IMPRS SPCE
INTERNATIONAL MAX PLANCK RESEARCH SCHOOL
on the Social and Political Constitution of the Economy
Köln, Germany

Olga Malets

The Impact of Transnational Private Regulation

A Case Study of Forest Certification in Russia

Studies on the Social and Political Constitution of the Economy

Olga Malets

The Impact of Transnational Private Regulation

A Case Study of Forest Certification in Russia

Published by IMPRS-SPCE
International Max Planck Research School on the Social and
Political Constitution of the Economy, Cologne
http://imprs.mpifg.de

ISBN: 978-3-946416-04-3
DOI: 10.17617/2.1232301

Studies on the Social and Political Constitution of the Economy
are published online on http://imprs.mpifg.de. Go to *Dissertation Series.*

Studies on the Social and Political Constitution of the Economy

Abstract

In this research, I explore the emergence of environmental certification and labeling as a private market-driven instrument of global environmental governance and its implementation in local settings outside advanced industrial economies. I conceptualize the emergence of private regulation as active institution-building that occurs at two levels. At the transnational level, formal substantive and procedural rules and organizational forms are constructed and legitimated. At the domestic level, the implementation of rules defined as a process of translation of transnational rules into on-the-ground practices occurs. Building on an extensive study of forest certification and labeling, I show that at the transnational level, institution-building is driven by problem-solving and conflict-settlement efforts of transnational actors embedded into a larger discursive context of neoliberal globalization and sustainable development. Furthermore, I show that at the domestic level, the implementation is not a straight-forward execution of transnational rules imposed by powerful transnational actors – e.g., international NGOs, multinationals or international organizations. Rather, local actors negotiate the ways in which transnational standards are implemented locally in both formal and informal settings, and thereby settle political conflicts over natural resource management and construct new knowledge (learning) related to standard implementation and good natural resource management. They use both global ideas reflected in transnational standards and locally available concepts and practices as building blocks, and combine them in various ways in order to construct new knowledge. I, therefore, emphasize stakeholder interest negotiation and collective learning as core social processes which enable the translation of transnational standards into on-the-ground practices. The research also evaluates the effectiveness of forest certification and labeling and argues that forest certification has had a positive but limited impact on corporate on-the-ground practices. I identify two factors that limit the effectiveness of certification and labeling: national institutional and legal context and the market nature of private regulatory approaches.

About the author

Olga Malets was a doctoral researcher at the IMPRS-SPCE from 2005 to 2009.

Studies on the Social and Political Constitution of the Economy

THE IMPACT OF TRANSNATIONAL PRIVATE REGULATION:

A Case Study of Forest Certification in Russia

Inauguraldissertation

zur Erlangung des Doktorgrades

der Wirtschafts- und Sozialwissenschaftlichen Fakultät

der Universität zu Köln

2009

vorgelegt von

Olga Malets

aus Gatchina, Russland

Referent: Prof. Dr. Jens Beckert
Koreferentin: Prof. Dr. Renate Mayntz
Tag der Promotion: 3. Juli 2009

Contents

Tables

Figures

Acknowledgments

I am indebted to the Max Planck Institute for the Study of Societies, Cologne for the invaluable intellectual and financial support of my research project. I am particularly grateful to my thesis advisor Prof. Dr. Jens Beckert for providing guidance to my work. I also thank the members of my dissertation committee Prof. Dr. Renate Mayntz and Dr. Raymund Werle for carefully reading my dissertation and providing helpful comments on earlier drafts. I am grateful to my colleagues at the Max Planck Institute for creating a lively and inspiring atmosphere. I was happy to be a part of it. I thank Birgit Apitzsch, Elena Bogdanova, Saskia Freye, Philipp Klages, Guido Möllering, Sascha Münnich, Geny Piotti, Britta Rehder, Armin Schäfer and Hendrik Zorn for their exceptional support. I am very grateful to Sigrid Quack and her working group for their helpful ideas and engagement. I greatly appreciate the support of the members of the Environmental Sociology Group at the Center for Independent Social Research, St. Petersburg and its head Maria Tysiatchniouk who helped me during my field research. The people I interviewed for my study generously shared their time and knowledge with me. Their contribution to this project is enormous and is gratefully acknowledged. The usual disclaimers apply: The author alone is responsible for all interpretations and mistakes. My last and very special thank you goes to my parents Elena and Vitaly Malets and to Michael Blauberger who supported me throughout this difficult journey.

Abbreviations

ASI	Accreditation Services International
CAR	Corrective action request
CoC	Chain of Custody
EPERT	European Platform for Ecological Russian Timber
EU	European Union
FAO	United Nations Food and Agriculture Organization
FoE	Friends of the Earth
FSC	Forest Stewardship Council
GATT	General Agreement on Trade and Tariffs
GFTN	Global Forest and Trade Network
GTZ	German Technical Cooperation (Deutsche Gesellschaft für Technische Zussamenarbeit)
HCVF	high conservation value forests
ILO	International Labour Organisation
ITTA	International Tropical Timber Agreement
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
IUCN	The World Conservation Union (formerly the International Union for the Conservation of Nature)
NGO	nongovernmental organization
SCS	Scientific Certification Systems
SGS	Société Générale de Surveillance
TFAP	Tropical Forestry Action Plan
UNCED	United Nations Conference on Environment and Development (the Earth Summit)
UNDP	United Nations Development Program
WBCSD	World Business Council for Sustainable Development
WRAP	Woodworkers Alliance for Rainforest Protection
WTO	World Trade Organization
WWF	World Wide Fund for Nature

1 Introduction

1.1 Research Questions

The last decades were marked by a proliferation of private regulatory projects in the transnational regulatory space. Private organizations, including firms and social movements, increasingly engaged in transnational rule-making that had been traditionally considered the prerogative of states and intergovernmental organizations. Private actors engaged in rule-making because they perceived states as either unwilling or incapable of developing rules that would effectively facilitate global economic integration and protect the natural environment and worker, consumer and human rights. Among the systems of private regulation that seek to improve social and environmental behavior of firms by using market forces, certification and labeling has become the most prominent mode of transnational private governance (Bartley 2007b; Zeitlin 2011). How certification and labeling emerges, diffuses and influences companies and other groups involved and to what extent certification and labeling is an effective policy instrument at the time of globalization are the two fundamental questions of my thesis. I address these questions using the example of a private program of forest certification that aims at promoting environmentally appropriate, socially beneficial and economically viable management of the world's forests – the Forest Stewardship Council's forest certification program.

Previous research sheds light on the roots of the emerging forms of regulation in the transnational economic space, the process of their institutionalization as policy instruments and their impact on the organizational structure of transnational regulatory fields. We know less what direct and side effects certification and labeling have had on the behavior of firms, the structure of markets, national policy dynamics and on environmental and social conditions (Schneiberg and Bartley 2008; Vogel 2008). Even less is known about the effects of private regulation of environmental and social behavior of firms in countries beyond advanced industrial countries of Europe and North America (for important exceptions see Bartley 2010b; Espach 2009). They are characterized by low environmental and social performance and weak state control over the behavior of firms. The role of the national political and social context in the institutionalization of new forms of regulation at the national level has been largely neglected, as well as the ways actors promote and apply new regulatory instruments in

difficult situations that are typical for non-advanced industrial countries. In my thesis, I explore how nonstate actors – i.e., social movement organizations and firms – implement global rules in the challenging social and political context of a country commonly called an emerging market economy. I investigate how local social and political situations interplay with global private rules and how this interplay shapes the functioning and the impact of private rules.

Following Djelic and Quack (2003a), Djelic and Sahlin-Andersson (2006b) and Bartley (2007b), I conceptualize the emergence of new forms of regulation of environmental and social behavior of firms, e.g., environmental and social certification and labeling, as a process of active institution-building. Institutions are defined here as "social regimes", i.e., sets of formal "rules stipulating expected behavior and 'ruling out' behavior deemed to be undesirable" (Streeck and Thelen 2005: 12-13). The sets of rules are enforced by third parties and involve "rule-makers and rule-takers, the former setting and modifying … the rules with which the latter are expected to comply" (Streeck and Thelen 2005: 13). I argue that transnational institution-building occurs at two levels – transnational and domestic. At the transnational level, transnational coalitions are built, resources are mobilized, the transnational rules are formulated, enforcement mechanisms (if any) are specified and organizational structures responsible for rule-making and enforcement are constructed by rule-makers, or institutional designers. At the domestic level, the enactment and implementation of transnational rules occurs. In other words, transnational standards are translated into specific on-the-ground practices by local rule-takers.

