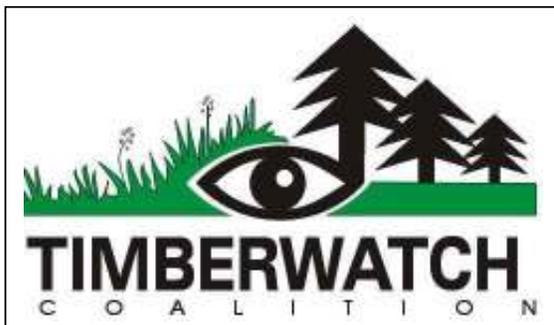
### **REPORT ON PLANTATION CERTIFICATION IN SOUTH AFRICA**

**Can the FSC forest certification model be used to demonstrate sustainability in large-scale agrofuel crop production? An assessment of the main issues and related concerns**

**Wally Menne and Blessing Karumbidza - 2008**

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## About GFC and Timberwatch

The GFC (Global Forest Coalition) is a world-wide network of NGOs and IPOs, whose Mission is to reduce poverty amongst, and avoid impoverishment of, Indigenous Peoples and other forest-dependent peoples, by advocating the rights of these peoples as a basis for forest policy and addressing the direct and underlying causes of deforestation and forest degradation.

### Strategic Approach

The main strategic approach of the Global Forest Coalition is to build the capacity of NGOs and Indigenous Peoples' Organizations (IPOs) to monitor and engage in international forest policy and support national initiatives to implement the results of international forest policy processes.

A second, complementary strategy is to facilitate joint advocacy campaigns by its members, targeting international forest policy processes to ensure that they promote socially just and effective forest policies that respect the rights and needs of Indigenous Peoples and other forest peoples.

### The specific objectives of the Global Forest Coalition are:

- To facilitate the informed participation of NGOs and IPOs in global policy fora related to forests
- To monitor the implementation of the commitments made by governments at these global forest policy fora
- To raise the awareness of local communities, Indigenous Peoples, social movements, women's groups and relevant policy-makers concerning the potential social and environmental impacts of market-based conservation schemes
- To build and strengthen the capacity of local communities, Indigenous Peoples, social movements and women's groups to analyse and address the social and environmental impacts of market-based conservation schemes
- To build the capacity of NGOs, IPOs and other stakeholders and rights-holders to analyse and address the underlying causes of deforestation and forest degradation
- To further enhance public and political awareness of the importance of analysing and addressing the underlying causes of deforestation and forest degradation

See: [www.globalforestcoalition.org](http://www.globalforestcoalition.org)

**The Timberwatch Coalition** in South Africa was formed in 1995, to bring together a range of non-governmental organisations (NGOs) and individuals that were concerned about the negative effects of large-scale industrial tree plantations.

These plantations are grown to produce timber and paper products mainly for export to the North, and invariably cause substantial environmental damage, besides being to the detriment of local communities and rural economies in the affected areas.

Timberwatch has 12 local NGO members and a network of individual supporters that often serve as its 'eyes', especially in remote outlying regions of South Africa where tree plantations are grown.

Timberwatch has been associated with GFC since 2003, and has produced national monitoring reports in respect of South Africa's compliance with forest related clauses in the CBD (Convention on Biodiversity) and the UNFCCC (United Nations Framework Convention on Climate Change).

Timberwatch represents the GFC as its NGO focal point in Africa, with responsibility for building relationships with other African NGOs that are focussed on the welfare of forests, forest dependent peoples, and forest-related issues such as the spread of agrofuel crop production.

See: [www.timberwatch.org](http://www.timberwatch.org)

## INTRODUCTION

Large-scale industrial production of plant material grown to produce agrofuels – sometimes referred to as ‘biofuels’ – requires the use of large areas of land, and depending on local conditions and the crop in use, reliable steady supplies of energy, water and nutrients in proportion to the amount of the raw material or ‘feedstock’ produced. Conversion of land-use to agrofuel crop production therefore requires the transfer of these resources from other users, either natural vegetation such as biodiverse forests, woodlands and grasslands, that provide subsistence resources to indigenous people and local communities, or pastures and croplands where communities are living off the land. The agroenergy industry and some governments are promoting the dubious notion that vast areas of underutilised suitable land are available for agrofuel crop production, to justify plans for the conversion of large areas that presently support indigenous plants, animals and people.

Depending on the crop used, agrofuel raw material can be used to produce fuel ethanol as with Sugar Cane, Maize and Cassava, or a fuel oil usually referred to as ‘biodiesel’ in the case of Oil Palm, Soybean, Canola or Jatropha. There are many other different plant crops that can be used to produce agrofuels, including algae, but the agrofuel industry has focussed mainly on those mentioned above.

The amount of energy required to produce industrial-scale agrofuels is generally substantial, but varies considerably according to the crop used. In certain cases, intensive manual labour is required, as when harvesting Oil Palm and Jatropha fruits; in others, such as Canola and Maize, fully mechanised systems can virtually eliminate the need for people at all stages of production – planting, harvesting, and processing. The primary energy input where such mechanised systems are used is usually derived from fossil fuels, and in some instances, the nett energy value of the agrofuel produced is relatively small, as when the production of Maize-derived ethanol is compared to that derived from Sugar Cane.

There has been an ongoing debate about whether local communities, including indigenous people, can benefit from agrofuel production. Whilst it is recognised that integrated small-scale production can provide alternative energy for local consumption, it has been difficult to determine the point at which the scale of production starts to impact negatively on local resources and becomes a burden on the community. There is little doubt that the main demand for agrofuels emanates from energy consumption in industrialised countries, where heavy dependency on rapidly diminishing and increasingly expensive fossil-fuel resources has prompted the scramble to develop and to access supplies of agrofuels to help meet rampant growth in demand for liquid fuels.

The governments concerned and the fuel industry players that wish to create or to access supplies of agrofuels, have touted their use in road transportation as being environmentally friendly, and as having benefits in terms of reducing overall CO<sub>2</sub> emissions. However there is a strong body of opinion, including environmental groups and scientists that have questioned the validity of claims regarding the benefits of agrofuels. Many argue that substituting agrofuels and ‘biomass’ derived from agricultural waste for some of the fossil fuels presently being used will not solve any climate change problems because it will not address the underlying problems of over-consumption and population growth. Others maintain that truly renewable energy sources including wind and solar will be sufficient to meet human energy needs if combined with improved efficiency in energy use.

Besides the over-riding concern about the looming effects of climate change, there are several other issues that arise from the large-scale agrofuel production scenario. These include the more obvious direct impacts of deforestation and the conversion of land presently being used for food production, an issue that has been viewed as critical due to resulting food scarcity and high prices. (For the first time in 20 years, South Africa has become a nett importer of agricultural produce)

However there are many more direct and indirect impacts that can negatively affect people and the environment, including:

#### Social:

- Displacement of local communities from the land that they occupy
- Psychological effects of landscape changes on people that remain
- Pollution of local languages and cultures through outside influences
- Loss of traditional knowledge based on the natural environment
- Gender based exploitation and inequity in employment practices
- Children exploited for their labour in the field as well as at home
- Increased exposure to vehicle emissions and reduced road safety

#### Economic:

- Costs of lost opportunities such as ecotourism and organic farming
- The cost of government incentives and subsidies to the industry
- Exploitation of foreign migrant workers and economic refugees
- The incursion of migrant contract workers displacing local workers
- Occupational diseases and mental health effects of the workplace
- Dangerous working conditions and associated worker safety issues
- Damage to road infrastructure caused by overloaded trucks

#### Environmental

- The eradication of natural habitat and associated biodiversity
- Increased exploitation/poaching of remaining biodiversity resources
- Degradation of adjacent and downstream habitat and ecosystems
- The use of chemicals including poisons for pest control and fertilisers
- Soil erosion/compaction problems resulting from mechanisation
- Increased run-off and flooding due to removal of natural vegetation
- Direct pollution and degradation of soils within the plantation area
- GE crop plants spreading onto adjacent farmlands and natural areas
- Alien invasive species introduced/spread through plantation activities

Most, if not all, of the impacts listed above have already been experienced in the case of tree plantations, and the large-scale cultivation of monocultures of agrofuel crops is unlikely to be different. Despite all the hype around 'certified forest products', it is highly unlikely that certification will ever do much more than to facilitate slightly better ways to document problems, and to introduce better management policies that may or may not be implemented. The problems listed above will all remain as they are inherently and inseparably a part of the large-scale plantation model!

In an attempt to defuse growing criticism of the impacts of the agrofuel industry, consumer countries are proposing adherence to so-called 'sustainability criteria', that will restrict imports of agrofuels to those products that have been certified to meet certain socio-economic and environmental standards. On the surface this may appear to be an appropriate mechanism to help provide assurances and guarantees to allay consumer fears, and to satisfy government regulators. Its proponents maintain that the existing certification of forest and tree plantation management has had such great success, that if similar certification for agrofuel crops is adopted, it will guarantee peace of mind to all.

In reality, the certification of forests and tree plantations by organisations such as the FSC (Forest Stewardship Council) – 103 million hectares, and the PEFC Council (Programme for the Endorsement of Forest Certification schemes) – 202 million hectares, leaves much to be desired when it comes to certifying real forests, but in the case of tree plantations, certification appears to merely rubberstamp an inherently harmful land-use. If the same approach is used to certify agrofuel crops, then the same shortcomings are likely to be evident.

The PEFC website ([www.pefc.org](http://www.pefc.org)) states: **“Sustainable forest management is based on environmentally, socially beneficial and economically viable management of forests for present and future generations”, and “Through the endorsement of national certification systems, PEFC motivates and enables people to sustainably manage their forests and works to provide a market for the products of those forests.”**

While FSC ([www.fsc.org](http://www.fsc.org)) claims: **“The mission of the Forest Stewardship Council is to support environmentally appropriate, socially beneficial, and economically viable management of the world's forests. FSC develops, supports and promotes international, national and provincial standards in line with its mission; evaluates, accredits and monitors certification bodies which verify the use of FSC standards; provides training and information; and promotes the use of products that carry the FSC logo.”**

If these fine-sounding sentiments are to be taken seriously, they should provide total peace of mind to both environmentalists and consumers. They conjure up a vision of pristine forests (not a mention of plantations!), managed for ecological function and therefore sustainable delivery of ecological goods and services. There is not even the slightest hint that their certified forests would ever be clear-cut, fertilised or poisoned. So the reader is left with the initial impression, at least, that the PEFC’s **“environmentally viable management of forests”,** and the FSC’s **“environmentally appropriate management of forests”** are about the sustainable utilisation of **forest** products and services under an appropriately sensitive **forest** management system. What happens in reality though, is somewhat different from that expectation, and those people that discover the truth should be forgiven for feeling cheated by the slick and misleading claims of the “forest” certification industry.

The question that now needs to be asked is how two of the most reputable ‘forest’ certification systems, which have consistently been misrepresenting environmentally damaging and socially disruptive industrial tree plantations as **forests**, have been able to maintain that illusion? In the case of the FSC it would appear to be the clever co-option of environmental and social NGOs and academics into its tri-cameral structures, where once again an illusion of democratic decision-making and positive social and environmental gains has been created. Meanwhile, on the ground, global deforestation, and the destruction of agricultural land and natural areas through the establishment of new tree plantations have accelerated to unprecedented rates since the inception of ‘forest’ certification! Is this mere coincidence? Can it be shown that FSC has helped to reduce deforestation and destruction of ecosystems by certifying plantations?

Coming back to agrofuels, it should by now be clear why there is such a strong-held belief on the part of EU governments that wish to import agrofuels, and the producing countries such as Brasil and Indonesia, that certification to ‘sustainability criteria’ is the way to go. But far from protecting the people and biodiversity of the agrofuel producing countries, it could open the way to a new wave of destruction by corporate led colonialism and plunder. In order to ‘test’ this hypothesis, a case study has been undertaken, looking at the timber plantation and saw-milling operations of a South African company ‘Hans Merensky Holdings’ and its subsidiary, ‘Singisi Forest Products’. The operations of these organisations have been certified by FSC since 2002, through the certification body known as ‘SGS Qualifor’. The organisation that is the subject of this case study is locally unique in some respects, particularly in terms of its political and historical context. However it should be possible to derive some general conclusions about how appropriate and how effective the certification system that has been employed may be, and to highlight the kinds of issues likely to be encountered should large-scale agrofuel production plantations be certified along similar lines.

## Tree plantations in South Africa

### A brief history and background

Since early in the twentieth century, consecutive South African governments, together with their subsidiary structures, as well as timber industry players, have pursued the planting of large-scale monoculture alien tree plantations in those areas where sufficient rainfall (above 800 mm p.a.) and adequate soil quality could sustain their growth. Originally intentions were:

- (a) To supplement South Africa's limited natural timber resource to meet local needs, and
- (b) To reduce the need to import timber that was more expensive.

