

**ETHICAL TRADE AND FOREST-DEPENDENT  
PEOPLE PLANNING WORKSHOP,  
FEBRUARY 1999  
REPORT**

***Background***

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***Participants, Dates etc.***

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***Agenda***

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*Project Strategy*

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*Discussion of Project Outputs*

Output 1

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Output 2

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Output 3

***Next Steps***

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*Finalisation of Timeframe and Resources*

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Annex 1: What is ethical trade?

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Annex 3: Background to Ethical Trade in South African Forests

**BACKGROUND**

The British Department for International Development's Forest Research Programme (FRP) is funding a three-year project (October 1998-June 2001) assessing the impact of ethical trade initiatives in forest products on poor forest-dependent people, and developing

models of best practice that serve forest-dependent people's interests. This is to be achieved through three outputs:

1. Identification of the potential that ethical trade can play in improving forest-dependent people's livelihoods.
2. Assessment of the impact of global trading regulations and markets on the viability and potential of ethical trade.
3. Guidelines for implementing ethical trade for the benefit of forest dependent people developed, tested and promoted.

The project is to be implemented by different organisations in at least five countries, and the planning workshop was the first opportunity to bring together the project collaborators. The workshop objectives were:

1. For project collaborators to identify common interests in and understanding of ethical trade.
2. For project collaborators to review, revise and agree project outputs and activities.
3. For project collaborators to agree comparable methodologies and a work programme for the project.
4. For the project collaborators to set up a communication and information exchange system.
5. The collaborators should identify the kind of support they would like from NRI, to see if there are common areas between all of them.

## PARTICIPANTS , DATES ETC .

The workshop was held over two days at the Atinchik conference facility near Lima. The participants were:

Edward Millard	Conservation International	Gaston Vizcarra	Candela
David Thomas	CARE Ecuador	Aji Semiarto	Lembaga Ekolabel Indonesia
Marcelo Leon	CARE Ecuador	Valerie Nelson	NRI
Jenny Vaughn	Oxfam	Chris Collinson	NRI
Modesto Galvez	project researcher	Mick Blowfield	NRI
Graziela Magan	Oxfam	Victor Agreda	project researcher

Jeremy Evans of CSIR, South Africa, was unable to attend due to government travel restrictions. CIAT Bolivia did not attend.

The workshop was conducted in English and Spanish with simultaneous interpretation, and was facilitated by Atinchik.

## AGENDA

Topic	Issues/Components	Comments
<b>DAY 1 (09:00-21:00)</b>		
<b>1. Introduction</b>	<p>Welcome (NRET/NRI)</p> <p>Introduction of participants (facilitator)</p> <p>Overview of project background, purpose and progress so far (NRET/NRI)</p> <p>Explanation of workshop purpose and procedure (facilitator)</p> <p>Agreement of workshop programme (facilitator)</p>	
<b>2. What is ethical trade?</b>	<i>A common problem with ethical trade is that different people have different understanding of its meaning. It was therefore important that workshop participants achieve a common understanding early on.</i>	
	<p>Overviews of ethical trade in each country represented by the participants (all non-UK participants)</p>	<i>The aim of this was to a) learn about what is happening in the different countries; b) learn something about the understanding different participants have of ethical trade.</i>
	Discussion, Q&A	
	<p>Overview of ethical trade world-wide (NRET/NRI)</p>	<i>The aim of this was to a) inform participants of what is happening in the field of ethical trade world-wide; b) present NRET/NRI's understanding of ethical trade.</i>
	Discussion to agree the definition or scope of ethical trade for the purposes of this project (facilitators)	
<b>3. Key variables in ethical trade and forestry</b>	<p>Discussion of the key variables and agreement on how these are to tackled in individual countries and by individual collaborators. (facilitators)</p>	<i>In addition to agreeing what is ethical trade, collaborator also need to work from a common understanding of some of the key variables relevant to this project.</i>
	<p>For example:</p> <ul style="list-style-type: none"> <li>- Is ethical trade driven by the need to help forest-dependent people or by the types of commodity available?</li> <li>- What kinds of forest product should the project cover?</li> <li>- What types of ethical trade are there for different forest products? How do these compare with conventional trade systems?</li> </ul>	
<b>DAY 2 (09:00-19:00)</b>		
<b>4. Summarise/review Day 1 discussions (facilitators)</b>		
<b>5. Discussion of activities and implementation under Output 1</b>	<p>Presentation of the methodology and lessons to be drawn from fieldwork on brasil nuts in Peru (NRET/NRI and Peruvian researchers)</p>	