In the case of certification and labeling, rules are transnational voluntary standards that explicitly and formally describe desirable environmental and social behavior of firms or desirable characteristics of an object, e.g., a forest managed by a firm, or a production process (Brunsson and Jacobsson 2000: 12-13). However, in contrast to formal authoritative rules, they are based on voluntary commitment, whereas enforcement mechanisms are not as strict and are based on membership privileges, e.g., ability to label products, and market benefits, e.g., access to markets (Djelic and Sahlin-Andersson 2006a). Enforcement actors are transnational standard-setting organizations themselves and the third parties, i.e., certification bodies, authorized by standard-setting organizations.

The existing research has so far paid most attention to the processes that occur at the transnational level, including transnational coalition building and resource

mobilization and the formulation of rules and enforcement mechanisms. Less attention has been given to the translation of transnational rules into on-the-ground practices and the work of enforcement mechanisms on the ground. Why is the translation important? The literature often assumes that once certification rules are adopted, they will translate into improvements of firms' practices where necessary and that practices can be therefore read off the standards. I show in my thesis that implementation is not a simple, automatic process of following transnational rules. I argue that this process is complex, situated and contested and involves political conflict settlement and collective learning. Moreover, implementation is important because the effectiveness of transnational private voluntary forms of regulation ultimately depends on the extent of change its implementation produces. Without implementation at the local level, transnational rules do not have much value added compared to other types of rules, including governmental and intergovernmental regulation. Therefore, I also seek to evaluate the implementation outcomes of implementation processes.

In sum, I formulate the central questions of my research as follows: (1) How do organizations seeking to regulate environmental and social behavior of firms emerge? What are the driving forces of their emergence and what shapes their form and the content of rules and other institutional structures they generate? (2) How are the rules implemented at the domestic level? What social processes constitute the process implementation? What shapes the uptake and implementation of private rules in countries where successful implementation appears unlikely? (3) What is the impact of rules on local on-the-ground practice? How is it shaped by private regulation's voluntary and market-oriented nature?

In my thesis, I bring together these two perspectives in my thesis – transnational and domestic – and show that transnational rule-making and domestic rule implementation are the two phases of a process of cross-border institution-building. I show that although these phases are analytically different and characterized by different dynamics, strategic, knowledgeable and creative actors, or institutional entrepreneurs, and their networks play a crucial role both during the transnational and domestic phases. Furthermore, I show that for both transnational rule-making and domestic rule implementation, the context into which transnational and local actors are embedded are of critical importance, since it both constrains and enables institution-building.

Moreover, important features of certification and labeling are the lack of traditional sanctions and their voluntary and market-based character. In contrast to more classical forms of governmental or intergovernmental regulation, actors cannot be punished for non-compliance. Participation and compliance is voluntary and the incentives to participate are associated with market benefits. From this follow a number of difficulties for private rule-makers that aim at setting additional constraints on firms' behavior, which often exceed national legislation. Rule-makers have to create market incentives to encourage firms to accept new rules and construct new types of sanctions associated with membership and access to market benefits to ensure that firms go beyond symbolic commitment, implement rules and do not behave opportunistically. In my thesis I also explore to what extent private actors are successful in implementing and enforcing rules in challenging local contexts.

1.2 Private Regulation in the Global Economy

Global economic integration has profoundly transformed the patterns of regulation in the global economy. Contrary to early expectations, it has not led to the disappearance of rules, or deregulation, and the decline in the importance of states and national boarders. Rather, while some rules have been removed, a wide range of new and not-so-new rules, actors and organizational forms have emerged in the transnational space to regulate economic and political behavior of states and firms (Djelic and Sahlin-Andersson 2006a: 1-5; see also Kahler and Lake 2003b). Many states have agreed to eliminate rules constituting barriers to free trade and factor mobility. Simultaneously, they have created new rules and organizations to ensure that participating states would not break their commitment to free trade and would be punished if they did so (Fligstein 2005: 183-185).

In addition, nonstate actors – firms and civic organizations – engaged in private rule-making to regulate corporate behavior across and beyond national boarders. In some cases, nonstate actors realized that to operate successfully in the transnational economy they needed more rules to regulate economic activity than states could effectively provide (i.e., international technical standards, cf. Mattli 2003). In other cases, firms attempted to preempt governmental action. Large transnational firms engaged in self-regulatory initiatives when they perceived a likely governmental intervention as a threat to their autonomy (Haufler 2003: 227). Growing global

integration and the availability of cheap means of communication and transportation also enabled nonstate civic actors to build cross-boarder coalitions and to criticize states as well as firms for damaging the environment, violating human rights and maintaining poor labor conditions, mainly in developing countries (Keck and Sikkink 1998). Civic organizations launched campaigns against large multinational firms that threatened to damage their reputation and to potentially cause financial losses. In order to reduce reputation risks, firms started cooperating with their critics and increasingly subscribed to the private rules that they jointly made.

As a result, a plethora of systems of global private regulation emerged. While some of them serve as means of facilitating production and exchange in the global economy (Cutler, Haufler and Porter 1999, ch.2-5; Mattli 2003; Mattli and Büthe 2003), others seek to promote responsible use of natural resources, environmental sustainability and human and labor rights protection. The latter systems include various public-private and private initiatives, ranging from symbolic codes of conduct and self-reporting initiatives to more complicated global multi-stakeholder certification and labeling systems of environmental and labor practices. The most well-known systems and initiatives include fair trade initiatives in agriculture and handicrafts (Linton, Liou and Shaw 2004; Taylor 2005b), forest certification (Bartley 2007b; Cashore, Auld and Newsom 2004; Lipschutz 2005; Taylor 2005b), labor conditions certification in the apparel industry (Bartley 2007b; Lipschutz 2005), Responsible Care program in the chemical industry (Garcia-Johnson 2000; King and Lenox 2000) and ISO environmental certification (Clapp 2005; Potoski and Prakash 2005; Prakash and Potoski 2006).

Despite significant differences between these systems, common to all of them is that they seek to provide producers with market incentives to reform their corporate environmental and social practices according to certain principles. Firms that accept these principles and demonstrate that their practices are in compliance with them expect to distinguish themselves from non-participating firms and maintain or improve their reputation. They send a signal to external audiences, including social movement organizations, consumers, governments and investors and are expected to generate financial benefits beyond mere reputation gains. However, the evidence on whether environmental and social responsibility of firms increases their profitability is mixed. Vogel (2005, ch. 2) shows that there is no systematic causal link between corporate social responsibility and higher profits.

Existing literature provides detailed analyses of the emergence and nature of this kind of systems of global private regulation. Scholars have analyzed why, how and under what conditions they emerge and become durable (Bartley 2007b), how firms and social movement organizations agree on the content of standards and programs (Pattberg 2005b), where nonstate actors derive their rule-making authority from, whether and how these rules emerge as legitimate alternatives to state-made rules, and why firms choose to limit their autonomy and subscribe to these rules (Bernstein and Cashore 2004; Cashore, Auld and Newsom 2004). Less is known about how these programs operate in specific local settings (Vogel 2008: 275) and how local contexts affect their implementation, especially in developing and transition countries. In these countries implementation of standards for environmental and social responsibility is expected to entail significant compliance costs, domestic environmental and labor standards are low and human rights are poorly protected. The systematic analysis of the concrete effects of global private regulation on the structure of markets, corporate behavior, domestic social and environmental policies and on the overall environmental and labor conditions beyond individual firms is still in the early stage (Schneiberg and Bartley 2008).

Another crucial aspect that has received little attention in the existing literature is the effect of an important feature of private regulatory systems based on market incentives on the implementation dynamics at the national and local level: their voluntary and market-based character. Private actors increasingly rely on market-based regulatory mechanisms. Since firms and activist organizations cannot impose their rules on producers by means of coercion and sanction non-compliant corporate behavior, they have to construct new kinds of incentives. Private actors redefine market forces as regulatory instruments and create market demand for certified or labeled products. Environmental or labor rights activists organize “naming and shaming” campaigns to convince consumers to ignore goods that were not produced in an environmentally and socially responsible way. They also publicly criticize reputation-conscious retailers and corporate consumers for buying such products. Under activists’ pressure, consumers and buyers are expected to demand goods carrying a proof that they were produced appropriately, for example a special label or a certificate. Firms, industry associations and social movement organizations develop standards for social and environmental responsibility. In order to be able to declare their goods as responsibly produced firms commit to following these standards. These

processes are defined as market-making and rule-making for market and are well analyzed in the literature (Bartley 2003; 2007b).