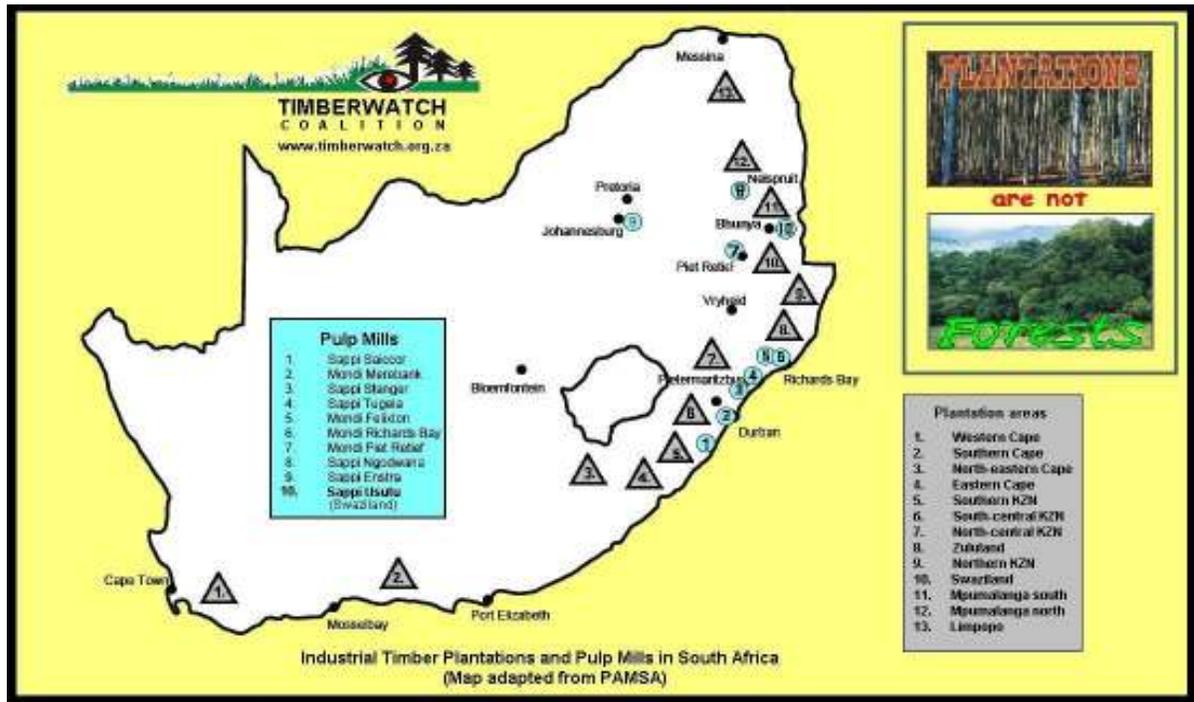
During the last thirty years this scenario has changed, and the timber industry now focuses on ways to increase exports of timber and timber products so as to increase its profits. This move away from the earlier goal of national self-sufficiency was first motivated during the apartheid era when the country was faced with isolation, and political pressure from the rest of the world through economic sanctions, and needed to create an inflow of foreign currency. Although the political situation in South Africa has changed, this export-focussed mind-set has remained.

The South African economy has become locked into an inflation-devaluation spiral that has encouraged the export of raw materials. This has largely been due to artificially high prices generated as a result of greater overseas demand, together with the low value of the local currency in relation to major foreign currencies. This was exacerbated by the much lower cost of investing in South Africa by foreign multinational corporations. As a result, the Euro and other major currencies have had greater value in South Africa for many years, making resources, commodities and labour that were already inexpensive by international standards, available to foreign investors and traders for even less.

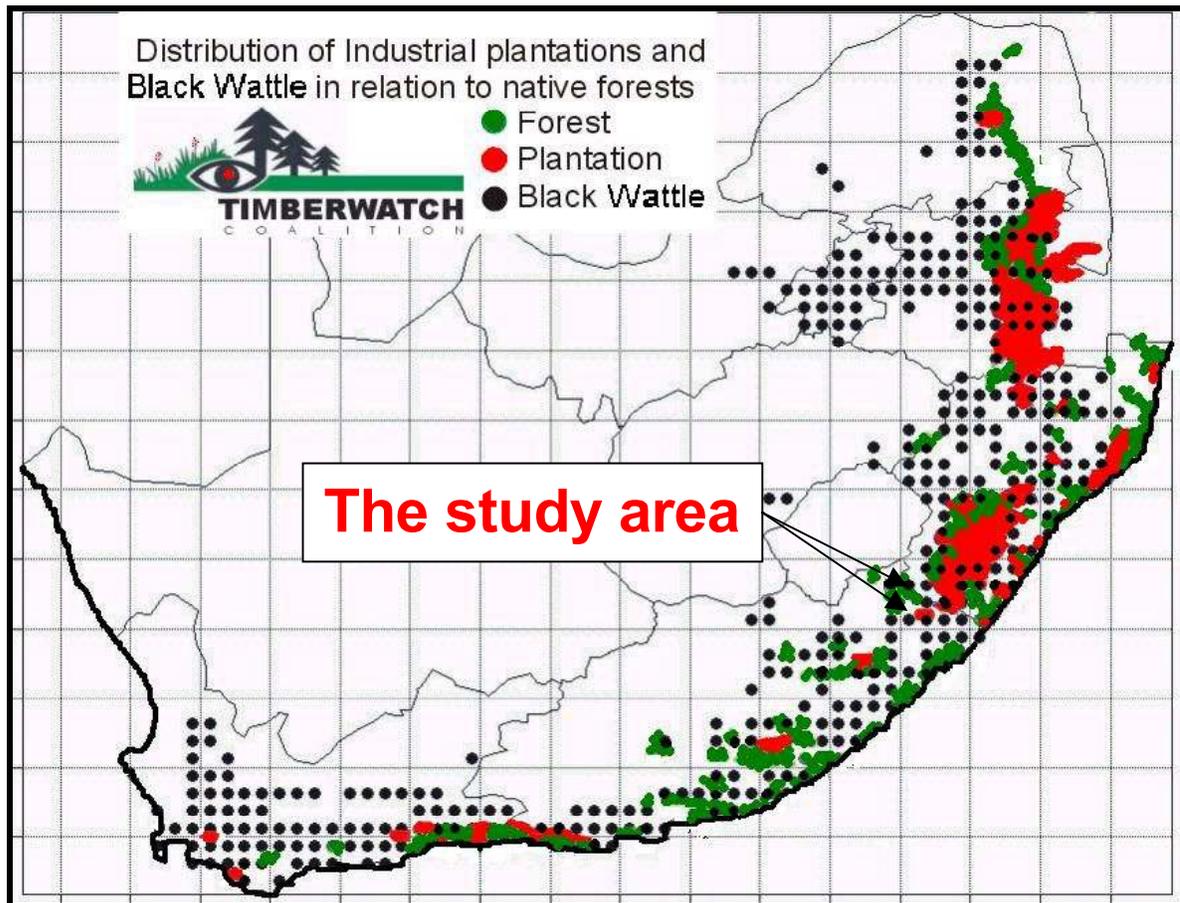
In recent times there has been an emphasis on expanding pulp and paper production, and during the past 30 years the production of pulp has more than doubled in response to new demand for paper products in industrialised countries. In addition, the recently established wood chipping industry exports unbeneficiated wood chips to Japan. Wood chip exports total over three million tonnes per annum, and together with exports of round wood, pulp, paper, board and sawn timber makes South Africa one of the bigger producers (about 15<sup>th</sup> globally).

The total area under managed timber plantations in South Africa is reportedly somewhere between 1,34 million and 1,8 million hectares, depending on the source, with the timber industry claiming the lower figure. According to information from the FSC, the area of land under certified plantations extends to 1 551 470 hectares, and this is said to include more than 80% of all managed timber plantations in South Africa. In addition to formally managed and/or licensed plantations there is a further area estimated to be in excess of 1,6 million hectares covered by 'feral' plantation trees. This presents a major challenge in that the timber industry has not taken responsibility for the rehabilitation or management of these plantations, and the government has had to pay for the eradication of unmanaged plantation trees that impact on river catchments, through a poverty relief employment programme called "Working for Water".

As responding to Climate Change becomes more urgent, the muted response from the timber industry has been to argue that its plantations contribute to atmospheric carbon sequestration, and this is being used as a reason to justify their further expansion. This is clearly a flawed assumption, because plantations are by their nature a temporary crop that will feed into an ongoing cycle of emissions through mechanised chemical intensive production both in the plantations as well as in the pulp and paper mills, while the end products will eventually end up rotting in methane-spewing garbage dumps!



Timber plantations and pulp mills are both integral parts of the industrial pulp and paper production process, and their impacts must be viewed in combination to obtain an accurate understanding of their overall negative effects



### **The problems plantations cause**

South Africa's land, water and environmental resources are undervalued in comparison to those in consumer countries, and the sale or consumption of South African resources therefore makes for very profitable dealings for multinational corporations. It might be hoped that at least a part of these profits would go back to the communities who own the land and water being exploited by the multinational corporations involved. However this is evidently not the case, because expanding industrial timber plantations seem only to generate even more poverty, disease, dispossession and disempowerment than ever previously experienced by affected communities. To add insult to injury, other largely unrecognised or ignored secondary and cumulative impacts worsen the situation, but the South African government has continued to support plantation expansion by the timber industry. FSC has legitimised this situation by certifying over 80% of South Africa's tree plantations as 'responsibly managed, economically viable and socially and ecologically sustainable FORESTS', which is far from the reality.

The prospect of rising demand for agrofuels, as global energy consumption grows and fossil fuel resources decline, can only mean greater pressure to increase the area of land used for monocultures in the future. This will in turn cause more of the same negative impacts that have already been inflicted on people and places by 'certified' timber plantations. The South African government has announced plans to establish another 140 000 hectares of timber plantations on community land in parts of the Eastern Cape province. Another 3 million hectares has been 'earmarked' for the large-scale cultivation of genetically engineered maize and canola for ethanol and biodiesel production. Though it is claimed that the biofuels produced would be used to meet a 2,5% target in South Africa, it seems that there are plans to export to Europe as part of a trade agreement.



**The unsafe transporting of logs on public roads is a hazard to other road users and places a huge financial burden on the state. How does FSC address this problem?**

## Certifying plantation problems

The timber plantation industry in South Africa subscribes to FSC certification as a way of achieving its own 'self-regulation', although it also clearly benefits the marketing of its products. The government department responsible for regulation of the timber growing industry, the Department of Water Affairs and Forestry (DWAf) has welcomed certification, citing their department's lack of capacity as justification. The claimed benefits of FSC forest or timber plantation certification have been widely promoted both by the industry and some international NGOs that support FSC. When first established in 1994, it was not envisaged that the system would one day serve to legitimise a forest and timber plantation management model that perpetuates all the problems that it was supposed to solve. In the South African context, FSC certification of timber plantations has granted respectability to a number of negative aspects of timber industry operations, both historical and current, that include:

- Community displacement, land dispossession, and social disruption.
- Destruction of biodiversity resources and the natural landscape.
- Impacts on water resources, drying out of wetlands and aquifers.
- Pollution of rivers, streams and wetlands with pesticides, oils and fertilisers.
- Contamination and compaction of soil within plantation areas.
- Accelerated soil loss on site and increased downstream erosion.

In effect, FSC certification of socially and environmentally destructive plantations legitimises the negative health, environmental and social impacts generated when timber is processed at polluting pulp, paper and sawmills, which are usually very close to water resources and human settlements. There is growing awareness of how the fossil fuel derived energy consumption and high greenhouse gas emissions of timber processing contribute to global climate change. In combination, the full spectrum of negative impacts generated during the entire 'life-cycle' of production, consumption and disposal of the products and waste generated by the timber industry, has very serious implications for the health and welfare of all life on Earth.

Client	Certificate Number	Certificate Category	Land Ownership	Forest Type	Area
<b>SOUTH AFRICA</b>					
Vuka-Ramanias Forestry Products (Pty) Ltd	SGS/FM/COC-1855	FM/COC	Private	Plantation	6,549 ha
York Timber Organisation Ltd	SGS/FM/COC-0809	FM/COC	Private	Plantation	52,023 ha
Stenhoff Southern Cape (Pty) Ltd	SGS/FM/COC-001143	FM/COC	Private	Plantation	8,554 ha
Singis Forest Products (Pty.) Ltd - Baziya	SGS/FM/COC-1503	FM/COC	Private	Plantation	10,683 ha
Singis Forest Products (Pty) Ltd - Glen Garry Forests	SGS/FM/COC-1544	FM/COC	Private	Plantation	26,946 ha
Environmental Management Consulting Group Scheme	SA/FM/COC-1453	FM/COC	Private	Plantation	326 ha
Hans Merensky Northern Timbers	SGS/FM/COC-0561	FM/COC	Private	Plantation	15,000 ha
Mondi Ltd., South Africa	SGS/FM/COC-000084	FM/COC	Private	Plantation	399,068 ha
TWK Agriculture Ltd. Group Scheme	SA/FM/COC-1363	FM/COC	Private	Plantation	2,650 ha
NCT Forestry Co-operative Ltd.	SGS/FM/COC-0348	FM/COC	Private	Plantation	98,073 ha
SAPPI Forests Pty Ltd	SA/FM/COC-1230	FM/COC	Private	Plantation	383,164 ha
Singis Forest Products Pty (Ltd)	SGS/FM/COC-0790	FM/COC	Private	Plantation	31,897 ha
Komatiand Forests	SGS/FM/COC-000058	FM/COC	Public	Plantation	187,320 ha
MTO Forestry (Pty) Ltd Western Cape Region	SGS/FM/COC-0133	FM/COC	Public	Plantation	53,953 ha
SAPPI Forests Group Scheme	SA/FM/COC-1363	FM/COC	Private	Plantation	76,041 ha
AFC - Amatola Forestry Company (Pty.) Ltd.	SGS/FM/COC-0123	FM/COC	Public	Plantation	16,886 ha
African Environmental Services Group Certification Scheme (AES)	SGS/FM/COC-1337	FM/COC	Private	Plantation	13,967 ha
Central Timber Cooperative	SGS/FM/COC-1372	FM/COC	Private	Plantation	18,935 ha
NCT SLIMF	SGS/FM/COC-1598	FM/COC	Private	Plantation	1,841 ha
Siyahubeka Forests (Pty) Ltd	SGS/FM/COC-000870	FM/COC	Private	Plantation	26,451 ha
Mondi Millennium Newsprint	SGS/FM/COC-1760	FM/COC	Private	Plantation	48,530 ha
<b>Certificates in SOUTH AFRICA: 21</b>			<b>Total area for SOUTH AFRICA:</b>		<b>1,518,857 ha</b>

The first FSC 'forest' certification in South Africa was awarded in 1997. According to the timber industry, SA now has a far higher percentage (80%) of its plantation area certified than most countries, but this is misleading. If the areas under illegal plantations and unmanaged feral trees were taken into account, it would be under 40%

# Soon we'll be pulping the Transkei



IT'S only a matter of time now before Kortbroek van Schalkwyk rubber stamps the much-debated Wild Coast toll road plan.

And when he does, the timber, pulp and paper industry will no doubt be clapping quietly in the corner. Salivating, perhaps, at the prospect of devouring the cheap take-away food it needs to quench its monstrous appetite for global expansion.

Outgoing environment minister Valli Moosa managed to duck controversy on Pondoland, slipping into political retirement without giving a final ruling on a project which his department had okayed despite protest from several interest groups.

Now Van Schalkwyk has been left holding the environmental hot potato and, given the high level of ANC support for the toll plan as a "poverty upliftment" tool in the old Transkei, there seems little doubt that the New Nat minister will do his masters' bidding.

Barring a Supreme Court battle, the legal hurdles for the multimillion-rand project will soon have been cleared - and the face of rural Pondoland transformed forever.