Topic	Issues/Components	Comments
	Selection of commodities and locations for the second and third case studies for Activity 1.2 and 1.4. (groups)	
	Discuss and agree methodology and analytical framework for Activities 1.2 and 1.4. (groups)	
<b>6. Discussion of activities and implementation under Output 2</b>	Presentation of activities to be conducted under Output 2 (NRET/NRI)	
	Discuss and agree how to make the findings of these activities useful to collaborators. (facilitators)	
<b>7. Discussion of activities and implementation under Output 3</b>	Discuss the scope of the Guidelines to be produced under this output. (groups)	
	Agree the methodology for developing the guidelines. (groups)	
	Agree the locations and collaborators. (groups)	
<b>8. Project resources</b>	Agree a timetable of activities for the project (facilitators)	
	Participants to provide rough costings for implementing project activities in their countries (facilitators)	
	Agree reporting and review procedures for the rest of the project (facilitators)	
<b>9. Conclusion/Wrap-up (facilitators)</b>		

The workshop covered all of the above except for detailed discussions of Project Resources (8).

## WORKSHOP OUTCOMES

NB This does not detail all the discussions that took place, but rather summarises the main points on which further action will be based.

### WHAT IS ETHICAL TRADE

The presentations by collaborators showed that there were different perceptions and priorities regarding ethical trade affected by national circumstances. For instance, in Ecuador there is a powerful, heavily subsidised private sector dominated by two families, and legal reform and support for trade liberalisation would also be required to help forest-dependent people. In Indonesia, following years of domination by forest barons, the sector is now in a state of flux and forest certification is a means of restoring credibility. In the USA social dimensions of ethical trade are not as strong as in Europe, and neither ethical labels nor forest certification have not been very successful.

Types of involvement in ethical trade also varies: Oxfam has a fair trade programme covering Peru, Chile, Ecuador and Bolivia aimed at supporting displaced, relocated, isolated and indigenous people. Conservation International fosters trade in products from communities in conservation areas, and as with CARE in Ecuador

sees trade as part of its conservation strategy. Candela is one of three fair trade organisations in Peru, and the only one specialising in forest products. In Indonesia, the link between trade and forest certification is a new one.

The workshop reached a consensus that linked these different approaches to ethical trade in the different countries where the project is working (Annex 1). This will be further refined as the project progresses.

#### KEY VARIABLES

The workshop discussed the following key variables:

- **Is ethical trade driven by the need to help forest-dependent people or by the types of commodity available?**

The form ethical trade takes is affected by the goals of the instigating organisations/group. Thus development organisations would begin with seeking benefits to the people and not the commodity (e.g. in fair trade); commercial organisations begin with a commodity from which a profit can be derived, and only then seek to optimise the benefits to those involved in producing that commodity (ethical sourcing); and conservation organisations begin with the needs of the resource and how that can be protected through trade. The project will cover the range of these organisations.

- **What types of forest system should the project cover, and what are the implications of the different systems?**

Forest-dependent people exist in a range of forest systems, and the project should not discount any of these. Thus, depending on the country and activity, the project will cover community-managed forests, forest concessions, plantations and the agro-forest interface.