In order to have a functioning market, however, the supply of goods has to be provided. How the supply of responsibly produced goods is made is not a trivial question. Similar to the making of rules and market demand, the supply of such products does not emerge automatically as a response to growing demand. Rule-makers have to create a system of implementation and rule enforcement. This is especially relevant for programs jointly developed by industries and social movements. They have to ensure that the rules are actually implemented by all participating firms in order to preserve the credibility of programs and to avoid opportunism. In contrast to market demand, the constitution of market supply of produced goods through the implementation of standards in diverse local context has been neglected. Since standards have to be applied in diverse local contexts, they have to be adapted to local conditions.

This generates additional difficulties for actors seeking to promote new rules. The introduction of new rules challenges existing practices often prescribed by domestic legal regulations and existing structures of power and control and generates conflicts. Moreover, new rules challenge existing local knowledge and systems of meanings by introducing new alien concepts often without describing how existing practices have to be change, if at all, and what new practices have to be introduced. This suggests that in order to enable successful implementation of transnational rules, conflicts need to be settled, contradictions between local regulations and global rules need to be resolved; and global rules should be integrated with local knowledge and practice.

In my thesis I, therefore, focus on the question how private regulatory arrangements seeking to promote corporate social and environmental responsibility operate and deal with these challenges in local contexts characterized by traditionally poor environmental and social performance, economic and political turmoil, institutional instability and weak public participation in the regulation. I analyze how actors enable and support global markets of responsibly produced goods through the creation of supply of such products in a local context. I show that in order to distinguish responsibly produced products actors construct locally specific common knowledge, pools of experts and organizational infrastructure that facilitate the operation of regulatory programs. In addition to global standards and market demand,

these elements constitute the preconditions for emerging supply of responsibly produced goods to global markets and the expansion of regulatory programs.

I also show how the creative translation of global rules into actual practices by local actors is necessary to facilitate the implementation of rules under unfavorable local conditions. The translation helps match and balance stringent global rules, unfavorable national conditions and limited capacities of local actors. It, thereby, leads to greater acceptance of these rules among producers. I also show that the translation enabling such acceptance has its price: The resulting quick expansion of forest certification generates only limited change in corporate practices. I argue, therefore, that the translation of global rules into local practices is a trade-off between adoption of rules and their actual implementation, i.e., effectiveness of the programs. Implementation lags behind adoption and is only selective.

I will provide evidence and further specify these claims in my case study of the forest certification program of the Forest Stewardship Council (FSC). The FSC is a transnational multi-party organization running a program of certification of corporate social and environmental performance in the forest industry. I draw on my data on the Russian experience with the FSC's forest certification program in order to show how the local social and political context affects the developing, functioning and implementation of this kind of private regulation. In the following section, I will present the case background and justify the case selection.

1.3 Introducing the Case: The Forest Stewardship Council

The FSC is a multi-stakeholder democratically-governed organization seeking to promote responsible management of forests in all regions of the world and thereby contribute to improving the world's environmental conditions. The FSC certifies producers of timber and timber products across the world according to its principles of good forest management and supply chain management. Producers can use the FSC certificate and logotype to market their products as stemming from well-managed forests and benefit from it in the market. Large reputation-conscious retailers, printers and corporate consumers buy increasingly more products carrying an FSC logotype. To become certified, producers of timber and timber products have to demonstrate to independent certifiers accredited by the FSC that they manage their forests in compliance with the FSC principles and reform their forest management practices if

certifiers detect non-compliance. Forestry standards, certification procedures and internal rules are democratically set by the FSC's members representing business, environmental, indigenous people, and community and worker interests.

The FSC forest certification program is an interesting and relevant case for my analysis for several reasons. To begin with, it has been widely considered one of the most successful private regulatory initiatives, "a magic bullet" in promoting good forest management in all types of forests in all regions of the world "where governments cannot" (Lipschutz 2005: 120-121). The FSC has gained the support of the global forest industry, international organizations, social movement organizations, global environmental community and many governments. Since its foundation in 1993, it has grown dramatically and has become a self-sustaining global organization operating in eighty-one countries, including such problematic regions as the Congo Basin, China and Russia. According to the FSC, over one hundred million of hectares of forests had been certified according to the FCS principles and criteria by April 2008 – approximately seven percent of the world's productive forests (FSC 2008b). Between 2005 and 2008, the estimated size of the global market in FSC certified products grew from five to over twenty billion U.S. dollars (FSC 2005; FSC 2008a).

The FSC's program has also been praised for its sound forestry standards, democratic decision-making and a system of independent verification of compliance. Several studies indicate that FSC forest certification has had a number of positive effects on the corporate forest management of certified companies (Cashore et al. 2006a), as well as a number of indirect effects, including the diffusion of new norms and organizational models into other issue areas, including fisheries, mining and tourism (Pattberg 2006).

However, studies have also shown that market benefits turned out to be illusory for many certified producers; the impact of forest certification on producers' forest management practices was at best limited or uncertain; the program certified forests mainly in Europe and North America rather than in developing and transition countries where forest management standards are relatively low compared to developed countries and, therefore, urgently require reforms; and certifiers responsible for the verification of compliance performed poorly (Counsell and Terje Loraas 2002; Gulbrandsen 2005a; Rametsteiner and Simula 2003). These findings caused concerns among environmental and social stakeholders of the FSC and threatened to damage the credibility of the FSC forest certification program. Critics

have argued that FSC forest certification caters business interests and helps forest companies to "greenwash" their corporate performance.[1]

From this perspective, explaining the success of forest certification and its rapid expansion despite growing challenges and uncertain impact may also shed light on the functioning and potential effectiveness of similar programs in other issue areas, including well-established labor conditions certification programs and the rising certification programs in mining, fisheries and tourism. The combination of rapid expansion and wide support of FSC forest certification with the growing concerns about its credibility and impact is by itself an interesting and theoretically challenging puzzle that may contribute to the debates on institutional emergence: how do institutions emerge and stabilize if their impact is uncertain and their legitimacy is questioned?

Although the FSC was created to promote responsible forest management in all regions of the world, it operates in specific national contexts. The FSC designed generic globally applicable principles and criteria of good forest management, on the basis of which environmental and social performance of forest companies is evaluated. National environmental and social conditions, however, differ significantly. The principles and criteria, therefore, have to be adapted to national conditions and implemented in diverse national contexts. Studying how forest certification unfolds in local contexts well illuminates the relationship between global rules and local context and shows how local context shapes the adaptation and implementation of rules and their actual effects. The case of forest certification helps elucidate what role it plays in the expansion of certification as a form of transnational private regulation.

Examining the interplay between global rules and national contexts is especially relevant for developing and transition countries. The difficult economic, social and natural conditions make the implementation of global rules especially difficult and costly. At the same time, governments, international organizations and

[1] One of the examples is a group of the FSC's critics that put up a website that they called FSC-Watch, an Independent Observer of the FSC (www.FSC-Watch.org). At the website, they collect, systematize and comment news and publications related to the FCS's poor performance, including controversial certifications and internal conflicts. Their message is that the FSC can no longer be considered an independent, reliable and objective certification organization because of its close relations with the industry and potentially corrupt verification of compliance system. Although the information on the web-site is not always accurate and up-to-date, it reflects growing concerns in the international environmental community.

social movements perceive the condition of forests in many developing countries as requiring immediate action because of the high rate of natural forest loss and forest degradation associated among other things with the poor or entirely absent management of forests. The question is then how private actors cope with these challenges and how successful they are in promoting forest certification in an unfavorable national context.

To summarize, the analysis of the experience of FSC forest certification helps understand why private forms of transnational regulation expand even under unfavorable national conditions in developing and transition countries, to what extent and under what conditions they become effective, what actual outcomes they bring about and how these outcomes are shaped by national contexts. Since its foundation in 1993, it has grown significantly and has been widely accepted as a legitimate and successful private initiative. It has developed an organizational model for certification programs that has diffused into other issue areas. However, its credibility and effectiveness have also been questioned due to its limited or uncertain impact on the social and environmental practices of firms and due to the poor performance of certifiers accredited by the FSC. Thus, the experience of the FSC illuminates both the success and potential limitations of private regulation. Moreover, the analysis of the FSC's functioning helps to understand what role local actors and local contexts play in shaping the effects of private regulation, especially in developing and transition countries characterized by problematic environmental, social, economic and political conditions.