Its future will almost certainly include many millions of new trees - rows and rows of gum trees to be mashed up for export to the West.

## Mining

The potential for Pondoland to be blanketed in ecologically sterile timber plantations seems to have been overshadowed by the vested interests of an Australian sand-mining company and a consortium of road-building companies which all stand to benefit hugely from the toll plan.

But there are other actors sitting quietly behind the scenes, who could also profit from new transport links to the untapped Eastern Cape.

They must surely include the global timber/pulp/paper industry, which has announced multibillion-rand expansion projects in South Africa.

Mondi plans major expansion at its mills in Durban and Richards Bay. Sappi wants to expand at Ngodwana.

Bison Board plans a new wood factory in the Eastern Cape. NCT has a new wood chipping plant in Durban and talks about another new pulp mill at Richards Bay.

Quite apart from the pollution and social impact, the big question is: where will all the trees come from to feed the massive increase in demand?

## Potential

Industry lobby group Forestry South Africa says another 10 000ha of new tree plantations will be needed annually - equivalent to covering Ndumo game reserve with gum or pine trees every year.

This is where Pondoland starts to fit in to the picture. Forestry SA makes no secret of the fact that it sees this as one of the few regions with potential to meet part of the new demand.

One wonders, too, about the strategic planning and lobbying role played by a Nordic company which recently built offices at Umhlanga Ridge in Durban.

It's called Jaakko Poyry, one of the biggest forestry and engineering consultancy firms in the world.

According to *Pulping the South* co-author Larry Lohmann, this company produces no wood or paper and its employees are seldom to be found wielding chainsaws or bulldozers.

Yet wherever Poyry goes, bigger timber plantations, paper and pulp mills are sure to follow.

The Mercury 5.7.2004

In this clipping 'Transkei' refers to the previous 'independent homeland' that was incorporated into Eastern Cape Province after 1994. 'Kortbroek' is the nickname commonly used in reference to environmental Minister Marthinus van Schalkwyk

## Rationale for the project

### Identifying an appropriate case study - Hans Merensky Holdings

Timberwatch has been monitoring the timber plantation and processing subsidiary companies of Hans Merensky Holdings (HMH), which has certified operations in Limpopo province - Northern Timbers (15 000 ha.), as well as in southern KwaZulu-Natal (KZN) province - Singisi Forest Products (69 526 ha.). Northern Timber's plantations have been certified since 2000, and the Singisi Forest Products' plantations since 2003, with SGS Qualifor as the certifying body in both cases. The decision to focus on HMH / Singisi Forest Products was taken after complaints had been received from concerned individuals. However, it was also influenced by the fact that 42,6% of HMH shares were held by the Industrial Development Corporation (IDC). This is a wholly owned government entity within the national Department of Trade & Industries (DTI), a part of the same government that gave the undertaking to sell off the very same plantation holdings in order to be able to better fulfill its role as impartial regulator, and to avoid the conflict of interest represented by being a player in the industry too!

Timberwatch was invited to participate in the re-certification audit of Northern Timbers at the end of 2005. Questions submitted to the auditors were not satisfactorily answered – and perusal of documentation on the re-certification audit revealed some glaring shortcomings. In January 2006 Timberwatch members visited the area to inspect plantation operations and natural forests, photographed examples of poor plantation practice, and interviewed local environmental stakeholders.

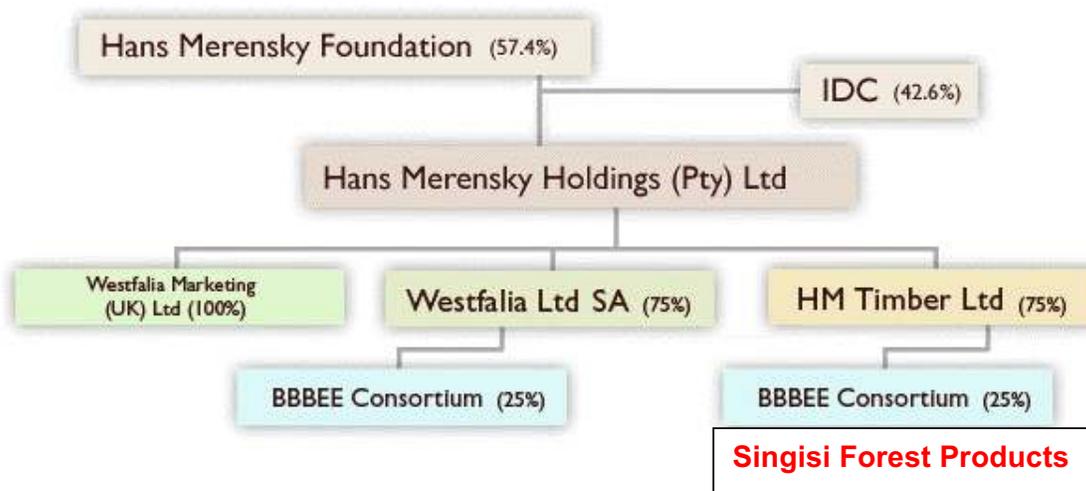
In April 2006 an international group of NGOs including Timberwatch called on FSC to de-certify a number of controversial plantations globally, including all South African plantations.



**HMH subsidiary Northern Timbers owns these FSC certified Eucalyptus plantations in Limpopo Province**

### Singisi Forest Products (Pty) Ltd

As part of a government asset restructuring exercise, HMH was able to purchase the state-owned plantations in the southern KZN / Eastern Cape provinces for a reported R45 million (approx. 4 million Euros) in 2001. In effect, the state assets involved, which included 30,000 ha of standing timber as well as all equipment, including three sawmills, was in effect simply transferred from one government organisation: the DWAF owned company SAFCOL, to the IDC / DTI via its stake in HMH. This sale agreement appeared to be linked to the transfer of 42.6 % of HMH to the IDC in exchange for R55 million. In other words, assets of one government department were transferred into the control of another, using a process that was supposed to recoup state capital resources and transform the role of government from being a player in the timber industry to being one of an impartial regulator. However, instead of achieving those objectives, the process appears to have only created an illusion that the assets involved have been privatised, and that in fact little has really changed except that theoretically the new partnership will serve as a vehicle to redistribute wealth to previously disadvantaged communities neighbouring the leased plantation areas.



**A marriage of convenience for government and big business? How will it benefit local communities in the affected areas, whose natural capital – land and water resources, and cheap labour, are an essential but undervalued part of the equation? (see annex 2 in case study for details of Black Economic Empowerment (BEE) transaction)**

#### What does this all mean?

It appears that HMH has taken on the role of a semi-governmental entity, much along the lines of the national telecommunications operator, Telkom. In both cases there has been state intervention to 'privatise' public assets, shares in public-funded infrastructure in Telkom's case, and in Hans Merensky, shares, stock in the form of plantations, and futures represented by water and soil resources.

The sale of state-owned plantation assets to HMH in 2001 was conditional upon obtaining FSC certification, and it is believed that there must have been inordinate pressure on both the certification body and HMH to ensure that the certification was duly awarded.

Although the full implications of the HMH case for agrofuel crop production are not fully clear at this time, it is certain that the land and water resources that presently belong to Eastern Cape/ southern KZN rural communities are being targeted for the ongoing expansion of timber plantations and for the establishment of industrial-scale agrofuel crops.

From the available evidence, neither of these land uses is appropriate to the needs of the affected communities, and will certainly not be the most environmentally sustainable.

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# The Hans Merensky Foundation

## OBJECTIVES

**t**he main objective of The Hans Merensky Foundation is to promote and assist in the development of the resources of the Republic of South Africa and neighbouring territories - particularly such natural resources as soil, water, minerals, flora and fauna - and to promote the health and welfare of the inhabitants; more specifically by research, experiment and demonstration and through the correlation and application of scientific knowledge.





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Does the saying: *"Fine words and an insinuating appearance are seldom associated with true virtue"*, attributed to Confucius, apply to this company poster?

## **The Case Study**

### **The Social and Economic Impacts of FSC Certified Plantations:**

#### **A Study of Hans Merensky Holdings / Singisi Forest Products (Pty) Ltd. and affected communities in the Greater Kokstad area**

Blessing Karumbidza, Economic History, University of KwaZulu-Natal

#### **Executive summary**

The South African timber plantation sector has undergone three separate but fundamental changes since the early 1990s, which have had negative impacts on community sustainability. These changes involve first, the changing global economy, which affected the context within which the sector operated and made the need for restructuring not an option but a necessity. At the local level, the changing political situation in the country led to the second change; the process of restructuring of the plantation sector in accordance with the envisioned social and economic ambitions of the new democratic government. The politically motivated changes were negotiated within the context of a macro-economic system, friendly to privatisation and cost recovery in the economy. The third change was driven by the demands of the global economy, which was becoming sensitive to the environmental and social sustainability of a largely destructive sector. Meeting minimum sustainability requirements became tied to market access, which found many players in the plantation chain buying into the Forest Stewardship Council (FSC) certification system not from the point of transformation, but for purely economic realism. By 2004, most South African plantation activity was considered certified under this FSC system. This certification credential masked environmental, social and economic problems amongst the communities where plantation activities took place.

The South African plantation sector has been restructured and carries on its business in a manner that undermines the same principles of sustainability that the FSC aims to ensure. In terms of economic development, restructuring has led to the consolidation of the sector in the hands of a few giant players and undermined the capacity and space of smaller players. The accompanying global capitalist economic model favours privatisation, and the increase of corporate profit share has meant the retrenchment of many workers through outsourcing of labour and contract arrangements. This development has increased unemployment and functional poverty in the area. The expansion of the sector to meet increased global demand for timber products has also led to encroachment into land and water required for food production and food security. The other danger of the plantation sector's proximity to communities include those associated with fire, water shortages, and reduced access to the natural resources essential to a self-sufficient livelihood. The case of the Marhambeni community, and the situation confronting small players in the timber and timber products sector are used here to demonstrate the weakness and problems associated with FSC.

#### **Research Method employed**

Besides the perusal of primary and secondary documents available on the region and the subject area, there was emphasis on consultation with the communities affected by the timber industry. In fulfilment of this approach, the research process included interviews with various stakeholders in local government in the Kokstad area, as well as community meetings and one-on-one meetings with individuals in the community. A cross section of views, experiences and responses was enlisted.

The researcher attended a tribal council meeting during which Charlie Scott, the Singisi Forests (Pty) Ltd Community Development Manager, addressed the community leadership on planned projects, while updating on existing projects between the company and the community. This was a crucial meeting where the researcher was able to observe the power relations between so-called community development personnel and the recipients of their development talk. The

paternalistic attitude towards the participants was interesting to observe. However, the voice of organised youth and a Councillor, speaking on behalf of the frustrated young women of the community, provided a new twist in the usual un-questioned acceptance of the community development discourse presented by the company.

Meetings were held with the Councillor, the Youth Forum and some organised community members who are trying to establish non-timber community projects but feel that the company is not very enthusiastic in supporting these. Meetings were also held with the officials of local government – who are charged with the dispensing of development capital and leadership at the local level. These officials were sceptical about the *bona fides* of company-community development projects. They were scathing about its economic impact, especially its demand for electricity caused by the establishment of the company mill in Kokstad. They were open about how such expansion had offered limited benefit to the local community, even though everyone has to share the costs as all other ratepayers would have to subsidise the costs of expanding water and energy services infrastructure.

Different groups in the community; the young and the old, men and women, the leadership and ordinary people, were approached for their competing and complimentary views on the manner in which the timber industry affected them. It was also interesting to learn about the concerns of those who were employed by the industry, those who had lost employment as well as those who had never been employed. There seemed to be a clear distinction between those who thought of the industry as important and necessary for the development of the area and those who thought of it as wasteful, while there was also a middling voice of people who could not care less whether it was the timber industry, mining, or a farming business operating in the area as long as they might access employment. This group was particularly unanimous about the fact that instead of folding the timber industry away, a better approach would be to reform whatever it was that was wrong with it. Their wishlist included better wages, protection against injury on the shopfloor and in plantations, a pension and health scheme, security of employment and other related guarantees. The biggest problem for this sub-group was that work is increasingly being sub-contracted and labour becoming cheaper. They found themselves becoming poorer and poorer.

Most of the rural dwellers displayed an amazing complexity in understanding and articulating what it is that had changed and the manner in which their lives were being affected. They were aware of changes at the local industrial level as well as of some forces they could not name, which operate outside the realm of the business but impact negatively on their daily existence. These are the social, political and economic concerns emanating from the specific nature of the transition of South African society into a liberal democratic system, and those that emanate from the increasingly globalised nature of the economic sphere within which the industry operates. While not having the complexity and capacity to point to the existence and place of the timber and timber products industry in a global capitalist plane upon which increasing pressure for profits justifies the continued encroachment into community social and cultural security banks – land, livestock, water and labour – the interactions with community participants in the discussions yielded much understanding.

A complex sector whose contribution to the discussion was invaluable was the small timber operators in the Harding and Kokstad areas. These were able to assist through accounts of their own social and economic history from when they established shop to how the transition (politically and economically) had benefited some and destroyed others, as well as accounts of the reconstruction of the timber industry at large. This group was able to link the certification process to the sham improvement in environmental performance standards within which the industry operated and how they as communities experienced it.

## Introduction

***“Forestry makes a significant contribution to the economy; in 2006 this contribution amounted to approximately 14.0 billion and 170 000 people were employed in the sector, which includes about 30 000 small scale growers most of whom are women. The contribution of the forestry sector should also be seen in the value it adds to our rural areas, and to downstream industries such as timber processing, furniture, pulp and paper. With forestry being a rural activity, this sector has enormous potential to contribute to the economy and to job creation. People residing in the rural areas make extensive use of forest products for daily consumption and small-scale trade. ... Studies have shown that there is still potential to expand the forestry land in KZN and particularly in the Eastern Cape Province. Such expansion would see an increase in the contribution of forestry to our economy and to job creation”***

(Lindiwe Hendricks, MP and Minister of Water Affairs and Forestry, 2007)

The above quote represents the falsehoods that the South African government peddles around plantations (that continue to be misleadingly referred to as forests) as it promotes the plantation sector and uses taxpayers' money to subsidise private players.