- **What kinds of forest product should the project cover?**

The proposal to FRP mentions only NTFPs, but it was felt at the workshop that the remit should be extended to ethical trade in timber products as the links between forest certification and trade remain uncertain. It was agreed that after the workshop this would be taken up further with the FRP manager. It has now been agreed that the project will ascertain what work is being done on the benefits through trade in timber for forest-dependent people (e.g. with IIED, FSC), and the following steps will be taken:

- a) The ongoing work will be documented and distributed to project partners.
- b) If there is insufficient understanding of the benefits through trade in timber for forest-dependent people, then the project will include a comparison of ethically and conventionally traded timber under Output 1.

## PROJECT STRATEGY

The project strategy is presented in Figure 1.

## DISCUSSION OF PROJECT OUTPUTS

### Output 1

The workshop approved the activities under Output 1 (see Logframe Annex 2). The methodologies developed during the first comparative study were discussed with the researchers involved.

#### *Commodities for Comparative Studies*

As mentioned above, the project will extend its comparative studies to include timber products if necessary. A large number of NTFPs were identified, but few of these were being traded under an identifiable ethical system. The following products were eventually selected:

- a) Tagua nuts (Ecuador): tagua is a major export for Ecuador and there is an established ethical as well as a conventional trade. Conservation International will provide information on the ethical trade.
- b) Cocoa (Ecuador): cocoa is an important fair trade commodity and a significant forest margins crop. Oxfam is working with cocoa producers in Ecuador and will help facilitate links. The project will also build on its links with the commercially-backed sustainable cocoa initiative, and with the IMI/CABI study for the American Cocoa Research Institute on shade cover cropping.
- c) Timber: subsequent to the workshop, Brazil has been suggested as a location for comparing the benefits of timber from certified forests with those from non-certified ones. This is because of the importance of certified forest in that country to a major European buyer of certified timber. This work will depend on preliminary background work as outlined in the previous section.

#### *Timeframe*

The brasil nut study is now nearing completion, and final reports (Spanish and English) will be ready by May 1999. The tagua and cocoa studies will begin in April/May 1999.

### Output 2

The workshop approved the activities under Output 2 (see Logframe Annex 2), emphasising the need to tailor the findings to the needs of collaborators whenever possible.

### Output 3

Representatives of each country and the NRET/NRI team divided into groups to elaborate on what they required under this Output. Output 3 is the least specific in the Project Memorandum, and also the point of key interest for most collaborators.

It was agreed that the project should develop models/guidelines appropriate to different situations, and that this would require different approaches. The situations can be categorised as follows:

- A model for using ethical trade for forest-dependent people to build on certification of forests according to international standards (Ecuador).
- A model for incorporating ethical trade for forest-dependent people into national forest certification schemes (Indonesia).
- A model for incorporating optimising the benefits from ethical trade in NTFP through the fair trade market.

#### *Indonesia*

A number of options were identified for how the project could assist LEI and its national forest certification work. These were to be taken back for discussion within LEI, and the project has sent a member of the UK team to follow up on this. The options were:

- Development of standards for community managed forests
- Typology of social conditions (testing and developing)
- Improving social and environmental criteria and indicators (natural forests)
- Methodologies for obtaining information for certification and impact assessment (cost effective)
- Partnership building in regional communication forum

#### *Ecuador*

The main concerns in Ecuador were to use ethical trade to add value to forest certification and make it attractive to forest-dependent people. This would involve demonstrating to forest-dependent people the benefits of certification, building in-country partnerships involving forest-dependent people, NGOs, the timber industry and government. Activities for consideration include:

- Dissemination of experiences with ethical trade and its impact on forest-dependent people elsewhere by NRET/NRI
- Developing stakeholder working groups
- Designing community and consumer guidelines on forest certification

- Develop a general instructive on ethical trade for forest communities
- Building understanding of and disseminating information on the advantages and disadvantages of forest certification

These will be taken back for further discussion within Ecuador in readiness for the start of activities later in 1999.

### *Peru*

Peru is not included in the Project Memorandum, but the Peruvian participants were keen that the relationships developed during the comparative studies under Output 1 should be continued. It was explained that the project could not extend its work to Peru without additional funding, and following the workshop NRET/NRI has explored some of the possibilities for additional funds, both in Peru and elsewhere.