Specifically, I focus on the expansion of forest certification in Russia. Drawing on my data on the Russian experience of forest certification, I show how creative translation work by local actors facilitates the implementation of forestry standards designed by the FSC and how it fosters the expansion of forest certification under unfavorable local conditions. By interpreting global rules and making sense of local contexts, local actors balance stringent global standards of forest management, elements of national context and limited capacities and resources of local firms. This leads to the greater acceptance of forest certification standards among producers and ultimately to the expansion of forest certification in Russia but at the cost of only limited change in the corporate practices.

Russia is a challenging case for explaining the operation, implementation and effects of FSC's global standards of good forest management. The first discussions on

the potential of FSC forest certification took place in 1997 but it was not until approximately 2003-2004 that timber producers became interested in certifying their forests as well-managed with the FSC's forest certification program. When forest certification took off, it expanded rapidly: After five years the FSC-certified forests amount to about one-fifth of Russian forests managed by private firms. Certified areas cover over twenty-one million of hectares of forests making Russia a country with the second largest certified forest area after Canada. Such expansion is puzzling, since Russia's forest management standards have traditionally been relatively low resulting in poor environmental condition of forests. Forest legislation has been unstable and social movement organizations and the general public have been unable to participate in the management of forest resources. These conditions could have been expected to constitute serious obstacles to promoting forest certification in Russia and implementing global rules of forest management that significantly exceed national legal requirements and habitual forest practices. Yet, forest certification proceeded at an outstanding rate. Explaining this empirical puzzle is at the core of the empirical part of the theses.

1.4 The Structure of the Thesis

The introductory chapter is followed by the theoretical chapter (*Chapter 2*) which represents the background of my study and explicates its analytical approach. In this chapter I review the literature on certification and labeling in order to identify a research gap and draw building blocks for my analytical approach from the literature on public policy implementation, the organizational studies of diffusion/translation, the sociology and anthropology of transnational law and the literature on institutional entrepreneurship. I also identify how the voluntary market nature of certification and labeling affects its emergence and impact.

In Chapter 3, I justify the case selection, introduce my case-study and formulate the empirical implications based on my analytical framework and describe my methods and data.

Chapter 3 is followed by the chapter on the emergence of the FSC and forest certification as a transnational private regulatory instrument. This chapter familiarizes readers with the history of forests as an environmental and political issue at the transnational political arena. It follows the development of forest certification from

1993 to 2009 to illuminate the tendencies that also help to understand the dynamics of forest certification in Russia. It shows that the emergence of forest certification was problem-driven but was fundamentally shaped by the political conflicts over forest resources between the social movements, governments and industries, as well as by the institutional context into which transnational actors were embedded.

Three subsequent chapters focus on the empirical analysis of the data collected in Russia. In Chapter 5, I describe the context, in which forest certification operates in Russia: the characteristics of Russia's forests, its forest policy and forest sector. I start with the local and global economic, social and environmental significance of Russia's forests. I then briefly outline the history of Russia's forest policy and forest sector between the late nineteen's century and today.

In chapter 6, I provide a detailed account of the process of organizational field building for forest certification in Russia. By reconstructing the history of forest certification in Russia between 1997 and 2008, I analyze how local actors created a common knowledge base, pool of actors and organizational infrastructure that facilitated the development of the FSC certification program in Russia.

In chapter 7, I analyze the impact of forest certification on the corporate practices and its limitations. I describe how transnational forest management standards were implemented in Russia and identify specific on-the-ground effects of forest certification and assess its overall effectiveness. I also present the analysis of the translation of global rules into nationally specific rules and practices in the process of forest certification. I explain why forest certification has had a limited impact on corporate practices and how these limitations have facilitated the expansion of forest certification in a difficult national context of Russia.

In the concluding chapter I summarize the findings, discuss the contribution of my study to the debates on the effectiveness of transnational private regulation and review its review broad theoretical implications.

2 An Analytical Framework

In this chapter, I lay the ground for the subsequent empirical analysis and outline an analytical framework that has guided my research. First, I briefly provide an overview the transformation of regulation in the globalizing economy. Building on the review of the relevant literature, I show that private forms of regulation have emerged along with the transnationalization of public regulation. I show that in some cases private regulatory forms have challenged public forms of regulation as ineffective and overly politicized. I then provide a classification of private forms of regulation. After this I identify the research problems by identifying gaps in the existing literature dealing with certification programs. In the following section, I focus on the generic features of voluntary market-based forms of transnational regulation and identify what impact these features have on the implementation of global rules. I then review policy research literature, which can be used for understanding the dynamics of the implementation of global rules in domestic settings. Against this background, I justify the case selection and the methodology of the study.

2.1 Transformation of Regulation in the Era of Globalization

Globalization is defined in a variety of ways. Scholars have focused on economic, political, social and cultural facets and corresponding transformations in the contemporary world. In my analysis I follow the approach of Kahler and Lake (2003a: 3) who define globalization as the emergence of one global economic space and a common global market. Kahler and Lake (2003b) explore how economic globalization affects governance. They convincingly show that the emergence of global markets brings about significant transformations in the patterns of governance in domestic and international political arenas.

That markets cannot function without formal and informal institutions (Beckert 2007; 2001a; Fligstein 2005: 185; North 1990) is a widely accepted theoretical statement with profound implications for the studies of international markets. In modern capitalist societies, states define and enforce property rights, formal laws and exchange rules (Fligstein 1996; 2001a). These fundamental rules shape mutual expectations, enable national production and the exchange of goods and services through markets. States also intervene to prevent market failures and correct

undesired consequences of the market economy. They create welfare systems to protect workers and standardization systems to protect consumers. They also secure fair competition in markets. States provide rules that guide the behavior of actors and shape their expectations (North 1990: 3), help solve coordination problems and protect workers and their families and consumers.

In international markets, actors face a similar set of problems (Fligstein 2005: 184), but unlike national markets international markets lack a global state that could effectively create and enforce rules, intervene to solve coordination problems and alleviate negative consequences of the economic globalization. In response to the emerging demand for governance in international markets, the authority is moving upwards to regional and international arenas (Kahler and Lake 2003b) where states have created international organizations to regulate production and trade. When creating international economic governance regimes states have favored projects of negative integration (Fligstein 2005).[2] Seeking to create a common economic space in which goods, capital and services would move freely and be efficiently allocated through open markets, governments have worked to reduce barriers to trade and to remove rules discriminating international firms and favoring national firms.

It is, however, hard to imagine that perfectly free markets and purely negative integration projects could potentially be feasible. Chorev (2005: 319) suggests that free trade requires probably more rules and enforcement mechanisms than closed markets. Indeed, if states agree to significantly reduce barriers to trade and create a single economic space, they have to create rules and organizations that keep states from breaking their commitment to trade liberalization, impose free trade rules on domestic economic actors and punish them if they fail to follow. Fligstein and Stone Sweet (2002) show that the European Union (EU) moved from a negative integration project of creating a common European market to a more positive integration project of constructing a polity. The World Trade Organization (WTO) with its well-elaborated dispute settlement mechanism replaced the General Agreement on Tariffs and Trade (GATT) and increasingly affects domestic trade policies. Chorev (2005)

[2] Fligstein (2005) follows the distinction between positive and negative integration introduced by Scharpf (1999). Negative integration is the removal of barriers to free trade in creating international markets for goods and services. Positive integration is the development of rules that regulate international trade.

shows that the U.S. imposed liberal trade rules on others under the GATT's negotiations but WTO dispute settlement mechanisms also challenge and restrict U.S.' own protectionist measures. WTO rules of dispute settlement, therefore, back up negative integration.

Moreover, open markets and global trade trigger new regulatory issues, including cross-border mergers and acquisitions, intensified labor migration, recognition of foreign credentials and global environmental problems. States respond to emerging regulatory issues by creating more international rules that facilitate further development of free markets and tackle negative consequences of production and trade for global environment and social justice. These rules also should be consistent with free trade and open markets rules.