This study investigates promises by supporters of the sector in government and industry, by testing them within a community living contiguous to an area with a heavily timber plantation dominated economy. It also focuses on how the changes in the plantation sector internationally and nationally affect the local communities socially and economically. In response to pressure from environmental activists the international plantation sector has developed minimum standards expected from operators in the sector. These standards, such as the FSC certification criteria, are intended to ensure that timber production has minimal impact on the environment. The questions explored included, among others, the extent to which these standards minimise the negative impacts of the neo-liberal market-led growth model adopted by the government, and applied in the plantation sector as in the global economy generally.

Does FSC have the capacity to challenge the negative impacts of the economic model in operation in the sector? For instance, what happens about compensation for loss of land and access to natural resources? How can local community land be protected where there is not individual title and the industry would like to have increased access to such tribal land?

Are there any mechanisms for the protection of the poor rural communities from the sophisticated approaches employed by so-called community development officers from the industry accessing communal land rent-free, in the name of partnerships? To what extent are communities benefiting from the so-called community and worker share-holding in the industry?

What happens to labour issues under FSC as the plantation sector prefers outsourcing of non-permanent contract workers?

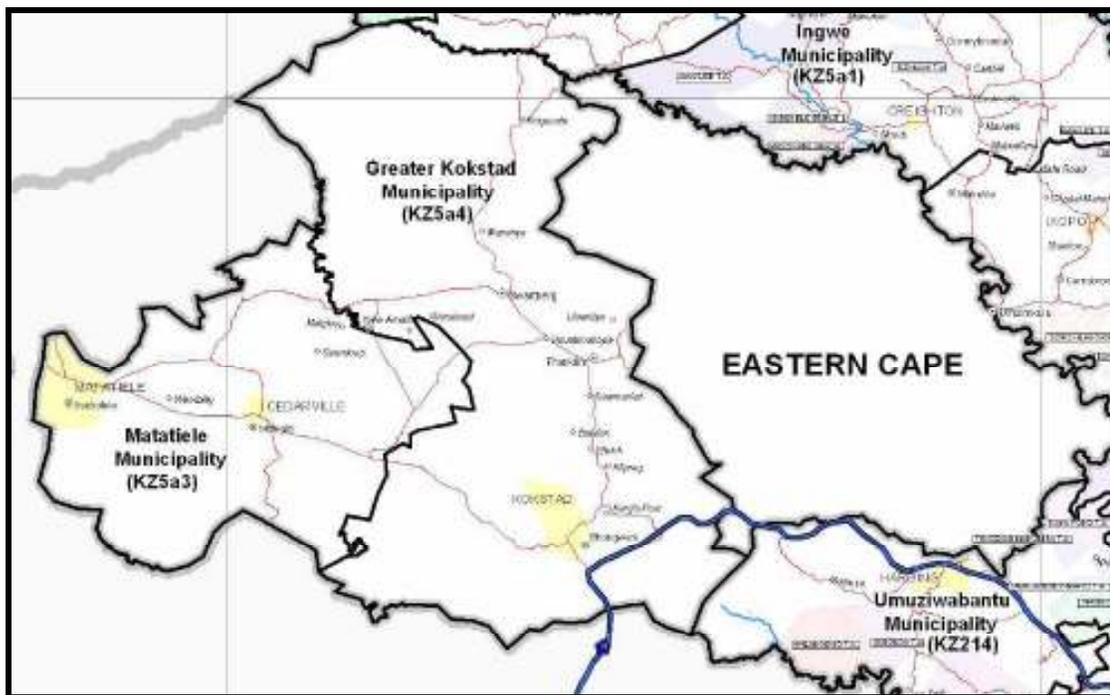
To what extent do the operators of FSC plantation activities move beyond the biophysical elements of sustainability, and start to integrate the needs of communities in our understanding of sustainable forest management?

These and many other questions are tested through a case study focusing on the activities of the Hans Merensky Group and its subsidiaries among the people in the Kokstad area located on the Eastern Cape/KwaZulu-Natal provincial borders.

## Background to the study area

This case study took place in Singisi, a rural district outside Kokstad, which is located in the Sisonke District Municipality, South West KwaZulu-Natal Province, (formerly in the Transkei homeland). Some of the governmental functions are controlled from the Eastern Cape Province. The Greater Kokstad Integrated Development Plan (IDP) for 2006/2007 describes the town of Kokstad as the “commercial and educational hub, providing services to the whole of the area and north-eastern parts of the Eastern Cape.” The Singisi community is linked to the outside world through this town, which is itself linked to Durban and Pietermaritzburg by the N2 and R56 roads respectively.

Geophysically, the Singisi community is located in a mountainous area with dry perennial streams and a silted river system. The rainfall in the area varies between 620mm to 1265mm annually. Most rain falls in summer and the winter experiences severe frost with highland areas experiencing occasional snowfall. A mix of soils of good and bad quality exists, with most of the deep and fertile soils taken for plantations.



**Kokstad is the largest town in a region isolated from the mainstream economy, where State intervention has concentrated resources in the hands of a corporation, Hans Merensky Holdings, and its subsidiary, Singisi Forest Products (Pty) Ltd.**

It is an area of intense poverty, which falls within the ‘Presidential’ poverty nodes. The area under study lies across the border of two poor provinces, the Eastern Cape and KwaZulu-Natal. Both provinces are predominantly rural and characterised by a large income gap and disparity in social and economic well-being between congested poorly resourced areas and large farms mostly owned and operated by white farmers. The Human Development Index for both provinces remains lower than the national average since 1993. According to the Office of the Eastern Cape Premier (2001), the province is one of the poorest parts of the country largely due to its geography and the form of development during the apartheid era:

“... because of its relatively poor resource endowment and its distance from the main centers of production, as well as the fact that it represented one of the main areas of focus for the apartheid social engineering effort (that is, separate development with all its attendant social, spatial and political consequences), the Eastern Cape has lagged behind in economic and human development terms. The province is one of the poorest, least developed regions within the National space economy, with the highest unemployment rate of all the Provinces. “  
(1996 census)

The region is also home to one of the first government plantation packages to be privatised. Post apartheid restructuring of the plantation sector fell within a paradigm that prioritised market-led growth, with lip service paid to community participation. The model is based on a set of assumptions about fundamental changes; firstly in the roles of the private sector, communities and government, and secondly in the role of land and natural resources in development. In dealing with the change, the government responded to popular pressures and expectations about the end of apartheid. However, poor rural areas, with un-developed civil society capacity and lacking the pressure to call government (at all levels) to account, communities often bore the brunt of bad policy and government ineptitude. This is the context in which private companies in their self appointed roles as the saviours of the poor, through so-called corporate social responsibility, community development programmes and so forth, prey on the unsuspecting poor.

The development of the plantation sector and its expansion into the tribal areas of the former homelands is related to the history of apartheid land seizures, and the desire to advance white enterprise at the expense of the poor black majority.



**Community owned grassland in the Eastern Cape is targetted for new tree plantations**

## **A Brief history of plantation 'forestry' in South Africa**

The development of the plantation sector in South Africa arose out of colonial development strategies, peculiar in its design to benefit one racial group exclusively from the rest of the country's population, particularly between the 1950s and the early 1990s. What is also important to note about South Africa is its unfortunate gift of nature to be a water scarce country. Any activity that is water wasting will therefore need to be regulated and controlled effectively. South Africa's plantations cover a greater area than its natural forests - 1.5 million hectares or 1.2% of the land surface area, and 0.5 million ha or 0.3% of land surface respectively. (Bethlehem and Dlomo, 2004)

The apartheid government was a key player in the plantation sector with hundreds of thousands of hectares of pine and gum corporatised into the government parastatal, South African Forest Company Limited (SAFCOL) and substantial plantations in the homelands. Plantations were at the heart of an economic nationalist development model through which white nationals' standards of living had to be uplifted. The industrial boom following the First World War had not been able to absorb all the poor rural whites by the time of its slow down in the early 1920s and the Great Depression of the later 1920s and early 1930s. Thus the further development of the rural space for the advancement of the surplus whites became part and parcel of dealing with the so-called 'poor white problem'. As a result of this strategy, an array of growers and millers associations mushroomed to organise relations between private individuals and State operations in line with government policy objectives of white advancement. The apartheid government's regional development model allowed small and big players to operate side-by-side and created incentives for small players to remain alive. This was evidently a white empowerment and employment scheme through which the standards of living of white South Africans had to be boosted and supported by the state. New policy on plantations seems to reverse the climate under which smaller but economically beneficial players proliferated in favour of monopoly players.

The abolition of the homelands saw the former homeland plantations included under the control of the Department of Water Affairs and Forestry (DWAF), and later into the SAFCOL fold (Ashley and Ntshona, 2003). By 1994, the Eastern Cape land had 169 484 ha (11.4%) under commercial pine plantations and eucalyptus. The Eastern Cape South package (DWAF area of 7 295ha and SAFCOL area 18 043ha) went to Hans Merensky in 2001 while the Eastern Cape North package went to Amatola Timber in 2004. The Hans Merensky bid resembled a balance of competing policy objectives, ending with a community-company-government consortium of interests. What is interesting is to outline how the community interests have been dealt with since the unfolding of the deal. The company pursues growth in share capital, the communities, given their history, are interested in social justice, while on the other end of the spectrum, the government has to balance the growth and social justice interests while managing the massive public expenditure costs necessary to uplift the previously disadvantaged and facilitate human development to make public-private partnerships function at optimal levels.

According to Ashley and Ntshona (2003) since 1994 there has been a number of national government initiatives to restructure the 'forest' industry, including privatisation of plantations, development of certification for sustainable 'forest' management, community management of woodlots and promotion of small enterprise. Ashley and Ntshona explain that the need to restructure plantations has underpinned government policy since 1994, while privatisation can be traced to the 1980s reflecting the international climate of privatisation in the global economy. As suggested by Foy (2001), some motivations were common to the worldwide debate on forest and tree plantation privatisation; the desire to shift productive roles from the state to private actors, attract new private investment, reduce fiscal burden of loss-making operations, and to focus the state's role on regulation. However, in the South African context, the new government bought into the thinking that privatisation offered a unique opportunity to radically change the role which a large part of South Africa's industrial plantations can play in national development (Foy, 2001).

Ashley and Ntshona (2003: 14) clarify that as a result, the process is called 'restructuring' rather than 'privatisation', and 'commercialisation' rather than 'privatisation', because the land is leased and not sold. The government defended the use of the term restructuring suggesting that this was because:

**“... it captures the sense that the process was not simply about sale of assets to the highest bidder. This process sought to reposition the state within the forest sector, and attempted to achieve wide range of the Forest White Paper Public Policy objectives, over and above the simple disposal of forest assets”**  
(Cori Ham, 2004).

South Africa's 'forestry' policy and the restructuring of the plantation sector were motivated by four key policy objectives, namely;

- Recognition that it is more appropriate for the private sector to perform an essentially commercial function;
- Recognition that the State's historical role distorted round-wood prices through the long-term timber supply contracts which contributed to inefficiencies in the saw milling sector;
- Recognition that the State's ownership of industrial plantations potentially conflicts with its wider national regulatory and policy obligations; and
- The desire to reduce the financial burden of running industrial forestry operations (particularly those of the former 'homelands') on the State (DWAF, 2006).

The restructuring of the South Africa plantation sector also coincided with the growth of the certification movement, which saw more than “80 percent certified in market driven certification process during the late 1990s and early 2000s” (Cori Ham, 2004: 477). While Cori Ham (2004) argues that some of the positive impacts of certification are the increased social and environmental awareness of the 'foresters', he also suggested that certification was forced upon them by the need to access markets. While celebrating the fact that certification was adopted swiftly and without much resistance by the whole of the industry, without pressure from the government on non-governmental organisations (NGOs) it is clear that once the market access objectives motivating adoption have been achieved, players became complacent about many of the principles for which certification was given. According to Cori Ham (2004: 477):

“As a net exporter of forestry products, South Africa's procurement of new markets and securing of existing markets were critical. The forestry industry saw certification as a marketing tool and accepted it fairly easily. What makes this certification effort more remarkable was that it took place without a national FSC standard and with very little government intervention.”

The lack of a local South African FSC standard and pressure to maintain high standards also aids the complacency with which players go about their business in the sector. The nature of the transfer of former government plantations, and the government's position as both business partner and custodian of community interests undermines its capacity as watchdog.

Thus, after being certified, it seems that some timber plantation companies feel entitled to do even less than before to protect the environment and their workers, and continue to pursue cost-cutting and expansion programmes to boost their profits. (Menne, 2007)

## **The Singisi and Weza Sawmills**

The Singisi Mill is an older mill, which HMM plans to phase out as the giant new Kokstad mill comes into production. The mill has been a key source of employment for people in the communities surrounding it. The land on which the mill is built was leased from the former Transkei government. The then homeland authority mostly used public money with no form of democratic accountability, and appropriated the proceeds with no feedback to the communities whose land had been taken away. The advent of a democratic dispensation in 1994 saw the land rent being paid on behalf of the community to the Singalanga Trust run by the Eastern Cape Development Corporation (ECDC).



**Singisi sawmill has operated for many years, providing some employment for local people, but is due to be de-commissioned once the new mill in Kokstad is complete**

To the south of Singisi lies the mill village of Weza where the headquarters of HMM are situated. There are also plans to close this mill as the remaining phases of the new Kokstad mill become operational.

### **The giant new Kokstad mill**

The Kokstad mill project is an estimated R1,4 billion timber factory cluster being built in five phases. Phase one is a Plywood Plant expected to cost R31,4 million that is almost complete. The establishment of such a large mill in Kokstad has implications for the municipality's ability to continue to meet the needs of the people, whilst at the same time meeting the service needs of the company. It is a poor rural municipality with a huge basic infrastructure gap and a very low tax base, making service delivery a big logistical and capital nightmare. Kokstad has a poor water supply and has had to upgrade its electricity supply capacity to cater for the mill. Kokstad has a housing shortage and once the Kokstad mill goes into operation, the municipality will have to deal with increased service demand that will come with this development.



## Community Development: About land and not development?

'Corporate social responsibility', in the form of HMM/Singisi's community development programmes of the continue with business as usual, trying to manage the company's community relations in an atmosphere where there is animosity and a lack of trust between the two parties. On the one hand, the community is poor but has the land and the cheap labour required by the company to make more profit. On the other, the company suffers a shortage of land to expand and relies on a steady flow of cheap labour, now disciplined by contract arrangements. The role of the company as a community development agency is suspect. HMM's Scott made it clear that in the company's community development approach prioritises certain projects to do with forests, agriculture, poultry, clinics and roads.