The focus of the project in Peru would be fair trade and forest-dependent people, and the following elements were identified:

- There is a lack of non-governmental institution appropriate for co-ordinating the project - a network is suggested - network of sustainable alternative products
- There should be a manual establishing standards for ethical trade in NTFPs for the fair trade market. This manual would have three main components: principles and indicators, based on the factors identified at the workshop (Annex 1)
- The network should be placed within the movement of registers of fair trade and other initiatives in Europe and the USA
- The manuals should consider necessary external market conditions (assumptions)

Candela also requested the opportunity to present ideas on a model for developing an alternative trading organisation model for working with forest-dependent people. This will be produced by Candela and disseminated in due course.

### *South Africa*

Due to circumstances beyond the project's control, there was no South African representation at the workshop. However, CSIR/Environmentek sent materials on the role of ethical trade in South Africa (Annex 3), and these will form the basis of discussions when the project visits South Africa in April.



### *Timing*

The project will conduct follow-up/finalisation meetings in Indonesia in March, with work expected to begin in autumn 1999 following completion of the comparative studies of Output 1.

Work in South Africa will begin in April/May 1999.

Work in Ecuador will begin in late 1999 following completion of the comparative studies of Output 1.

NRET/NRI is currently following up on additional funding for Peru.

### NEXT STEPS

#### FINALISATION OF TIMEFRAME AND RESOURCES

The dates proposed for Output 1 and Output 3 activities still need to be confirmed as they will depend on such events as national elections. This will be done by April 1999.