Economic globalization, therefore, goes beyond mere dismantling of institutions that appear to constitute barriers to free trade. It can be viewed as a regulatory institution-building project embedded in the normative framework of neo-liberalism which emphasizes the ability of open markets to efficiently allocate resources and to maximize collective wealth and which redefines the role of governments in the regulation of the global economy.

However, states' efforts to govern the international economy are not always perceived as adequate. For example, Meyer et al. (1997) show that the number of international environmental organizations and treaties grew dramatically from 1870 to 1990 and formed an extensive and well-structured world environmental regime. Yet, many scholars, policy-makers and activists remain skeptical of the effectiveness of international arrangements for environmental protection. Levy, Keohane and Haas (1993: 398) found little evidence that international organizations enforce rules. Rather, the role of international organizations has been to promote concern among governments, monitor environmental quality, improve national policy measures and strengthen national political and administrative capacities (Haas, Keohane and Levy 1993).

Obviously, some institutions are more effective than others. It depends on a range of factors, including the nature of the problem, administrative capacities of intergovernmental bodies, power configuration among participating states and

exogenous environmental and structural factors (Young 1994).[3] While several environmental regimes have been very effective and significantly improved environmental protection, others failed or even never emerged. More than seventy countries signed a series of ozone treaties and committed to reduce the emissions of chlorofluorocarbons to protect the ozone layer. As a result, the use of chlorofluorocarbons dropped more than 20 percent between 1986 and 1993 (Parson 1993). In contrast, the Climate Convention and Biodiversity Convention proved to be less effective; an international forest convention never emerged (Lipschutz 2001). Similarly, no international convention that would globally regulate labor conditions or effectively protect human rights has so far emerged.

States and in particular governments of developing countries are often unwilling to sacrifice their autonomy in setting environmental and labor standards. They perceive low environmental requirements and low labor costs as their comparative advantages in the global economy. Moreover, governments in developing countries also often do not have enough resources to promote better environmental and social standards in their countries. As the failure to agree upon an international forest convention suggests, developing countries often demand more international aid and technology transfers in exchange for better environmental performance. Developed countries in turn are reluctant to increase their contributions to international aid and transfer technologies (Gale 1998; Humphreys 1996). The inability of states to effectively regulate negative social and environmental consequences of the global economy undermines citizens' trust in states.

Furthermore, critics claim that the authority of states over national societies and economies has declined and states have been retreating. Strange (1996) argues that the power to distribute resources increasingly shifts from states to nonstate authorities ranging from mafias to transnational business and international bureaucrats. Murphy (1994) suggests that a large number of international governmental organizations emerged to serve the interests of multinational corporations in promoting international trade and standardization of products. While states have invested significant efforts in building one economic space and have been relatively

[3] More on the topic of effectiveness of international regimes, see Jacobson and Brown Weiss (1995), Chayes and Handler Chayes (1995) and Miles, et. al. (2002)

successful, they have not created a global welfare system to protect globalization losers – workers, according to Murphy (1994) and Kriesi et al. (2008) – and a global environmental protection system to protect the environment. The benefits of economic globalization flow predominantly into multinational corporations based in the three wealthiest industrial regions, in which the world economy is centered – the United States, Japan and the European Union (Hirst 2000: 113-117). The analysis of the world's income distribution, financial flows and foreign direct investment concentration reveals that most of the countries in Africa, Latin America and South Asia remain excluded from the global economy (Hirst and Thompson 1999, ch. 3).

Globalization and technological advances empower nonstate actors to challenge the authority of the states over international rule-making. For one thing, if firms consider that states are too slow to react to their needs, they are likely to coordinate and set up private rules to regulate their own behavior. Mattli (2003) shows that private actors get involved into setting international technical standards when states lack technical expertise and financial resources and are, therefore, too slow in producing technical standards that firms need for the effective functioning of markets. Firms also engage in private rule-making when they perceive a likely regulatory intervention by states as a threat to their autonomy. They make rules that set constraints on their own behavior but prevent governmental regulation that may impose even greater constraints on them (Haufler 2003: 227)

At the same time, globalization also empowers social movements around the world and facilitates building coalitions across borders. As national economies internationalized, production and supply chains stretched across national borders and connected producers, buyers, investors and consumers in different countries. Activists press consumers and governments in consuming countries, mostly Europe, North America and Japan, and international organizations to take action to protect citizens and the environment in producing, mainly developing countries. Utilizing new information technologies and ever cheaper means of communication and transportation, activists form transnational networks, organize cross-border campaigns and effectively challenge the hegemony of states, international governmental organizations and large corporations (Keck and Sikkink 1998). Activists mobilize wider constituencies through media and direct action campaigns and press corporations, governments and international publics to respond to multiplying global

environmental and social problems and improve their environmental and social policies and practices.

Clearly, cheap means of communication (e.g., telephone and internet) and transportation (e.g., increasingly cheaper flights) are not the only preconditions for the success of campaigns organized by transnational networks of nongovernmental groups and organizations. The growing population of intergovernmental organizations, such as the U.N., serves as a forum for NGOs where they could meet, network, exchange experience, ideas and information and organize. The growing influence of nongovernmental groups on the debates in intergovernmental organizations has been documented in the literature (Arts 1998; Böhling 2011). Moreover, a strong moral appeal of the most nongovernmental organizations focusing commonly on violence to vulnerable people and injustice – environmental or social – does not allow the general public and therefore the states to ignore the NGO claims completely. The increasing organizational capacities, the growing number of NGO supporters and – not at least – increasing revenues associated with the growing standard of living in affluent countries provides important preconditions for the success of campaigs despite significan logistical problems. Moreover, since campaigns require temporary cooperation and are usually not long-lived, the problems of collective action are not formidable (Keck and Sikkink 1998).

Global economic players, in particular large reputation-conscious firms that become the target of the activists' shaming campaigns, realize that the activity of social movement activists threatened to damage their reputation, that it could cause financial losses and inspire governments to adopt new regulations that would set additional constraints on their behavior. To respond to the growing concerns of activists and avoid potential threats to their autonomy, firms increasingly pursue self-regulation strategies (Haufler 2003). Firms may individually or collectively commit to higher environmental and social performance standards developed by individual firms or industry associations in the form of various codes of conduct and self-reporting initiatives. Firms may also cooperate with activists in multi-stakeholder programs where they jointly negotiate standards for social and environmental performance. Such projects aim at making corporate behavior more transparent and accountable to wider constituencies beyond shareholders and governmental bodies as well as at demonstrating responsible social and environmental behavior and improving it.

Vogel (2008: 262) estimates that approximately three hundred codes of conduct now regulate major sectors of the global economy. A number of programs of voluntary certification of corporate social and environmental performance emerged in the 1990s and 2000s in forestry, fisheries, mining, tourism and apparel industry (Bartley 2007b). This indicates that rule- and standard-making authority is shifting sideways and the patterns of governance are fundamentally changing (Cutler, Haufler and Porter 1999; Hall and Bierstecker 2002; Haufler 2003: 226).

How have private rules evolved? How do they differ from more traditional rules developed and enforced by states? Private rules are soft rules. They emerge as an alternative to more traditional hard rules at the core of public regulation and become a part of public and private policy repertoires. States may opt for soft law to facilitate international cooperation when enacting legally binding rules entails significant costs and is complicated by political conflicts among participating states (Abbott and Snidal 2000). Nonetheless, while for states soft law is only one part of their repertoire complementing hard law, for nonstate actors it is the only option. Soft rules are not legally binding; they are voluntary; and they are increasingly flexible and open to interpretation. This means that firms voluntarily commit to these rules; they can easily withdraw or avoid strict implementation of rules due to their flexibility and openness to interpretation. Given that rule-makers cannot enforce rules through traditional sanctions, they have to construct new kinds of incentives and sanctions to encourage firms to commit to rules. These incentives are associated with market benefits, including reputation gains, increased market access and price premium (Djelic and Sahlin-Andersson 2006a: 5-6).

While firms and industries may be better off when they strategically opt for soft private regulation to avoid governmental intervention, activists do not always perceive soft rules and voluntary forms of governance as producing the best outcomes in terms of environmental, labor and human rights protection. They may actually prefer hard regulation enforced by governments, including bans, but still regard soft rules as their second best option compared to no regulation. Using the examples of regulation of global forestry and apparel industries, Bartley (2003) shows that policy repertoires of both governments and private actors are often limited to these market-based voluntary arrangements.