The Corporate social responsibility model adopted by HMM is a proactive development format to disguise the fact that they are out for land. There is a monthly community liaison committee meeting in which development issues are tabled, and items raised are dealt with in the interest of developing good 'neighbourship'. The BEE (Black Economic Empowerment) programmes have provided companies with a new partnership spin in managing their relations with communities. In a charged relationship often marked by adversarial and sometimes violent backlashes, the partnership spin allows the company to make communities see the need to tone down their expressions of disaffection. Singisi's Charlie Scott made this very apparent by suggesting to community members that as partners in all the Singisi sawmills and plantations, the communities are business partners and as the company expands its operations, their share of profits also grows. It is in their best interest to ensure that fires are controlled and that when there is need for land, they make it available for the good of the company, which is also theirs. "The sooner communities realise that our destinies are tied together, the sooner they could start reaping the benefits due to them."



**Village life in the Eastern Cape – Communities are largely self sufficient, but this will change if their land is taken over for industrial plantations of trees or agrofuel crops**

According to Scott, 2006 was a good year and R1.3 million went to the community, for all the communities living around the company plantations from Pietermaritzburg right down to Matatiel.

This money has already been paid to the Tribal Council account for community projects. He said: “We would not like to see this money warming up the TC account and not working – a development committee should be put together to oversee the account and decide on projects. We do not pay rent money for the land we grow our timber on to the community, but to DWAF, which will then pay communities once land claims have been resolved. R150 million is already in an account administered by DWAF and this money is for all the communities where timber plantations are located.”

The bottom line was really about getting more community land, 5ha for a nursery and 4000ha for a new plantation project.

### **Fires in plantations - Blame and charge the victims!**

Increasingly frequent fires in plantations also generate considerable tension between the company and local communities. Fires have been the biggest threat to the industry in 2006. Singisi's Scott asked local communities to cooperate with the company by controlling fires.

He said: “We are very concerned by the increase of fires in the communities, as they affect plantation operations. Training in fire fighting and talking at schools has not yielded any desired effect. Fighting plantation fires is very expensive and it affects community dividends. For every hour a helicopter is in the air fighting fires we pay not less than R6 000. In the 2006 operational year, R4 million went to fire fighting which means of your 10%, 400 000 was diverted to fire instead of community development projects. We are pleading with you on this score to help us reduce the incidence of fires. Do not just burn your pastures without consulting with us as we have the knowledge of times and days when fires are a high hazard. We also have the fire management skills and kits we can help the community with.”

“One thing about uncontrolled fire burning is that it reduces the quality of the pastures. If you burn the pasture too early, you are breaking the cycle of seed falling, and new pasture growth. This leads to poor pastures and directly affecting cattle production. So destroy your pastures at the expense of your herd. We have found out that the largest cause for fire outbreak is the increase in beehives and uncontrolled (honey) harvesting. We are prepared to buy a proper bee smoker and hire people to train and harvest the honey for you. The other alternative is to hunt out all beehives and take them out. “



**When plantations are established on land that was previously available for livestock grazing, communities sometimes vent their anger by setting fire to trees**

According to Mark Gallagher, the chair of the Harding Farmers Association, plantation fires also have a huge negative impact on other businesses and operations in the area. The Harding Farmers Association is worried that the bad relations between big companies such as SFP and the community will lead to plantation fires and puts them in the cross-fire. The relationship between small operators and the giant companies, who have access to massive resources and feel that they do not need the assistance of others, is often not healthy.

“We do not have a good relationship as they are isolationist. They do not assist when we have fire and security problems. With SAFCOL we had a good, healthy and interdependent relationship. Last year a farmer’s wife was attacked on the farm, every other farmer in the area came except HM. When we had a big fire in Weza they also did not assist. They are not good neighbours.” (Interview, Mark Gallagher).

The desperation to control fires has created convenient environmentalists and defenders of indigenous systems among the establishment. In a spirited tone and patronising phrasing, Mr. Scott also suggested that the indigenous forest is a medicine chest for the community, asking; “If you destroy all your indigenous forests, where will your *inyangas* (traditional healers) get the *muthi* (traditional medicines) to treat you? This is more reason why you should keep people and activities that disturb the forests under check.” In this way, industry was inviting the community to police itself for the benefit of the sector. Scott encouraged the communities to plant up to four rows of gum trees that would work as a buffer against fires. He suggested that gums would be good for the community as they are a hardwood that is good for firewood. These gum trees should be planted as a ring around indigenous forests to protect them from firewood harvesting.



**The author of this study, Blessing Karumbidza (on left) with elder Michael Hlakulela and members of the Marhambeni community local youth forum**

## **New plantations and the land question**

One of the key social and economic issues of plantation activities is that of land availability for community production and reproduction. By their nature, plantation activities require lots of land. During the apartheid era, land was acquired using forced removals, for the establishment of both state and private plantations. The advent of democracy means that market forces have to apply for plantation developers to access more land. However, the fact that most of the rural land in South Africa is held under non-private forms of tenure means that individuals cannot sell the land as they wish (when they do). The only way of accessing large blocks of land is through engaging the community and portraying the opportunity costs to the community of not allowing the project at a community level as very high. The new Kokstad mill will require that more trees be planted and it would be more cost-effective if such demand is met locally as transport costs would be reduced. Scott thus suggested:

“We have a programme to develop new forests for the communities and for this to happen we appeal to the communities to make land available for a joint venture between ourselves and you in this programme. The forests will be yours, communities will only have to make land available and land affairs will draw a resolution agreement to guide the programme. The DWAF permit required for the programme will be paid for by SFP but will belong to the community.” (The community will be asked to establish a Trust.)

## **For community development or plantation development in the community?**

Scott spoke to the community in an enticing and patronising language akin to that of a sales representative selling products to an unsophisticated and gullible audience. Those that had some form of schooling and advancement were clearly under his grips and charm. He outlined his good neighbourhood and partnership policy to the listeners thus:

“We guarantee to buy all trees at market related value and we guarantee to pay lease money for land in the duration of the project. Some of the benefits include training to be given for back-up services to be available in the community. [Without addressing the potential of the threat of fire when plantations are within household reach, he emphasised that] SFP will develop the land [whatever that means], and the people will be trained, employed and that there will be a constant flow of rent money for the timber thus reaping profits. For us, this means an expanded source for timber.”

Thus Scott acknowledged the company’s interest in the ‘relationship’ - land and timber for their mill! The deal between HMH and government has placed the government in a position where it has to provide more land and conditions for further exploitation of the poor communities’ land and labour resources in the name of development. Scott made it clear that there was a huge hunger for land, which was driving SFP/HMH’s community development efforts. He indicated:

“We need about 22 000 ha. of new land planted to trees by the end of the year between Pennybrook’s Neck right down to Umtata. We are looking for 4 000 ha in the Marhambeni area. Weza and Singisi now amalgamating to a new project in Kokstad. This new project will help keep the Singisi people employed yet the other side is that for the operation to be cost effective, we would need to grow more trees. Transnet is threatening with closing the railway line but we want to make the line worth their while by trafficking enough timber so that it keeps running. Pietermaritzburg and Bulwer should supply the new sawmill through the railway line. Timber from Matatiele, Mt Ayliff, Mt Frere, Bule, and Bizana should all come from through the railway line. One of the ventures we want to go into is the development of the furniture industry. For this to happen we need that extra volume of timber. Singisi saw mill is outdated, same as the one at Weza. At the new Kokstad plant we will have modern technology that cuts better, quicker and leads to less waste. We need to move from cutting planks to value adding in our chain.”

Scott did not tell the gathering that small private mills were being starved out by a shortage of timber due to HMM/SFP's monopoly of the timber production and supply process. The case of Aljo Timbers in the box below demonstrates how such consolidation of plantations under the control of one giant operator impacts on many smallholder timber operations. It is important to note that small timber operators, which include timber product processors, millers and other timber-related business such as furniture and coffin makers, are important employers in the area. Many players in the small timber associations are at the verge of closing shop because of supply related problems. SFP/HMM has made it clear that they would like to buy out most of these small players to get access to more logs. This poses for a dangerous future in which the sector is monopolised in very few strong hands and operates in an environment where there is no competition. This has the obvious potential of affecting the pricing structure of the products in the sector as well as negatively affecting job creation, as big players tend to mechanise in their efforts to prepare themselves for global integration. The Harding Farmers Association Chair, Mark Galagher, concurs with Paul Belbin that in the course of bidding to buy the state plantation assets from DWAF, HMM promised not to use their monopoly position to disadvantage the small players.

**Excerpts of an interview with Paul Belbin of Aljo Timbers in Harding ([www.aljotimb.co.za](http://www.aljotimb.co.za)) about business and relations with larger players in the sector.**

"We started in timber – manufacturing doors, windows, coffins and furniture from pine – for the lower income market - and the sideline getting bigger is the Saligna outdoor furniture, an existing business. When I joined my father in the 1970s, we procured our timber from Weza and from Singisi when it was built in the mid-1970s. Over the period many smaller saw millers came up that we have also given business and these relied for their timber from the SAFCOL state sawmill, which went to DWAF and recently to Hans Merensky. This source of timber has since frozen as HMM has a 75 year lease with DWAF, which started around 2000 – for which they paid 44 million Rands for 55 000 ha of established pine plantations. This transfer price was a give away as our own conservative calculation showed that the market value of the timber would have been not less than 2.3 billion Rands and at the 2007 value, that is about 5 billion. HMM got this timber for nothing with no reparations to the small timber operators of different sizes and businesses who had depended on this government source. Remember that government involvement in the sector was meant to create employment, grow the local economy and initiate the rise of associated business ventures. With this (HMM) venture all that was eroded. The history of this development goes far back in the 1930s and 1940s when the government was motivated by creating more white employment and facilitating the setting up of business for the whites who could not be absorbed into the farming community. Given the conditions of the Weza and Harding area, timber plantations became a lucrative way of achieving these economic and socio-political objectives.

This new development where former government timber was sold to the highest bidder at a very low price had seen timber being denied to the local districts and buyers, as there is now monopoly control due to the fact that they are now building a super-mill in Kokstad. They claim that the Kokstad mill will employ 500 people without recognizing that in Harding it has resulted in loss of employment for more than 500 people. For example Surejoy Industries which opened shop in the early 1970s had an annual contract with SAFCOL for saw logs and has since ceased operations in August 2006 when HMM cancelled the log contract. This resulted in the loss of 120 permanent jobs. Another example is Glenhive Sawmill, which had to scale down its staff complement from 110 down to 40, also due to the cancellation of log supplies to their sawmill following the transfer of SAFCOL to HMM.

As far as Aljo Timbers is concerned, we used to buy approximately, 50–60 % of our timber supply from Glenhive – equivalent of 90-100 cubes of saw end. This has since come to an end as the Glenhive mill now changed to a different product. As the local saw millers and timber manufacturers, we have had various meetings with HMM in an attempt to negotiate continued supply and renewing log supplies to our sawmills. HMM stated categorically that due to the need to retain for their own mills, they would be able to provide the local industry with sawn timber where we should then do value adding to their sawn timber product. The implication is that they now have monopoly of the sawmill business. The result is that many of us will be forced out of operation not because we are inefficient at what we do and out-competed, but simply because it is becoming expensive to source timber – our primary product. At meetings attended by worker unions and government representatives HMM promised to protect jobs. But, while they could protect their own jobs, HMM is guilty of job loses at smaller players whom they are forcing out of business. Is this not a case for the Competition Commission to consider? Due to monopoly practices, many households are being affected.

So far it seems that the smaller players able to continue operations are those who entered BEE deals with the company and are protected by agreements with government. These include operators such as S Hamann Sawmills – coloured brothers, Riko and Pat Hamann, who had a different agreement. The sawmill is at Langewacht, in Singisi – they think that their contract is reasonably secure for the next 10-12 years. I also know that two sawmills in the Ixopo Donnybrook areas will be affected as HMM closes a sawmill that used to be operated by SAFCOL there. A guy called John had a contract to cut gum and pine, employing local people in that area. All these people have since lost their jobs and he is out of business. As such businesses close down, they cut down on their labour and cut back on their contracts with other people in the supply chain. Thus a domino of business fall is experienced and town such as Harding, whose economies were dependent on the timber industry, become ghost towns and the people in those places are reduced to migrant workers for bigger cities, some turn to crime and what you end up with is a social crisis.

HMM has reneged on a verbal agreement with the local industry – at a meeting at Weza in September 2006, they agreed to provide logs on an auction basis where all participants have an opportunity to bid. The first auction was due in December 2006 but in August 2007 there has been no auction yet. The quality is of such a small diameter size, the milling costs will rise – 45-50 is the reasonable recovery rate – the thin one is good for pulp – you need big logs. What we saw instead was that small log trebled in price and recovery costs doubled – which makes it difficult to remain in business. As Aljo Timbers, we cannot get enough timber from HMM in the quality and quantity required and the price that could keep us in business. What we experience through this restructuring of the plantation sector is that on one hand, the Department of Trade and Industry might be encouraging small businesses to develop, but through these deals, small businesses are being forced to close by the government's decision to give their state owned land, our land – as citizens of the country, in what could be described as a donation to HMM. The 'bigger is better' approach is totally against the government's aim to create employment. Simple economics would show that more small players employ more people than big mechanized players in any sector. Thus we see two government departments working in opposition with one another. DWAF has gone opposed to what the DTI has been trying to do – the DTI has stated that it is small business that employs more than the highly mechanized large corporations.

According to HMM, once the new sawmill in Kokstad is complete, both Weza and Singisi will be closed. HMM states that the labour content of the mills will be absorbed. When we established this business I used to go to Weza to collect timber – we used to load by hand – there used to be 80 – 90 people. After the mill upgrade at the wet mill, the new technology led to the loss of more than 90% of that labour force. The Kokstad mill is a state of the art establishment, even more mechanised, and would require less manual and semi-skilled workers, and maybe none of those without skills at all. Yes, there could be jobs during the construction phase – but after the construction , what happens?

## **Food sovereignty and water security**

Increased demand for timber products on the world market and the push towards the planting of more timber trees on communal land is a major threat to food sovereignty in the region. The rugged terrain of the area, bad soils and poor rainfall are already bad enough without the over-crowded communities needing to be more dependent on non-farming activities for their livelihood. Any meaningful community development intervention should be one that prioritises the increased production of food produce and enhanced food security at the household level. The fact that most of the vegetables and food eaten in the area are brought in from large-scale farms in KZN is a loud call for development officials to prioritise food production.