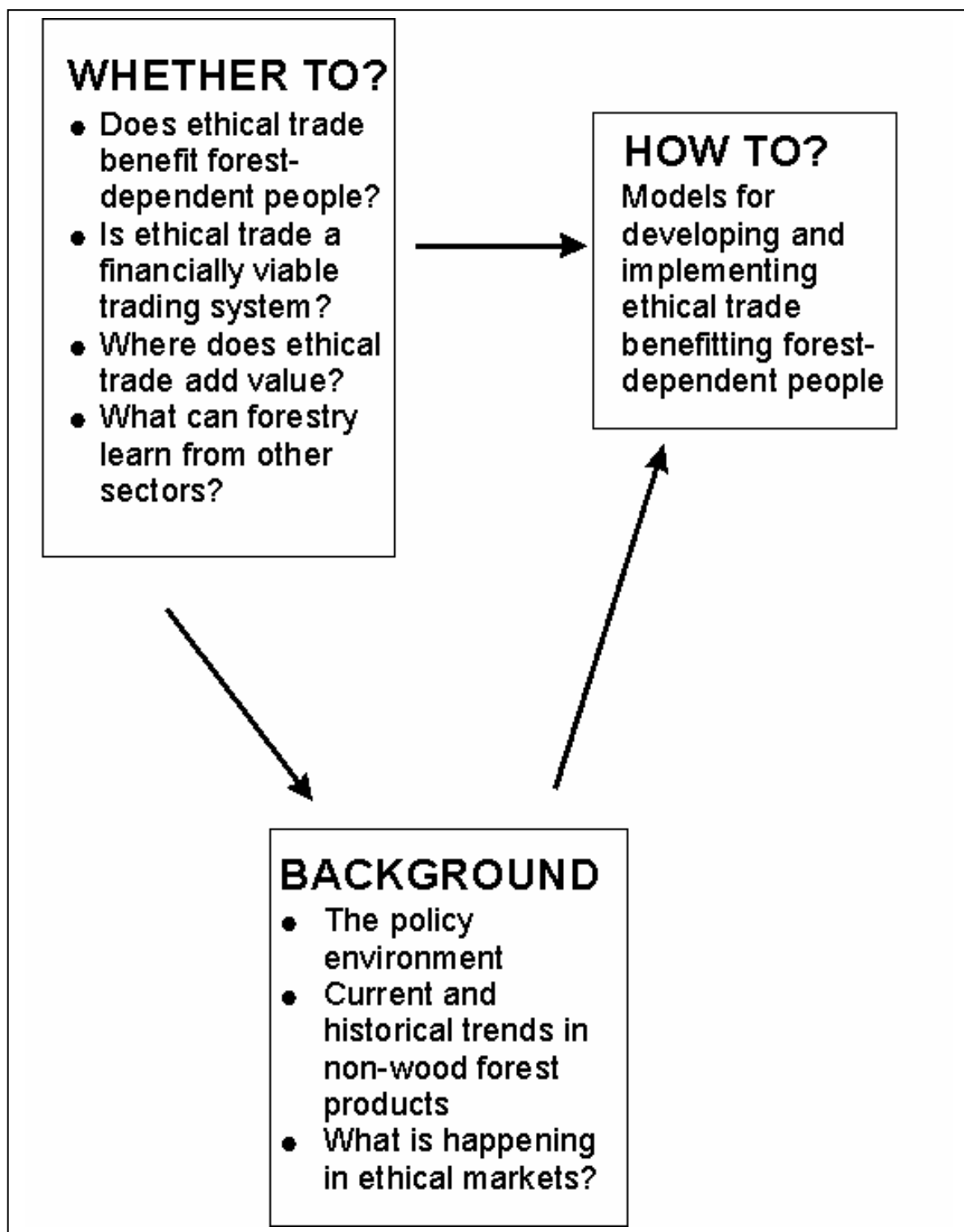
#### REPORT DISSEMINATION

The first comparative study under Output 1 is now being completed, and findings will be disseminated in report form (Spanish and English) by May 1999. The project will also facilitate a local workshop to present and discuss findings.

#### NEWSLETTER

Collaborators felt that maintaining regular contact would be an important element of the project. It has been suggested that an electronic newsletter be produced, and this will begin in May 1999.

Mick Blowfield  
25 March 1999



Annex 1: What is ethical trade?

Ethical trade has fundamental principles which allow it to have a positive social and environmental impact	Ethical trade requires a favourable policy framework	Environmental costs recognised and taken into account	Strengthening the participation of producers in the commercial chain	Normative role of the state favourable for ethical trade	Equity and viability through efficient management	Attitude of transparency and trust between those forming the ethical trade chain	<b>Mechanisms which facilitate and ensure the functioning of the ethical trade</b>
contributes to sustainable social development	participate in national and international legislation	internalises environmental costs	training prioritising the producer link	effective role of the State as service provider	should be profitable	Promote an environment of trust and dialogue	A system of monitoring which ensures the fulfilment of principles
guarantees rational management of natural resources			strengthening the organisation of producers		flexible strategies to respond to different production and commercial scenarios	the ethical chain is not just producers	
offers social and environmental benefits			recognition of non-financial benefits such as improving capacity		all the actors involved should gain benefits	transparency between all those involved/participating in the commercial chain	
supports human rights			better price, market information, stable buyer, producer relations, access to markets, financial resources, entrepreneur training			ethical attitude throughout the chain	
supports sustainable livelihoods			access to information			good faith between actors	
improves the lives of poor people			access to new markets			meeting defined ethical standards (labels)	
should guarantee dignified employment			should not generate negative impact on the local market				
responsible use of natural resource base							

should ensure consumer responsibility							
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## Annex 2: Project Logframe