Global rules of negative integration often prohibit statutory actions by states that could threaten free trade on the basis of methods of production, including

mandatory certification or import bans. Many policy options, for example bans and tariffs, can be interpreted as such barriers to trade and, therefore, are outlawed by WTO rules. Governments and private actors, therefore, increasingly opt for voluntary nonstate solutions, including voluntary agreements, self-assessment and self-reporting, codes of conducts, various forms of corporate social responsibility and voluntary certifications. Due to their voluntary nature and their reliance on consumer or investor choice, peer pressure and reputation risks, these new rules and forms of regulation do not constitute barriers to free trade. They, therefore, do not contradict the dominant normative framework of neoliberal globalization and shift the authority – and the burden of regulation – from governments to nonstate actors.

The emergence and diffusion of private forms of regulation naturally led to various reactions of policy-makers, stakeholders and scholars ranging from an outright support to a sophisticated critique of private regulation. The supporters of private regulation believe that market-based solutions can be more effective than public regulation. They argue that privately made rules help improve corporate social and environmental practices, especially when governments are unable or unwilling to strengthen their control over social and environmental behavior of firms. In addition, unlike bans, tariffs and similar forms of public regulation, private rules fit the neo-liberal framework of economic globalization reflected in the regulations of the WTO and are not prohibited as violations of free trade rules. Moreover, the legitimacy of private rules, or the acceptance by constituencies, is supposed to derive from scientific knowledge, independent expertise and quasi-democratic decision-making process. Several studies have shown that transnational private regulation has yielded direct and indirect positive effects (Cashore et al. 2006a; Pattberg 2006). These factors to a large extent explain why forms of self-regulation and multi-stakeholder regulation become increasingly popular and multiply quickly.

While critics accept that market-based voluntary regulatory instruments may be the only feasible solution to growing environmental and social problems under the dominant neoliberal agenda of the globalization project, they also question whether these regulatory instruments are more effective than public regulation and whether they can be effective at all. Critics claim that these solutions are voluntary and do not have the kind of authority and universal legitimacy that hard law may have and, therefore, they can be easily ignored or violated. Some also point out that voluntary solutions often have a limited geographic scope and focus on the advanced countries,

reach only larger firms, have problems with securing long-term financial support and compete with each other (Gulbrandsen 2005b; Pattberg 2005a; Rametsteiner and Simula 2003). Critics also question the legitimacy of new rules and argue that they are fragmented rather than universal.

Given these tensions and uncertainties, whether private arrangements are actually successful and effective is an open question. Few actually doubt that new private regulatory forms produce actual change but the extent of improvement and particularly the overall effectiveness of emerging regulatory forms are hardly measurable. In many cases, it is easy to identify specific changes in corporate practices but it is also almost impossible to judge whether these change will produce improvement in environmental protection, human rights and labor conditions in the long run and on a large scale. In other words, private transnational regulation does produce behavioral outcomes but it is unclear whether these changes in behavior of some companies and people will translate into larger improvement of social and environmental conditions nationally or worldwide. Even supporters of new models of regulation of the international economy accept that their impact has so far been limited.

Transnational private regulation increasingly draws the attention of scholars in political science, sociology, policy studies, management and environmental studies. Scholars have so far mainly focused on the process of the emergence and institutionalization of private initiatives as legitimate forms of economic regulation. The actual operation of transnational regulation, its impact and effectiveness, however, have remained relatively neglected in academic literature. My thesis contributes to this neglected area of inquiry by exploring the impact of a specific form of private regulation of firms' environmental and social performance – forest certification. In the next section, I will elaborate on this gap in the existing literature focusing on private regulation and outline the research questions of my study.

Before I turn to the review of the existing literature and specifying in a greater detail the research problem, I review the classification of types of private rules and organizational forms. The emerging forms of transnational governance are very diverse. Private technical standard-setting organizations develop and function differently from public-private partnerships for labor protection. International intergovernmental organizations operate differently from multi-stakeholder organizations setting voluntary environmental standards. In this section, I will briefly

reproduce the classification of forms of transnational regulation (Pattberg 2006: 243-246) to distinguish the form that is the focus of the dissertation and highlight its features comparing them with the characteristics of other forms of private transnational regulation.

2.2 The Classification of Forms of Transnational Private Regulation

Pattberg (2006) identifies three criteria that are useful for classifying forms of transnational regulation: (i) who the rule-makers are, (ii) what kind of rules they make and (iii) how they monitor and verify compliance.

Based on the *kind of rule-makers*, forms of governance can be categorized into public, public-private and private forms of governance. Public regulation is the traditional form of regulation embodied at the international level in international agreements, administered by international organizations. Here states are responsible for making rules, implementing them, monitoring the compliance of national actors and sanctioning non-compliance. Although states also increasingly opt for softer forms of regulation without strictly defined sanctions at the international level, public regulation at the national level has been traditionally associated with hard law with traditional sanctions as compliance mechanisms.

When governments cooperate with the private sector to make new rules, hybrid forms of regulation emerge, including public-private partnerships and voluntary agreements. One example is the World Business Council for Sustainable Development (WBCSD), an international association of approximately two hundred companies from thirty-five countries. It was founded in 1992 with the support of the United Nations Conference on Environment and Development (UNCED) secretariat to ensure the participation of industry in the UNCED and has since cooperated with the largest international organizations, including UN departments and programs and the World Bank, nongovernmental organizations and business associations. Rules and programs created within the framework of this kind of organizations and partnerships are soft rules, guidance and voluntary non-binding standards.

In my thesis, I focus on those forms of governance where rules are made exclusively by private actors, i.e., firms and social movement organizations. While rule-making is formally independent from governments, governments may still support such rules as substituting or complementing legal rules. Private actors design

rules to guide their own behavior and agree upon a set of constraints. When firms cooperate to design technical standards or codes of conduct, such forms of regulation are called industry self-regulation. One example is the Responsible Care initiative in the chemical industry. Chemical industries committed themselves to the improvement of their health, safety and environmental performance and developed a set of common principles. Regulation based upon agreements between firms is called self-regulation. When firms and social movements cooperate and jointly make standards, such forms are called co-regulation or multi-stakeholder regulation. The example and the focus of this thesis are the certification programs in forestry, labor standards and fisheries that bring together environmental, social and business interest groups to make environmental and social standards.

A typology of private rules based on their *content* would have to be very diverse. Private rules range from conflict settlement procedures to technical standards to prohibition of trade in endangered species. They govern a variety of issue areas, including environment, labor conditions, technical standards, human rights protection, trade and many others. It is useful, however, to distinguish standards as one of the most important types of private rules (Abbott and Snidal 2001; Pattberg 2006: 244). In international industrial production markets, standards play an important structuring role Producers derive their identities in relation to how they meet the standard understood as a price-quality-delivery function, which is "largely determined by those who buy" and "embedded in international agreements, conventions and business culture" (Aspers 2008: 195-197). By providing identities to producers, standards order and structure the relationships between producers and buyers in industrial production markets. Social and environmental standards, which often relate to the ethical or moral aspects of markets in contrast to price-quality-delivery functions, also become a source of identity for producers and structure market relationships (Aspers 2006).

The crucial distinction among standards is between product-related and process-related standards. Product-related standards specify the qualities and characteristics of a product, including technical, safety and quality characteristics, whereas process-related standards define production methods and management systems and practices and often focus on ethical, social and environmental aspects of production and trade. Technical standards often emerge as a form of business self-regulation, while activists mainly involve in the setting of social and environmental standards.

The distinction between these two types of standards is important, since it may have serious implications for the ways actors negotiate, adopt and implement them. Using the analytical instruments of game theory, Scharpf (1996: 20-25) analyzes product- and process-related regulations in the EU and suggests that countries with different levels of economic development, productivity and revenues may have different substantive and procedural preferences concerning product regulation but are still likely to reach agreement on common product-related standards. Since member-states previously agreed to create a common European market and different national product-related requirements are likely to foster the fragmentation of markets, members-states would also agree on common product-related standards facilitating a common market, although negotiations are likely to be difficult.

In contrast, member-states are likely to prefer a non-agreement outcome on process-oriented regulations, which "do not affect the usability, the safety and quality of products" (p. 21). Imposing higher levels of process-related regulations could undermine the international competitiveness of economies with lower productivity, lower labor costs and higher pollution rates. Inversely, imposing lower standards might damage the competitiveness of the highly industrialized rich countries that may fear to become victims to "ecological dumping". Therefore, both rich and poor member-states would prefer no European regulation of process-related standards, including environmental and labor regulations. According to Scharpf (1996: 25), the harmonization of process-related regulations at the European level has indeed proved to be much more difficult than the harmonization of product-related standards.