The extension of timber woodlots into the communities mean that more land is diverted from food production. The water factor is also important to food sovereignty as food crops compete for water with trees that are known to use a lot of water. Communities have reported stream flow reduction since the proliferation of tree plantations and woodlots. Oldman Mkwena arrived in the Singisi communities in the early 1950s as a young man when his family fled a chieftaincy feud in Lesotho. He reminisced how the area was when he arrived:

“This area settled by the Marhambeni community was known for a wide variety of game for hunting. Its main problem was the snakes in the hills, where it gets its name. There were also a lot of wild fruits and this was also the medicine chest for the area as it was rich in medicinal plants. All the dry streams you crossed coming this way were perennial streams that provided water even during winter providing cattle with water and food when it became frosty in the mountains. Things started to change in the 1980s when timber-planting activities increased. First was the Singisi mill, which was placed in land that used to be community grazing land. People were promised jobs but very few were forthcoming.” (Mkwena, Interview).

The placing of the hi-tech cell-phone service in the Marhambeni community is meant to increase woodlot development by the community. As the people in this area are poor and do not have jobs they are forced to adopt tree growing. A community activist and retrenched timber mill worker, Michael Hlangulela, started a co-operative to grow food crops and keep chickens. In trying to access the funds claimed to be available for community development by the company he realized that this would not be possible unless the 13 ha of land they had were converted into a woodlot.

Andrew, Fabricius and Timmerman (2000: 24) correctly asserts that:

“Livelihood strategies employed by poor rural residents place limits on the extent to which they would be prepared to invest in afforestation projects. Livelihood strategies of the poor are aimed at diversifying livelihood activities and minimising risks. While this may make such persons willing to enter into afforestation projects as another source of livelihood, it would also prevent them from devoting all their land resources to forestry. Research into individual out-grower schemes in KwaZulu-Natal also confirms that growers continue to invest in other agricultural activities in addition to forestry.”

## **Community Economic Empowerment without opportunities**

The highly politicised and publicized programme of the indigenisation of the economy by bringing in black players through deals such as the so-called Black Economic Empowerment (BEE) programmes of the government has not seen communities and local people benefiting. What these programmes have successfully done is to allow the government to reward and place allies and key political figures in business. There is a clear political logic to this. The political project to create a patriotic black class of business moguls to assuage any political threat and possible backlash from a white dominated business sector resisting transformation is key to this process.

Thus the placement of patriotic black persons in key sectors of the economy became an urgent economic and political move, which was also seen to address the issues of social and historical exclusion of the black people. The apartheid government was a key player in the plantation sector and the post-1994 devolution of the plantation sector provided a window of opportunity for bringing in black players. In the Southern KwaZulu-Natal Region and some areas of the former Eastern Cape, timber giants such as HMH got themselves BEE rating by incorporating some influential black persons and thus access to most of the former state owned plantations. The remark by Ashley and Ntshona (2003: 1) that “in forestry, privatisation is already radically altering the roles of government, companies and communities” is analytically ‘spot on’.

Development is still seen by rural communities and poor societies as being externally driven.

**Extract: Address to community by C. Scott (SFP Community Development Officer)**

*HMH acquired a 26% BEE partnership by selling 11% of HMH to Dr Matthews Phosa of Vuka Holdings (former Premier of Limpopo and now ANC Treasurer-General), while the other 9% is owned by Wiphold, a women’s organisation for rural women. 6% is for the Singisi FP workers, 9% in Singisi has gone to workers – this calculates to 35% shares now BEE. 14% of the shares are owned by ECDC (Eastern Cape Development Corporation). The proceeds of these shares is received by the Singalanga Trust, and this effectively brings community shares up to 20%. In money terms the 10% shares represented 3 million at the 1<sup>st</sup> of October of 2001, but with HMH shares now valued at R159 million, so it is a valuable stake in HMH. What this means is that we value our relations and partnership with the communities and want to make them more meaningful. We are not only neighbours, but also business partners. As such, our future is tied together. Some of our community involvement schemes involve bursaries for the children of the community. 55 bursaries have been given to non-white, non-coloured, non-Indian children at a cost of between R3 to R4 million a year. This is meant to upgrade the skills in the area. The future looks very good with SFP and the area will be uplifted. Those receiving training already include; teachers, lawyers, doctors and foresters (adding that not only foresters are trained, but other skills short in the area). This is important so that children from this area also have a better future.*

What is surprising about these celebrated deals and partnerships is that the community know nothing about the share holding alleged to be in their names, and have not seen anything that has been done with this money. The R3 to R4 million hailed for community development is to be shared by all the communities in all the areas where SFP does business. Thus, based on a conservative estimate of 300 communities of Marhambeni’s size, this works out to between R10 000 and R30 000 per community. These deals have impacted negatively on employment and undermined opportunities for communities to recover lost land and to take charge of their economic and social well being. There is need to develop civil society and local capacity to negotiate relations between companies and communities.

The interview with Paul Belbin of Aljo Timbers is supported by the interview with Mark Gallagher, the chair of Harding Farmers Association (below). It is very clear that SFP/HMH as a corporate entity does not treat neighbours and communities affected by their activities in a friendly way. It appears they are simply motivated by their own profit interests.

**Excerpts from an interview with Mark Gallagher of P & S Treated Timber and Chair of Harding Farmers Association ([Pondo@hotorange.co.za](mailto:Pondo@hotorange.co.za))**

I have just been elected as chair of Harding Farmers Association, of which I have been a member since I started this business. P & S Treated Timber is a timber treating business – established in the Rietvlei, in Emaqunweni, a tribal area in the former Transkei. I also own a farm located in what was then KwaZulu-Natal, while my factory was located on the Transkei side. The factory was built through an arrangement with the iNkosi of the area who provided the land. The factory would be labour intensive so as to generate employment, which led to a situation where, to-date we are the main employer besides the hospital.

The government deal that saw HMH as the preferred bidder for the SAFCOL and DWAF plantations affects the people of the amaKhosi in many ways. HMH does not have a good relationship with the amaKhosi and the people. Bad relations between the community and HMH, in turn has a domino effect on our relations with the community. Sometimes, what HMH does as timber growers can be blamed on everybody else in related business, as some people may not be able to tell the difference. Thus a generally deteriorated relationship develops where we did not have poor relations before.

Relations between us and HMH as compatriots in the same industry are not rosy. We do not have a good relationship as they are isolationist – they do not help with fire and security problems. With SAFCOL we had a healthy relationship. When we have security problems, for instance when a farmer's wife was attacked on the farm a year ago – they did not come and help at all. Other farmers came to offer moral support but not HMH – and yet we are neighbours. In the case of fire, it is the same. When we had a big fire HMH did not respond. They have a huge fire-fighting capacity but they did not find it necessary to show good community conduct by coming to our aid. Their approach to stray animals affects our relations with the local communities and they also discourage honey-gathering which makes the industry appear to have no understanding of the people's livelihood needs.

In terms of its mandate to create employment and benefit local communities, HMH/SFP has failed to keep its end of the deal. Edwin Hamann agrees with Mark Galagher and Paul Belbin that the way HMH has conducted business has left the small timber sector insecure and uncertain about its future.

#### **Extracts from an interview with Edwin Hamann – Chair of Saw Millers Association**

We represent about 10 small millers who have connections to former DWAF and SAFCOL operations. We are contracted to DWAF, and are working on the basis of a service level agreement – to harvest and sell timber. As part of our agreement, our business must benefit the community, which we do by employing 23 unskilled workers and have trained some of them with the key skills in the sector such as operating the tractor, the bell loader and cutting machines. Of the people we employ six are women.

What is sad is the fact that since winning the deal to take over a chunk of SAFCOL and DWAF timber, HMH is stopping at nothing in its interest to kick out of the market the small operators. Their monopoly approach has been to buy DWAF's timber and then give them the assurance that they will make provision for the small guys. These small operators will get timber from HMH at a very inflated price, and as they (HMH) are also in the business of adding value to timber, they would make more money from processing it themselves than selling to other players. The future for all these small players looks very bleak.

What is clear from the case study is that while FSC certified, the companies are failing to make their activities socially sustainable. They are following a model that disadvantages small players and leaves many people destitute. A more sustainable model should allow competing uses of land and promote land use activities that are not water wasting and that have higher potential to provide opportunities for employment creation.

Community land should be used for those activities that allow higher food security and skills development. Timber mills have led to de-skilling of the workers as they mainly learn to do manual work that cannot be gainfully used outside the sector. The rise of contract worker arrangements has left many of the community members unemployed. This means that sustainability of the sector remains just calculations and projections on paper by wishful policy makers, while in reality the timber industry leads to further impoverishment of the poor.

## Conclusions

This case study has demonstrated that the restructuring of the plantation sector, the adjustment to the demands of a global economy, and FSC certification have not provided a panacea for the environmental, social and economic problems affecting the sustainability of the timber plantation and processing sectors.

The three factors; namely globalisation, restructuring and FSC are inter-twined and reinforce their negative impacts on affected communities in the way they make the sector less sustainable.

- The small timber operators are displaced and employment capacity is reduced.
- The communities find that their land security is undermined and their freedom of choice in crop production, as well as social, economic and cultural lifestyle, is put under pressure and strain.
- It becomes increasingly difficult to meet daily livelihood requirements within the local area and yet, in spite of the rhetoric of community development and partnerships, communities find themselves even more alienated from the sector.

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**The last grassland! These community-owned cattle must be grateful that the local soccer field has preserved a patch of grazing within a sea of alien tree plantations!**

## **Annex 1**

### **Forests and the future**

**Ronnie Kasrils, Minister of Water Affairs and Forestry**

<http://www.dwaf.gov.za/Communications/Articles/Kasrils/2001/arborweek.doc>

Every year we celebrate Arbor Week during the first week of September. This week-long focus on trees and forests is much more than an opportunity to celebrate the arrival of spring. It is a time to reflect on how forestry can contribute to South Africa's development process.

Forestry is an industry which is based in rural areas and is one of the few ways to make productive use of land that is not suitable for farming. It is also one of the few rural industries that allows us to take manufacturing into the rural areas. This in turn provides skilled jobs outside of the urban centres and also contributes enormously to infrastructure and social development.

The forest and forest product sector employs more than 500 000 people, and exports products to a greater value than the fruit and sugar industries combined. Forestry then, plays an important role in rural development, and Government wishes to see the industry make an even bigger contribution.

There have been those who have expressed concern about the impact of the industry on water resources and on the environment. These are certainly legitimate concerns. We have however put a regulatory framework in place to ensure that trees are planted only in appropriate areas. No plantation can be initiated without a permit from the water officials of my Department. Before a permit can be issued an assessment must be made of the impact of the project on water resources as well as on biodiversity and other environmental aspects. There are certain catchment areas where permit applications are now closed since the water resource cannot support further plantings.

However, in those catchments where the water is available, we encourage forestry as a form of land use since it brings economic and social returns that compare very favourably with other forms of development. I must also make it clear that not all non-indigenous trees are problem trees! Non-indigenous (or alien) trees only pose a problem where they invade natural areas and displace natural vegetation. Where they are part of a planned and controlled development, they are a welcome part of the landscape and this is recognised by the Conservation of Agricultural Resources Act.

There have certainly been instances in the past where trees have been planted in inappropriate areas and some of this will be reversed in the coming years. In the former Lebowa area of the Mpumalanga Lowveld there are a number of plantations managed by my Department in areas that are environmentally sensitive.

Cabinet has now taken a decision that the 8 000 hectares of plantation in this area will be removed over the next five to ten years and the area incorporated into conservation management. My Department is working to this end along with the Department of Environmental Affairs and Tourism and the Mpumalanga Parks Board.

In addition, Cabinet has agreed that some 50 000 hectares of plantation in the Western and southern Cape will be converted to other land uses over a twenty year period. This opens up enormous opportunities for land reform and for the consolidation of conservation areas.

Other important changes are taking place in the industry including in the arena of ownership. Both Sappi and Mondi, South Africa's largest forestry companies have brought in foreign partners. Sappi has sold its chipboard manufacturing division to Sonae of Portugal. Mondi has entered a joint venture with an American company to form Global Forest Products (GFP), which will manage the saw milling operations and the forests that serve these mills. GFP is exploring a large

investment in saw milling in Mpumalanga and Government would certainly welcome such an investment. I believe that the investments by international companies are an indication of confidence in our forest sector and in our regulatory framework.

The other major development affecting ownership is the restructuring of the state's forest assets. The Eastern Cape North sale, which went through on 1 August 2001, saw the transfer of 60 000 hectares of forest and a large sawmill to Singisi Forest Products. This is a joint venture between a large community trust and Hans Merensky Holdings with additional shareholding by employees. This was a great milestone in the history of South Africa forestry because it is the first time that black South Africans have become shareholders in a forestry company.

In this deal the Singalanga Trust, representing 163 communities, took ownership of 10 percent of the shares and will be represented on the Board. In addition, nine percent of the shares have been set aside for the employees through an employee ownership scheme.

The sale of the KwaZulu-Natal package to the Siyaqhubeka Consortium is expected to be finalised by 1 October and will also see equity participation by communities and workers. One of our greatest challenges is to ensure that black South Africans, and rural people in particular, are brought into the ownership of forests and forestry companies.

While this has certainly been a feature of the state's restructuring programme, it has not so far been emulated by the private companies. The private companies have provided considerable support to small timber growers and this is highly commendable. But it does not substitute for bringing in black South Africans, and communities in particular, as equity holders. I challenge the companies to set up community trusts, which will allow the people living around the forests to have a stake in the success of the companies.

When we plant trees this Arbor Week we will not only be thinking of the importance of our natural forests, or of the way in which trees transform our urban areas. We will also be thinking of the money which grows on trees. Let us make sure that this important industry grows bigger and stronger and that all South Africans are empowered to share its harvest.