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<b>Goal</b>			
Utilisation of forest products optimised.	To be completed by Programme Manager	To be completed by Programme Manager	To be completed by Programme Manager
<b>Purpose</b>			
Viability and potential of ethical trade as a means of enhancing and safeguarding livelihoods of forest-dependent people in tropical moist forest eco-systems assessed and promoted.	To be completed by Programme Manager	To be completed by Programme Manager	To be completed by Programme Manager
<b>Outputs</b>			
1. Identification of the potential that ethical trade can play in improving forest-dependent people's livelihoods	<ul style="list-style-type: none"> <li>• Approaches to ethical trade in various sectors (including non-forest) and the mechanisms for enhancing producer livelihoods reviewed within 6 months of project start.</li> <li>• Comparison of opportunities and benefits for different categories of forest-dependent people under different types of ethical trade and other trade systems through 3 sets of case studies (1 in Yr. 1, 2 in Yr. 2).</li> <li>• Analysis of the production/marketing chain of three ethically traded products from three existing ethical trade initiatives including viability of the chain and stages at which value is added (1 study Yr. 1, 2 studies Yr. 2).</li> <li>• Provisional guidelines for establishing ethical trade systems for forest-dependent communities prepared for use in Output 3 in Yr. 2.</li> </ul>	<p>Minutes of project consultative group meetings</p> <p>Incorporation of findings into Output 3</p> <p>Publication of ongoing findings on WWW and other accessible dissemination media</p> <p>Peer reviewed journal paper</p>	

<p>2. Assessment of the impact of global trading regulations and markets on the viability and potential of ethical trade.</p>	<ul style="list-style-type: none"> <li>• Watching brief on policy issues affecting ethical trade (e.g. WTO, MAI) prepared in Yr. 2 and updated in Yr. 3.</li> <li>• Current and historical market trends for at least 6 ethically traded forest products analysed in Yr. 2.</li> <li>• Review of studies of ethical trade markets completed in Yr. 2.</li> </ul>	<p>Issues paper on policy</p> <p>Working paper on trends and demand for key ethically traded forest products</p> <p>Literature review of ethical market trends</p> <p>Publication of ongoing findings on WWW</p> <p>Presentation of findings at seminars/workshops in 2 developing countries and UK.</p>	<p>Studies on different sectors of the ethical market (e.g. certified timber, fair trade) commissioned by other organisations implemented as planned.</p>
<p>3. Guidelines for implementing ethical trade for the benefit of forest dependent people developed, tested and promoted.</p>	<ul style="list-style-type: none"> <li>• Guidelines from Output 1 tested and revised in three ethical trade initiatives for forest-dependent people by EOP.</li> <li>• Field tested manuals and guidelines on ethical trade for forest-dependent people published by EOP.</li> <li>• Two workshops on models held with relevant corporate, NGO and public sector organisations in Yr. 3.</li> </ul>	<p>Manuals and guidelines</p> <p>Workshop reports</p> <p>Publication of ongoing findings on WWW</p> <p>Peer reviewed journal article</p>	<p>Outputs 1 &amp; 2 do not identify insurmountable constraints to forest-dependent people's participation in ethical trade.</p> <p>External funding for implementing the initiatives available (already agreed for 2 initiatives).</p> <p>Partner organisations continue to prioritise ethical issues.</p>
Activities	Inputs	Means of Verification	Important Assumptions
<p>1.1 Planning meeting</p> <p>1.2 Comparison of trading systems:</p> <ul style="list-style-type: none"> <li>- Collection of secondary data.</li> <li>- Field studies of ethical and other trading systems involving forest-dependent people.</li> <li>- Analysis and presentation of findings.</li> <li>- Publication preparation.</li> </ul> <p>1.3 Review of approaches to ethical trade:</p> <ul style="list-style-type: none"> <li>- Review.</li> <li>- Analysis and publication of</li> </ul>			

<p>findings.</p> <p>1.4 Analysis of production and marketing chain:</p> <ul style="list-style-type: none"> <li>- Studies of three marketing chains.</li> <li>- Analysis and presentation of findings.</li> <li>- Publication preparation (with 1.2)</li> </ul> <p>1.5 Provisional guidelines.</p> <p>1.6 UK project consultative group.</p> <ul style="list-style-type: none"> <li>- Establish group membership.</li> <li>- Group meetings (2 per full year)</li> </ul>			
<p>2.1 Policy watching brief:</p> <ul style="list-style-type: none"> <li>- Review of recent and ongoing studies.</li> <li>- Publication of watching brief.</li> <li>- Update of watching brief.</li> </ul> <p>2.2 Analysis of current and historical market trends for selected NWFPs:</p> <ul style="list-style-type: none"> <li>- Identification of NWFPs.</li> <li>- Review of markets.</li> <li>- Analysis and publication of findings.</li> </ul> <p>2.3 Review of size and demand of market for ethically trade products:</p> <ul style="list-style-type: none"> <li>- Review of recent and ongoing studies.</li> <li>- Publication.</li> <li>- Update.</li> </ul>			