Although this is an example of public regulations negotiated and adopted at the European level, it demonstrates that it is difficult for actors to achieve agreement on process-related standards, both private and public, since they may impose significant costs on producers and, thus, undermine their competitiveness in international markets. Moreover, it is unlikely that consumers would be willing to bear significant additional costs because the introduction of process-related standards does not affect the quality of the products, in contrast to product-related standards. To convince corporate buyers and individual consumers to buy goods produced in a socially and environmentally appropriate way, private actors have to appeal to the moral values of environmental protection and respect for labor and human rights and persuade buyers and consumers to invest in them. In addition to the lack of rule-

making authority equivalent to those of states, this complicates the making and implementation of private process-related standards.

Based on the *compliance verification procedures*, forms of regulation are divided into systems of first-, second- or third-party verification. In first-party verification systems, a company or an organization develops rules of behavior for itself, internally verifies its own compliance and reports the results to the interested public. In the case of second-party verification systems, organizations that develop standards also verify compliance with standards. Second-party verification is a common practice in industry associations. Associations develop standards and require its members to report their compliance to the association where the reports are reviewed and evaluated. A company that does not comply may be denied membership. Third-party verification of compliance requires that standard-makers and verifiers are formally separated and independent from each other. In this case, compliance with standards is verified by a third party, a verification organization independent from both standard-setting organizations and organizations under evaluation. Certification of environmental and social performance is based on systems of second- or third-party verification.

Systems of verification of compliance can be also divided into system- and performance-based systems. In system-based verification, the compliance of systems of management with the standards specifying the characteristics of such management systems is assessed and evaluated. In performance-based systems, the focus is not only on the design of the management systems but also on their actual operation. The critics of system-based verification suggest that it is the weakness of such systems that they do no evaluate the actual performance of firms. For example, in the forest certification program of the FSC in addition to assessing the systems of forest management of forest companies, certification bodies organize field assessments of actual forestry practices and their effects. Although this imposes additional costs on companies, it is also expected to improve the control of firms and certification bodies over the environmental and social performance of firms.

Despite the diversity of forms and types of transnational private regulation, common to all of them is that they are based on soft rules, that the participation in them is voluntary and that they rely on incentives associated with market benefits. By participating in private regulatory projects, firms expect to distinguish themselves

from non-participating firms and make use of the market advantages provided by regulatory initiatives.

In the first two sections of the chapter, I have described the background of the thesis: the transformation of governance in the globalization era, including the rise and diffusion of private forms of regulation. I also provided a classification of forms of private regulation and outlined a research problem, i.e., the process of implementation of global private standards and their translation into corporate practices. The following sections review the existing literature related to the problems of adoption, implementation, and effectiveness of transnational private forms of regulation. I present existing theoretical and empirical studies focusing on the reception of global rules by local actors in specific domestic conditions. I argue that implementation of global rules and their translation into improved environmental and social corporate practices has remained a relatively neglected area. Studies that focus on domestic factors and processes shaping the unfolding of private regulatory programs in domestic contexts successfully specify the patterns of adoption of private standards by private firms, but they do not explain the very process of implementation of private standards and its outcomes. Studies that in turn identify the effects of the adoption and implementation of private standards do not explain what shaped the specific effects in specified domestic conditions. I will then proceed to the case selection and case background.

2.3 Identifying a Research Gap: A Review of the Certification Literature

The existing literature dealing with private forms of transnational regulation has focused almost exclusively on the emergence and institutionalization of the private rules and organizations that seek to improve firms' environmental and social performance. Scholars have analyzed why, how and under what conditions specific private programs and rules emerge and become durable, how and under what conditions private forms of regulation become legitimate, how firms and social movements agree on specific rules and why firms opt to agree with the rules that social movement organizations impose on them. The studies emphasize the role of nonstate actors, including firms and activists, the neoliberal context shaping the form and content of rules and structural transformations associated with economic globalization of production and trade.

Bartley (2003) convincingly shows that social movement campaigns targeting large reputation-conscious firms and the neoliberal institutional context led to the emergence of programs for certification of corporate environmental and labor performance. In another article, he shows that these programs emerged both as problem-solving institutions looking to improve poor performance of firms and as institutionalized political conflict-settlement arena for firms and environmental and labor activists (Bartley 2007b). He emphasizes the role of institutional entrepreneurship, broad political conflicts over rules between states, social movements and industries in a transnational political arena, and dominant neoliberal agendas of economic globalization (for similar arguments see McNichol 2006). In line with Bartley's argument, scholars emphasize the general transformations of the global economy reflected in the expansion commodity chains stretching between countries and growing organizational resources of nonstate actors, both firms and social movements (Keck and Sikkink 1998; Pattberg 2005b).

Potoski and Prakash (2005) develop a model to explain why such forms of regulation based on voluntary commitment of firms to private standards of environmental and social performance often exceeding governmental regulations become durable. They suggest that for firms the participation in voluntary certification programs incurs private costs associated with the production of public goods, i.e., better environmental performance or higher labor standards. In return, participating firms receive benefits associated with the membership in voluntary programs: They can publicize their participation in voluntary programs and thereby improve their reputation. These benefits are neither private nor public but so-called club goods, i.e., accessible to members of voluntary programs only. Voluntary programs providing membership benefits, or club goods, solve the problem of free-riding, since poorly performing firms or firms wishing to only rhetorically commit to these standards cannot become members. Such an institutional design is preferred by well performing firms because they can be confident that free-riders cannot benefit without sharing the costs of better environmental and social performance. Using this perspective, Prakash and Potoski (2005) show that firms that become certified in ISO environmental certification program ISO 14001 demonstrate improved compliance with governmental regulation.

While these and many other scholars produced a number of theoretically interesting and empirically sound studies of the research problems associated with the

emergence and institutionalization of private forms of regulation, especially of various certification programs, the questions of the implementation of private rules and compliance with them in domestic contexts has remained a relatively neglected area of research. These questions are, however, crucial for understanding the operations of voluntary programs and their impact on global and national policy dynamics, the structure of markets, corporate practices and the actual impact of private rule on the environmental and labor conditions, especially in developing countries (Schneiberg and Bartley 2008). In a recent review of transnational private regulation research, Vogel (2008: 275) suggests that scholars have focused on the impact of private regulation in developed countries, most commonly the United States and that we know most about the origins, standards, governance and patterns of firm adoption of voluntary environmental standards in these countries. The effects of voluntary certification programs on the condition of the environmental or labor standards, the structure of markets, organizational practices and national and global policy dynamics received significantly less attention (Vogel 2008: 275-276).

To approach the impact of private regulation, Cashore and Bernstein (2004) focus on the legitimacy of new forms of regulation with the focus on certification programs in the forestry sector. They identify two levels of legitimacy: the global and the domestic level. At the global level, legitimacy rests on the fit of programs in question with the global normative environment, i.e., the neoliberal framework of economic globalization, and on the consistency with existing multilateral rules and institutions. In other words, to be accepted rules and standards that voluntary certification programs impose should be embedded in pre-existing institutionalized normative structures. Domestic legitimacy, or acceptance of certification programs by domestic actors, depends crucially on domestic structural factors, including a country's place in the global economy, the history of forestry on the public agenda and the structure of the domestic forestry sector (Cashore, Auld and Newsom 2004).[4] Later, Cashore, et al. (2007) added two additional factors that shape the forest

[4] In their analysis of domestic legitimacy, Bernstein and Cashore (2004) and Cashore, Auld and Newsom (2004) use a somewhat simplified concept of legitimacy that they label pragmatic legitimacy, following Suchman's distinction between pragmatic, moral and cognitive legitimacy (Suchman 1995). Pragmatic legitimacy is the acceptance of rules by certain constituencies on the basis of short term material self-interest. In contrast, moral legitimacy is based on the belief that accepting certain rules is "the right thing to do" and cognitive legitimacy refers to the taken-for-granted acceptance of rules.

companies' and forest owners' support of the FSC: the kind of product exported by a country and the importance of the targeted region to the supporters of forest certification (see Table 1). They analyze the development of forest certification in Canada (British Columbia), Germany, Sweden, Britain, the U.S. and Finland to show that the acceptance of private standards was highly uneven and shaped by domestic forces.