**Contribution of the Forestry Sector to the South African economy (Figures at end 1999)**

Number of Jobs	Forestry	74 000
	Primary wood processing	60 000
	Secondary wood processing	384 000
Contribution of forestry to total agricultural output	8.8%	
Contribution of forest products to total manufacturing output	9.2%	
Contribution of forest and forest products to total exports	4%	

## Annex 2

### HANS MERENSKY EMPOWERS ITS BUSINESS WITH 26% BEE SHARE BY WIPHOLD, VUKA FORESTRY HOLDINGS AND STAFF

12 July 2007 - [http://www.merensky.co.za/press\\_room\\_releases.htm](http://www.merensky.co.za/press_room_releases.htm)

Hans Merensky, South Africa's largest lumber product manufacturer and sub-tropical fruit grower, today announced the BEE transaction of its main subsidiary, HM Timber. HM Timber contributes 50% to Hans Merensky group turnover and 60% to group operating profit. The transaction will result in direct black ownership of 26% of HM Timber with immediate voting and economic rights. The transaction value is R260 million, funded by a combination of cash and share contributions from the empowerment partners and vendor financing.

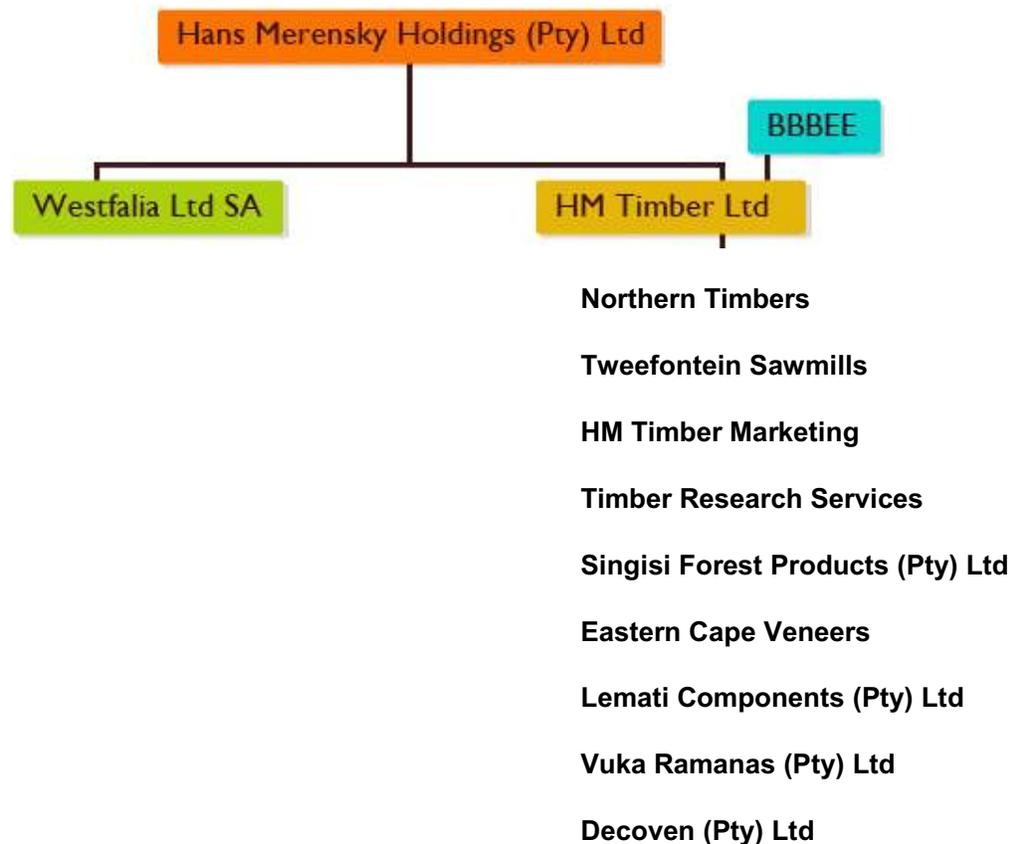


The three broad-based black economic empowerment entities consist of:

1. Vuka Forestry Holdings, headed by the former premier of Mpumalanga, Dr Mathews Phosa - 11%
2. Women's empowerment group WIPHOLD, representing 1 200 direct beneficiaries, 18 000 indirect beneficiaries and 10 non-governmental organisations representing more than 200 000 women in all nine provinces – 9%
3. An HM Timber staff trust representing 3 000 staff beneficiaries of whom 92% are black people - 6%

In addition to this transaction, HM Timber has already implemented BEE at the ownership level through the shareholding in its subsidiary Singisi Forest Products, which has a community trust and a staff trust representing 19% of the shareholding of Singisi.

**Group's structure and shareholding post the transaction:**



Commenting on the transaction, Hans Merensky Group CEO Chris Pienaar, said:

*"We are extremely pleased about this new stage in HM Timber and Hans Merensky's development. We wanted to find partners that can add value to our business and believe we have found the ideal mix. WIPHOLD brings a significant rural network amongst communities of the Eastern Cape and Vuka has solid knowledge and experience in rural forestry operations in Mpumalanga, both core provinces for HM Timber. Furthermore, we already have an established working relationship with Vuka in Vuka Ramanas, a co-owned and valuable forestry entity on saw log rotation obtained from Mondi."*

At the ownership level, HM Timber will now exceed the requirements of the Forestry Charter, which states that companies should have 25+1% BEE ownership. HMT will now represent BEE ownership in excess of the charter requirements, inclusive of its subsidising Singisi Forest Products.

The transaction is effective from 1 July 2007, with one board member from WIPHOLD and Vuka each joining the Hans Merensky Holdings (Pty) Ltd board.

This BEE ownership transaction is undertaken in HM Timber, as opposed to doing it in the Holding Company, due to the fact that the timber business of HM Holdings offers shareholders a specific access to the building materials industry sector. Focused investment offers the investors an opportunity to manage and optimise their portfolios to best advantage.

Commenting on the transaction, WIPHOLD executive director, Gloria Serobe, said that the deal was important from a number of respects:

*“HM Timber is an excellent investment for WIPHOLD as the company has strong management, good corporate governance and sound financial risk management. The transaction also supports one of WIPHOLD’s key focus areas of growing its participation in and exposure to businesses associated with the infrastructure industry. As a major supplier of timber products to the construction and related industries, HM Timber’s business activities fit well with WIPHOLD’s. HM Timber is also a sought after business in the timber industry given the scarcity of quality timber assets.*

*“Furthermore, WIPHOLD is very impressed with HM Timber’s strong focus on improving the lives of its workers and surrounding communities in the rural areas in which its operations are located. WIPHOLD is actively involved in finding ways for the private sector to do business in rural areas in a way that empowers rural communities. Both WIPHOLD and HM Timbers are therefore excited about the opportunities we can jointly explore in this regard, particularly in rural Eastern Cape where much of HM Timber’s operations are located.”*

HM Timber has been involved in the development of the Eastern Cape and southern KwaZulu-Natal since 1973 when its subsidiary Singisi Forest Products was formed to establish a forestry and saw milling enterprise of the highest standards. The company is proud to be one of the few sustainable businesses who have remained in the area. The company has also maintained a sustainable contribution to employment and development in the Singisi area, distributing almost R1.6 million in community projects in the area last year.

Vuka Forestry Holding (VFH) Chairman, Dr Mathews Phosa, said:

*“The BEE transaction with HM Timber will create a long term, mutually beneficial relationship through the government’s BEE initiatives and will enable HM Timber to comply with the government’s tender requirements. It is also in line with VFH’s mission to uplift previously disadvantaged entrepreneurs and previously disadvantaged individuals, thereby creating new employment opportunities and affording equal opportunities to all.*

*“We feel privileged to become a strategic partner to HM Timber and share the group’s philosophies and values. We believe that VFH will add value to HM Timber through our previous experience in the forestry industry.”*

## The mis-application of FSC principles and criteria in order to 'certify' industrial monoculture tree plantations as 'forests'

If applied correctly, the FSC system for certifying forests (not timber plantations) could provide many potential benefits in respect of the protection of forests. However, where natural forests, or as is mostly the case in South Africa, grasslands, have been destroyed and replaced with mono-specific alien timber tree plantations, it is not possible to honestly apply the existing FSC principles and criteria. These were after all designed in order to be able to determine whether wood has been obtained from a responsibly managed real FOREST. Clearly, there are many cases where overexploited forests have been unjustifiably certified, but the following analysis will demonstrate the distorted manner in which this anomaly manifests when FSC Forest certification principles are mis-applied to tree plantations.



The Forest Stewardship Council (FSC) has 10 Principles and 56 Criteria, which form the basis for all FSC forest management standards. These are meant to ensure that forests are managed to meet the social, economic, ecological, cultural and spiritual needs of present and future generations. They include managerial aspects as well as environmental and social requirements. See the Principles and Criteria in full at <http://www.fsc.org/pc.html>

### Principle #1

#### **COMPLIANCE WITH LAWS AND FSC PRINCIPLES**

***Forest management shall respect all applicable laws of the country in which they occur, and international treaties and agreements to which the country is a signatory, and comply with all FSC Principles and Criteria.***

On the basis of Principle #1 alone, all plantations comprising alien invasive tree species should not qualify for certification under present FSC rules. The trees used in plantations in South Africa – species of pine, gum, and wattle - are all category 2 alien invaders in terms of national legislation, and have become a major problem with over 1.6 million hectares already infested, mainly by wattle.

These invasions cost the taxpayer vast sums of money to be controlled, and hopefully one day eradicated, but the timber industry has failed to take responsibility for the problem, and continues to plant more of the same invasive trees. This apparently without any intention of eradicating the vast infestations of feral trees that have spread from their plantations in the past, or those that continue to spread at present. FSC certified timber companies in South Africa also allow illegal invasive alien weed species to spread from their plantations through a combination of inadequate management and disrespect for the law. Their reaction to the crisis has been minimal. This is just one reason why plantations in South Africa should not be FSC certified under the existing FOREST certification system.

Over and above the issue of alien trees and invasive weeds, is the question of the legality of actual plantations, planted without authorisation, and when cut down still become a part of the supply chain, and end up being sold as part of FSC certified shipments. While we are told that 80% of South Africa's legally produced wood has been certified, and this is mostly destined for export markets, it creates a situation where local demand has to be met by wood from illegal plantations. So in effect the FSC system encourages the establishment of unlicensed plantations, often in ecologically sensitive areas such as wetlands and forests. Consumers buying FSC certified timber products coming from South Africa are indirectly aiding and abetting people that are breaking the law!

## **Principle #2**

### ***TENURE AND USE RIGHTS AND RESPONSIBILITIES***

***Long-term tenure and use rights to the land and forest resources shall be clearly defined, documented, and legally established.***

In terms of compliance with the "free and informed consent" aspect of Principle #2, South Africa has a serious problem in relation to timber company exploitation of community land through so-called 'out-grower' or 'woodlot' schemes. Communities are encouraged to establish alien tree plantations on their agricultural and grazing land without being made fully aware of the likely negative consequences. Loss of surface water, invasiveness of the trees, loss of biodiversity resources used in traditional medicine, the high incidence of fire, loss of access to their land for food production, etc. And as a consequence, communities are put at risk in terms of their health, food security and traditional lifestyles. How can FSC possibly allow this to happen under Principle #2? Once again, it is clear that plantations in South Africa should not be FSC certified under the existing FOREST certification system.

Another issue in this respect is the question of restoration of land should plantations fail at some point in the future, if they are destroyed or badly damaged by fire, or if the owner decides to remove them to make place for other crops or livestock. It appears that no provision is made to compensate plantation owners, let alone warn them of the likely negative financial consequences of such events. Large timber companies can usually absorb the costs, but individuals planting on private farms or communal land are unlikely to be able to do so especially as the cost of insurance is prohibitive.

## **Principle #3**

### ***INDIGENOUS PEOPLES' RIGHTS***

***The legal and customary rights of indigenous peoples to own, use and manage their lands, territories, and resources shall be recognized and respected.***

It is blatantly obvious that the establishment of industrial timber plantations on community land is a major problem in terms of criterion 3.2. People's resources are directly and irreversibly diminished and degraded by timber plantations. There is absolutely nothing that can be done through FSC certification as it stands to alleviate this problem.

## Principle #4

### **COMMUNITY RELATIONS AND WORKER'S RIGHTS**

***Forest management operations shall maintain or enhance the long-term social and economic well being of forest workers and local communities.***

The contract labour system used by plantation owners in South Africa undermines the entire notion of fair and considerate behaviour towards communities and plantation workers. There is no likelihood whatsoever that their “long-term social and economic well-being” can be guaranteed under a system that impoverishes communities and their environments, for the almost exclusive benefit of mostly external parties who either operate contracting services to the plantation companies, own timber company shares, or are employed at senior levels in those companies. Simply put, corporate shareholders, contractors and senior employees benefit at the expense of the workers. The kinds of labour practice that are currently widely in use by FSC certified companies should never be permitted but FSC has made it all OK, and when poor working conditions are tolerated under those circumstances, especially as they affect women, it means that owners of non-certified plantations can get away with even more.

## Principle #5

### **BENEFITS FROM THE FOREST**

***Forest management operations shall encourage the efficient use of the forest's multiple products and services to ensure economic viability and a wide range of environmental and social benefits.***

It is inaccurate to describe industrial wood plantations as ‘forests’ in the first place, but then to imagine that there could be even the most remote possibility that monoculture tree plantations could provide “multiple products and services” and “a wide range of environmental and social benefits” is complete and utter insanity. The harsh reality is that the complete opposite is applicable to large-scale industrial tree plantations. The only possible exception could be very small, mixed species tree-lots established by communities for their own exclusive use and benefit. No doubt these do exist but it is doubtful that there is any need or incentive for these to be certified by FSC.

## Principle #6

### **ENVIRONMENTAL IMPACT**

***Forest management shall conserve biological diversity and its associated values, water resources, soils, and unique and fragile ecosystems and landscapes, and, by so doing, maintain the ecological functions and the integrity of the forest.***

A forest is by its very nature, self-sustaining and even under conditions where timber and other forest products are extracted on an ongoing basis, can continue to function as a healthy forest without the need for any chemical pesticides and fertilisers. An industrial tree plantation is however, by its very artificial ‘man-made’ existence an entity that is in conflict with Nature, and has therefore to be supported and maintained by the use of harmful pesticides, hormonal applications and fertilisers to enable it to produce the desired amount of timber. This should automatically disqualify all plantations in South Africa from FSC certification, because toxic chemical insecticides, herbicides, and fertilisers are widely in use to alter the plantation environment by killing plants, insects and small mammals that might present an obstacle to the unimpeded growth of the alien invasive plantation trees that are used. Timber plantations themselves have little true ecological function other than to undermine and eventually destroy the natural vegetation and ecology of the areas where they have been established. How can this be permitted under FSC **forest** certification?