<p>3.1 Testing and revision of guidelines from Output 1.</p> <ul style="list-style-type: none"><li>- Finalisation of initiatives.</li><li>- Monitoring and periodic review of guidelines.</li></ul> <p>3.2 Manual and guidelines:</p> <ul style="list-style-type: none"><li>- Preparation of draft manual/guidelines</li><li>- Presentation of experiences with different models to UK and developing country organisations (2 workshops).</li><li>- Revision and publication of manual and guidelines.</li><li>- Preparation of article.</li></ul>			
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## Annex 3: Background to Ethical Trade in South African Forests

### **STATE OF KNOWLEDGE OF ETHICAL TRADE AND FOREST DEPENDENT PEOPLE IN SOUTH AFRICA: TRENDS AND AWARENESS**

#### **Background**

South Africa has 8.5 million hectares of forests and woodlands, which constitutes 7% of the total land area of the country. Approximately a third of this wooded area has a forest canopy cover of over 40%, and of this, 85% is formal plantation (predominantly eucalyptus and pine). Aforestation (natural forests and plantations) is mainly concentrated in areas along the Eastern seaboard and the far Northern part of the country, close to the border of Zimbabwe.

Both natural and plantation forests are important to rural communities, for employment opportunities and also for timber and non-timber forest products. Dependence on plantations is especially high for fuel-wood and building timber, and people rely on the natural forest patches mainly for non-timber products such as medicinal plants. Communities' uses of natural forests is highly regulated by the government Department of Water Affairs and Forestry (DWAF), which is the custodian of all natural forests that are deemed to be national assets. Communities' access to timber products from plantations depends on the relationships (usually informal) that have been established over time with private companies and state managers. Two major private companies have established small grower schemes which bind individual growers in a contract to supply timber to the companies' milling operations. One has gone the route of creating an equity-based joint venture, where a community owning land brings this asset into the deal while the company brings expertise, infrastructure and access to markets. Where plantations are state-owned, labour is the primary income-generating opportunity for communities. In the main, with the exception of the small grower schemes, communities have, until now, not been formally integrated into the forestry sector.

Following South Africa's transition to a democracy in 1994, a comprehensive National Forestry Action Plan was compiled which placed communities' roles in forest management on the policy agenda. Following on from this, the National Forests Act was promulgated in October 1998. This Act is particularly significant for two reasons: it provides a legal framework for how all plantations and natural forests should be managed, and it makes allowance for the state to release the management of state-owned plantations to private bodies through lease instruments. By March 1999, 60% of state-owned plantations and all of the plantations falling under the state-owned SA Forestry Company Ltd (Safcol) will be offered up for lease to private investors in

a competitive bidding process. The land on which the plantations are situated, however, remains state-owned pending land claims by communities through the Land Reform Programme being carried out by the Department of Land Affairs. Land claims by local communities have been holding up the leasing of the plantations, but the rights and needs of communities with land rights would be protected, and DWAF intends that lease management ensures that communities with successful claims would benefit directly.

### **Ethical Trade**

The opportunities and challenges for ethical trading in forest products become apparent against this backdrop. South Africa is in a state of transition from a situation where rural communities were, to all practical purposes, peripheral to issues of forest management and trade, to a situation which promises far wider community inclusion in decision-making and strategising over the goals of forest management decisions.