## Principle #7

### **MANAGEMENT PLAN**

***A management plan -- appropriate to the scale and intensity of the operations -- shall be written, implemented, and kept up to date. The long-term objectives of management, and the means of achieving them, shall be clearly stated.***

This inappropriately structured and poorly worded principle was designed for an entirely different purpose, to certify the harvesting of timber from real forests, which are fundamentally different from industrial tree plantations. When used to certify plantations, it becomes a 'square peg in a round hole'. It should not be possible for a management plan designed for natural forests to be manipulated to make it fit an industrial wood product production process.

## Principle #8

### **MONITORING AND ASSESSMENT**

***Monitoring shall be conducted -- appropriate to the scale and intensity of forest management -- to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental impacts.***

In principle, there is not much wrong with using this principle as a point of departure for developing rules for monitoring and assessing timber plantations, but it is imperative that These rules – not guidelines - be part of a completely separate set of plantation certification principles and criteria.

## Principle #9

### **MAINTENANCE OF HIGH CONSERVATION VALUE FORESTS**

***Management activities in high conservation value forests shall maintain or enhance the attributes which define such forests. Decisions regarding high conservation value forests shall always be considered in the context of a precautionary approach.***

Applying this ambitious principle meaningfully would require forest managers to assume the role of Mother Nature. It is impossible to apply it to industrial timber plantations that have been established in areas where the original natural vegetation was grassland, fynbos, dune thicket, or seasonal flood plain wetland. How could this principle be applied to 'High Conservation Value Grasslands', after they have been completely obliterated by timber plantations?

## Principle #10

### **PLANTATIONS**

***Plantations shall be planned and managed in accordance with Principles and Criteria 1 - 9, and Principle 10 and its Criteria. While plantations can provide an array of social and economic benefits, and can contribute to satisfying the world's needs for forest products, they should complement the management of, reduce pressures on, and promote the restoration and conservation of natural forests.***

This principle is a weak attempt to justify and dishonestly include plantations under a broad definition of 'forest'. It does not succeed in any way to protect forests or to benefit forest dependent communities, and is the single most damaging FSC principle. It is a monumental lie; a cancer that has grown and led to the division between environmental NGO members that must now be repaired. Like all cancers, it needs to be excised, surgically removed from the body of FSC forest certification principles, and then turned into 'compost' that can be used to fertilise a process to develop a dedicated set of industrial plantation certification principles.

The issue of certifying agrofuel crops could well be tackled at the same time and it may even be possible to devise a common standard for both plantations and agrofuel crops, that can then be labelled with a skull and crossbones – Certified harmful to the Earth!



**If there was a common standard for both plantations and agrofuel crops, they could then be labelled with a skull and crossbones sign – Certified harmful to Earth!**

## **The failed FSC plantation policy review process**

In April 2006, as part of a review of the FSC policy in respect of certifying plantations, a team of FSC members visited South Africa to study the situation on the ground. The plantation policy review process was launched in Bonn, Germany, in 2004, with a meeting that included NGO stakeholders from across the world, including Timberwatch and GeaSphere from South Africa. This was in response to numerous concerns raised, and objections lodged against the way the FSC principles were being applied to certify plantations as 'forests'.

Unfortunately the local component of the review process, in the form of a field trip, was heavily dominated by timber industry representatives, including John Scotcher who works as a consultant for Forestry South Africa, an association of plantation companies that seeks to promote a positive image of the timber plantation industry in this country. John Scotcher has also attempted to establish a South African FSC National Initiative, with timber industry and government backing, but it appears he has selected mostly timber industry employees and poorly informed and people from the ranks of less critical NGOs to lead the working group.

Recently, a number of concerned NGOs and individuals signed a letter to the FSC International board, calling for the de-certification of plantations in many countries, including South Africa. It must be remembered that in general, many environmental NGO's support the certification of plantations in principle, but are not happy about the way the certifying bodies have been issuing certificates to companies that do not deserve to be certified. In the case of South Africa, this includes Mondi, Sappi, and HMH, whose large-scale monoculture alien tree plantations invariably fail to meet the standards specified under the FSC principles, but are somehow still able to become FSC certified.

Timberwatch would like to see these un-deserved certificates withdrawn until there is a widely endorsed plantation-specific standard in place against which plantations in this country can be meaningfully assessed. Such a standard would need to address the full range of issues that are presently recognised as being obstacles to achieving satisfactory levels of performance in terms of local social and economic benefits, together with sustained environmental health. These issues would need to include the poor wages and dangerous working conditions of plantation workers, the possible use of child labour in community out-grower schemes, the negative effects of plantations on access to safe and reliable water supplies by downstream and adjacent communities, the wholesale destruction of biodiversity, and the chemical pollution and greenhouse gas emissions generated during the full timber production and processing cycle, right up to the disposal of waste paper products in rubbish dumps.

It would also need to look at how timber plantations contribute to the deterioration of public roads used for transporting timber, as well as the road accidents caused by timber trucks. The timber industry is presently able to avoid paying its fair share towards road maintenance while other road-users are involuntarily paying for the damage it causes. This is a particular problem in the case of Sappi Kraft at Ngodwana in Mpumalanga Province, where it seems their log and paper delivery trucks use the M4 toll road without having to pay the normal toll road fees.

Timberwatch believes that most South African timber plantations have not been established appropriately, are poorly managed, and do not deserve to be certified, either under the present 'forest certification' standard or under a 'plantation' specific standard based on realistic principles and criteria that can be applied to timber or other plantations.

## **Plantations are NOT forests!**

FSC Principle 10 has outstayed its welcome. It was conceived to accommodate demands from the timber plantation industry, and implemented with the best of intentions, but the way things have turned out, Principle 10 is causing many more problems than it solves.

The issue of the need to bring certification bodies to heel is obviously relevant to the way all FSC principles have been misapplied, both in relation to forests and plantations, however there seems to be a stronger tendency for certification bodies to abuse their powers and neglect their responsibilities when dealing with plantations. There are numerous examples of certificates that have been awarded to plantation companies that were anything but deserved. The plantations of Coillte, the Irish state owned company, are a case in point.

The overall effect of this has been to cheapen the overall value of forest timber products and to enhance the value of wood and paper products from destructive plantations. It has also led to confusion amongst consumers who have been wrongly led to believe that all FSC certified products are derived from environmentally, socially, and economically sustainable FORESTS.

In view of the above, it is easy to understand why the plantation wood product sector of the timber industry has been so determined to get FSC certification and to keep it at any cost. Unfortunately it appears that this ambition has been supported by mainstream NGO's such as the World Wide Fund for Nature and Greenpeace, who should withdraw their support for this disastrous approach to the certification of plantations that is being widely promoted by the FSC, before things get worse.

There are also major problems arising from the confusion that has been caused by allowing the use of toxic chemical pesticides in plantations. This issue provides one of the strongest arguments in support of having a separate industrial process standard for plantations, which are imposed on natural ecosystem processes, therefore needing intensive toxic chemical management to keep Nature in check and to support fast wood production.

The very idea of using artificial chemical agents in a natural forest is abhorrent to say the least. However, if FSC continues to allow certification of both plantations and forests under the existing single standard, it will inevitably lead to a blurring of the distinction, and the application of harmful toxic substances will become the norm in both forests and plantations.

This is already happening in South Africa where extensive use of herbicides is made in order to poison alien invasive weeds and plantation trees that have spread into forests, wetlands and grasslands, often from plantations. It must be recognised that in a country like South Africa, where unemployment is estimated to be in the region of 23%, that the use of herbicides and sophisticated mechanical appliances used in the plantation timber sector is inappropriate. The financial resources of the state that are used to pay for housing, health, and education for those unemployed as a consequence, are in part subsidies given to the timber industry.

It is believed that the FSC's 'one size fits all' approach to certifying forests and plantations is what has allowed the rot to set in. It has opened the door to a contemptible system that has helped to legitimise high levels of environmental and social exploitation and degradation. Perhaps the FSC should be more appropriately named the 'Plantation Standards Council'.

Contrary to false claims made by individuals involved in the timber sector, Timberwatch has never supported the notion that all plantations should be removed. Neither has Timberwatch ever stated that plantations should not be certified.

Timberwatch believes that certification can be used as a tool to help establish the true value of plantations to the national economy by ensuring that all costs and benefits are fully assessed in combination with subsidies and direct state support for the industry. In other words we need to know if the damage caused by plantations can be adequately compensated for with the benefits and income they generate at a local level. The profits made by companies in the sector usually disappear into the

pockets of remote shareholders and reinvestment into the expansion of mills, and new plantations only exacerbate the situation, compounding the already negative impacts.

All existing plantations need to be assessed on this basis, and this is where the FSC can play a critical role by developing an effective certification system that provides for a comprehensive evaluation of their viability. Where it is found that there is insufficient justification for their retention, serious consideration will need to be given to their being removed and replaced with other more viable land uses that could include afforestation i.e. the establishment of a FOREST using only local species in a mix that emulates Nature!

It must be borne in mind that the FSC environmental chamber membership is far more representative of Northern countries, where NGOs are far better resourced than in the South. This has led to a situation where the northern NGO worldview has tended to dominate the debate, and this could be seen very clearly during the plantation policy review process. Historically, countries in the northern temperate zone have absorbed the notion of 'planted forests' into their understanding of the concept of a forest! Such 'planted forests' where native species have been used in a mix that approximates that found in Nature, are managed and harvested with the objective of maintaining the existence of a permanent forest. By using the mixed aged-spaced mosaic system of harvesting and planting, these 'man-made' forests could justifiably be certified by using the FSC forest standard. However, the vast mono-specific plantations of even-age spruce, pine and eucalyptus found across much of Scandinavia, Europe, and Asia must be classified as plantations and certified as such.



## CONCLUSIONS

### **The implications of certifying large-scale monoculture agrofuel crops**

The South African national biofuels strategy document recently released by the government, appears to be based on the same large-scale industrialised approach that is being used in countries like the United States and Brasil. This model is based largely on the North American developed system of high input mechanised and automated production that also requires large applications of chemical fertilisers and pesticides. It is also sustained largely through the intensive use of agri-chemicals and fuel derived from fossil-carbon substances like oil and coal. This alone represents a major problem in terms of the emission of greenhouse gases. Within industrialised countries in Europe, as well as in the United States, large subsidies have been necessary to make this system viable, and this distorts the situation for any new producers. However, because of the great power and influence of industrialised countries over developing nations in the global South, the corporate entities involved, with support from their governments, would like to expand their markets and sphere of influence and control over the land and resources of countries like India, South Africa, Mocambique and Paraguay. In countries like Brasil, Australia, Canada and Argentina, the industrial agriculture model has already become well established, although there is considerable resistance from international community-based farmer and peasant organisations such as Via Campesina.

Industrialised nation governments envisage the large-scale production of agrofuels as a means to be able to continue increasing their energy consumption to ever-higher levels, rather than moving towards more sustainable energy-efficient solutions. Clearly this type of approach cannot be maintained beyond the medium term, and even so will only perpetuate the ongoing one-way flow of resources from the South to the North.

### **How could certification affect the situation?**

This report has attempted to illustrate how the highly acclaimed system of certification used by the FSC has failed to recognise and to resolve the fundamental problems and weaknesses that are inherent to the large-scale industrial plantation system of timber production. It is most probable that if and when such a certification system is applied to a similar production model being used for large-scale agrofuel crops, or biofuels in general, certification would also fail to achieve any meaningful improvements, much as it does with forests and timber plantations.

### **What would it be certifying?**

Certainly not an environmentally compatible economy and a sustainable society!

Rather it would be legitimising the ongoing injustice of the inequitable exploitation of people and the natural environment. It would be certifying the destruction of natural ecosystems, the pollution of soil, air, water and life. It would be certifying the concentration of wealth and power in the hands of a few!

If the large-scale industrial wood production model is fundamentally faulty, it cannot possibly achieve sustainability. However, should the South African government adopt a different philosophy and understanding, that will allow it to adopt a new approach, in order to effectively regulate and to police the timber, pulp and paper industry, and to recognise what is needed to achieve truly sustainable biofuel and timber production, things could be wonderfully different.

At the other end of the scale we find the over-consumption model, and this is where the main problem lies. Presently, FSC certifies clear consciences for the paper gluttons of the world. If a similar model for agrofuel production were to be certified using FSC-like standards and criteria, it would only serve to deliver absolution to the energy gluttons of the world!

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***LIFE AS COMMERCE: the impact of market-based conservation on Indigenous Peoples, local communities and women:***

***REPORT ON PLANTATION CERTIFICATION IN SOUTH AFRICA***

***Can the FSC forest certification model be used to demonstrate sustainability in large-scale agrofuel crop production? An assessment of the main issues and related concerns***

***Wally Menne and Blessing Karumbidza – October 2008***

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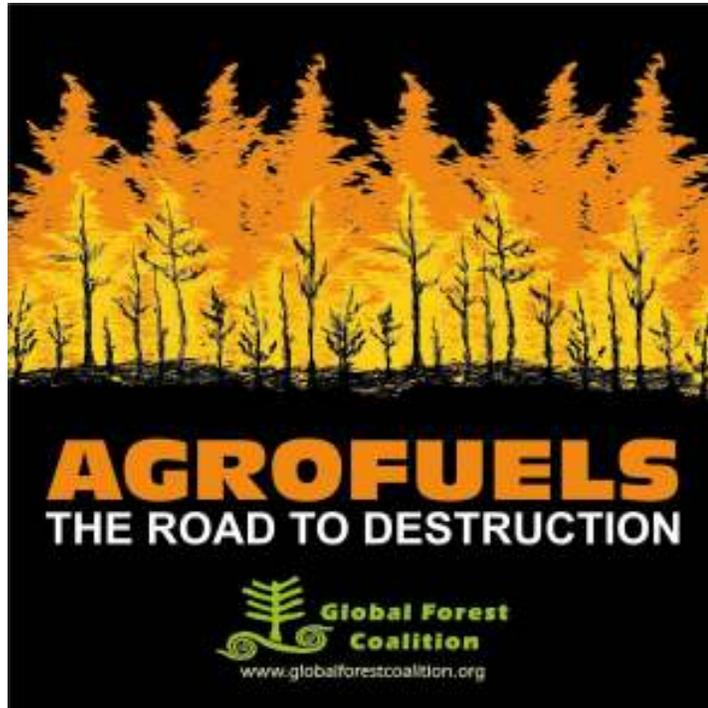
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