Ethical trade, both in practice and as a concept, is very new to South Africa, as it raises the issue of what is considered a “fair” deal (e.g. small grower schemes) as opposed to an ethical or “right” deal. At present in South Africa, research into ethical trade is mainly focussed on animal and plant species listed under the Convention on International Trade in Endangered Species. In terms of forest-dependent communities, their activities affecting these particular species are limited due to the fact that natural forests are protected from commercial extractive uses. This is not to say that illegal commercial extraction does not happen; rather, there are no legal instruments and policy frameworks in place to support commercial uses of natural forests other than tourism-related activities. Also, natural forest patches are usually small, and the feasibility of sustainable commercial extraction in these cases is not well understood.

The lease mechanism to be deployed by DWAF in promoting private sector investment in the state-owned plantations will require companies to take into account the basic needs of communities adjacent to those plantations. Communities have conducted a variety of activities on these plantations, not as part of a series of formal agreements reached with government but rather as a consequence of goodwill (or lack of it) on the part of plantation managers. These have been construed as community “rights” in the past, and the leases will go some way towards incorporating these informal “rights” into formal agreements with some legal standing.

One of the ways in which communities may benefit from the leases is through receipt of rental from the companies for the land occupied by plantations; this would be the case for communities which have submitted a legal land claim to the Department of Land Affairs. This rental, with accompanying agreements to continue certain basic

activities in plantations (fuel collection, grazing etc), is understood by DWAF to be, in essence, a fair deal which ensures that communities are not further marginalised from forestry and its benefits, and which will also allow plantations to be properly managed by the private sector. One of the conditions of the leases is likely to be certification (FSC / ISO) within three years after the leases are granted. Again (and much work has to be done on criteria and indicators for South Africa), certification may well lead again to a refinement of the “fair deal” approach, rather than broaching issues which “ethical trade” suggests should be considered. The leases will grant communities some benefits, but will not fully integrate them into commercial forestry management and processing (other than as labour), unless an individual company chooses to go this route of a joint venture approach.

The commercial small grower schemes do offer communities a chance to participate actively in forestry as entrepreneurs; but again, this is a straightforward business arrangement with the companies, and individual growers are required to sell at least one rotation of timber to the companies’ milling operations. One benefit that certainly is acknowledged by the companies is that this approach enables them to access a timber resource from communally-owned land, and so the companies do not have the responsibilities of a landowner. With regard to potential afforestation in the Eastern Cape Province, communally-owned land will be the major asset that communities can use to leverage fair deals; there may be a chance here to scope the opportunities for ethical trade initiatives and partnerships with companies on a clean slate; certainly this could be an ultimate objective for ethical trade research.

### **Conclusion**

1. The policy and legal environment in South Africa is changing fast, and is set to offer some significant opportunities to forest-dependent communities. The key issue is how communities can benefit from ethical trade rather than following the conventional trade route which looks to be continuing the same dominant role that the private sector plays at present.
2. While DWAF is establishing a committee to examine criteria and indicators for sustainable forest management, work has not yet begun and there is opportunity to promote some ethical trade principles into all three sets of ecological, social and economic criteria.
3. Rather than using South Africa as an example of non-ethical trade, the country is more suited for a study of changing trade relationships; this would require a dual approach. A number of forest-dependent groups could be scoped for potential commercially exploitable products (from timber to non-timber products - a very good SA example of groundnut taungya

production exists), and from there work would focus on comparing possible production and marketing systems. At both levels, national policy frameworks and objectives would have to be borne in mind, as the target institutions would be DWAF and possibly some of the forestry companies.

4. It is difficult to determine at this preliminary stage what level of support would be required. The project would be very process-based in the effort to keep target institutions involved. In an attempt to allow findings to feed constructively into the new national processes under way, the work would ideally be completed by December 1999 (preferably before then). Support in the region of ZAR 200k - 300k including running costs would suffice.
5. A proposed country steering committee is suggested, with representatives from:

The Development Bank of Southern Africa

IUCN

TRAFFIC (organisation monitoring trade in natural products)

Sappi (private sector)

DWAF (policy)

Research could be conducted by researchers from a South African university in collaboration with Environmentek CSIR.