Similarly, McNichol (2006) analyzes the development of forest certification in the U.S. and in Great Britain and suggests a list of domestic factors that shaped relative success of FSC supporters in promoting forest certification in the British case and the failure of FSC supporters in the U.S. to gain equal support. These factors include the relative strength or weakness of coalitions of FSC supporters, buyers and retailers and their strategies, the proximity between prevailing cultural beliefs regarding forestry practices and the standards advocated by the FSC, the degree of support by governments and existing land tenure and forestry practices regulations.

In order to explore how forest certification works in developing countries where the costs of compliance are expected to be significant, Espach (2006) analyzes the experience of two less advanced countries in Latin America, Argentina and Brazil. He asks what factors account for the greater effectiveness of forest certification in Brazil. In general, his findings are consistent with the theory of Cashore, Auld and Newsom: The structure of export and import, domestic consumption (what products are sold where), the structure of the domestic forest industry and the history of forest policy on the public agenda explain the relative success of forest certification in Brazil. An additional explanatory factor is the ability of transnational environmental organizations to mobilize the support of local environmental organizations.

Research on the structural and political determinants of the support of private regulation explains the uneven adoption of private regulatory programs in various domestic contexts but it ignores the implementation of global rules in domestic contexts and its effects on corporate practices. Yet, the implementation of adopted standards is not a simple process of top-down execution of new rules that automatically leads to the improvement of corporate practices on the ground. Implementation may incur significant costs. The question is whether companies will modify their practices despite significant costs or whether the supporters of private programs of forest certification will alternatively adjust their standards in order to address the concerns of forestry companies.

Table 1: Factors Facilitating and Debilitating the Adoption of the FSC Forest Certification

1. Place in the global economy	H 1.1	Forest companies and non-industrial forest owners in a country/ region that sells a high proportion of its forest products to foreign markets are more likely to be convinced to support FSC than those who sell primarily in a domestic-centered market
	H 1.2	Forest companies and non-industrial forest owners selling wood to a domestic market in a country/region that imports a large proportion of the forest products it consumes are more likely to be convinced to support FSC than those in a country/region that imports a small proportion of the forest product it consumes
2. Structure of domestic forest sector	H 2.1	Large and concentrated industrial forest companies are more likely to be convinced to support FSC than relatively small and less concentrated industrial forest companies
	H 2.2	Unfragmented non-industrial forest ownerships are more likely to be convinced to support FSC than fragmented non-industrial ones.
	H 2.3	Forest companies and non-industrial forest owners in a country/ region with diffuse or non-existent associational systems are more likely to be convinced to support FSC than those in a country/region with relatively well-coordinated, unified associational systems.
3. History of forestry on public agenda	H 3.1	Forest companies and non-industrial forest owners in a country/ region with sustained and extensive environmental groups and public dissatisfaction with forestry practices are more likely to be convinced to support FSC than those in a country/region with less dissatisfaction
	H 3.2	Forest companies and non-industrial forest owners in a country/ region where access to state forestry agencies is shared with non-business interests are more likely to be convinced to support FSC than those in a country region where forest companies and non-industrial forest owners enjoy relatively close relationships with the state forestry agencies vis-à-vis non-business interests
4. Kind of exported product	H 4.1	When a country being targeted exports a common and substitutable forest product, the domestic forest sector is more likely to be susceptible to the converting strategies of FSC supporters
5. Importance of targeted region	H 5.1	The forest sector will be more likely to support FSC when FSC strategists view the region as key for gaining support elsewhere, rather than for addressing pressing problems within the region

Source: Cashore, Auld and Newsom 2004; Cashore, Egan, Auld and Newsom 2007

Several studies have indeed focused on identifying the effects of private standards on corporate practices and market structures. Cashore, et al. (Cashore et al. 2006a; 2006b) identify a number of political, environmental, social and economic effects of forest certification in twelve developing and transition countries but they do neither evaluate nor explain these effects. Others focused on such effects of private rules as discursive changes and diffusion of new organizational models. Pattberg (2006: 242) claims that the analysis of the influence of private regulation should focus on discursive changes, norm diffusion, knowledge brokering, social learning and diffusion of new organizational models rather than on implementation and compliance issues. However,

the diffusion of knowledge and organizational models does not automatically produce desired outcomes and the implementation of rules cannot be, therefore, taken for granted. It is, therefore, essential to specify mechanisms and processes that lead to the actual changes on practices of concrete firms.

Surprisingly, the studies that address the effects of forest certification in advanced industrial countries, even in countries where many firms quickly adopted new rules, show that forest certification has had little or no effect on firms' environmental practices. Gulbrandsen (2005a) documents that forest certification in Sweden and Norway resulted into high participation of forest companies and growing demand for certified products by corporate purchasers but not by individual consumers and it reduced conflicts over forestry practices. In line with Vogel's criticisms (2008: 275), he emphasizes, however, that surprisingly little is known about the environmental effects of forest certification and, therefore, its efficacy as a policy instrument (2005a: 145). Similarly to Gulbrandsen (2005a) and Pattberg (2006), Rametsteiner and Simula (2003: 96) also find that "few facts would support a conclusion that forest certification is a particularly effective instrument for biodiversity maintenance." They suggest that forest certification is unlikely to work against biodiversity but its impact is rather limited.

The existing studies addressing the effects of private regulatory programs, therefore, focus on a number of important aspects that, however, require further exploration if we want to understand how private regulation operates on the ground and what its potential is for changing environmental and social performance of firms, especially in countries other than wealthy countries of North America and Europe. Their main shortcomings include that they take the process of implementation of global rules in local contexts for granted and implicitly assume that, once established and adopted, rules may more or less automatically translate into environmental and social improvements; that they identify but do not explain the specific effects of forest certification; and that they focus almost exclusively on the experience of advanced industrial countries. Moreover, the studies differ in evaluating the effects of private rules. This observation may raise a number of questions addressing the conditions, under which private rules become effective and work towards the goals of rule-makers. The implementation process can, therefore, be identified as a gap in the existing research addressing emerging transnational private regulation.

Issues of implementation are not new to the social sciences. During forty years of implementation research in public policy, European integration and international regimes – the pioneering study of Pressman and Wildavsky was published in 1973 (Pressman and Wildavsky 1973) – policy scholars have accumulated important theoretical insights and empirical evidence to explain implementation process and outcomes. They moved from viewing implementation as a technical top-down process of execution of orders to conceptualizing it as conflict-laden process of interpretation and negotiation of orders. In the following section, I will review the main contributions from policy implementation analysis and evaluate the usefulness of these arguments for explaining the implementation of global private rules.

2.4 Lessons from Policy Implementation Research

One of the central insights of the public policy implementation research is that implementation is a complex web of interactions between multiple actors connected into policy networks that include policy-makers, "street-level" bureaucrats responsible for the execution of orders from above, political parties, epistemic communities and individual experts, interest groups and international actors (Marin and Mayntz 1991).[5] Implementation is not only a technical process of realization of policy objectives, or putting laws and orders into practice. It is a political process that involves contestation, political conflicts over authority and distributional outcomes as well as negotiation of meanings that shape policy effects. Given that there is always a gap between general regulations and concrete situations, implementation is an interpretative process. Multiple, sometimes ambiguous and conflicting goals and meanings are embodied in polices that need implementation. Implementing actors confront these ambiguities and need to determine their meaning. Moreover, implementation cannot be completely isolated from policy formation, since through the process of implementation actors deconstruct and reconstruct policies (Yanow 1996). Through various feedback mechanisms, implementation may result into redefinition, substantial reform or a complete abandonment of a specific policy (Pülzl and Treib 2007).

[5] In writing this section, I benefited greatly from two comprehensive reviews of policy implementation research: Treib (2006) and Pülzl and Treib (2007)

Although policy scholars identified dozens of factors and forces which may be at work simultaneously when a specific policy is applied in a particular context, these factors can be roughly grouped into four broader categories: administrative, institutional, actor-related and cultural factors (Falkner et al. 2005, ch. 14, 15). Studies that emphasize administrative factors focus on technical aspects of the implementation process: the definition of policy objectives, legal procedures, administrative and financial capacities of implementing actors, effective monitoring and enforcement. It is argued that as long as policy objectives are clearly defined, domestic legal procedures are streamlined, state apparatus is well-organized and financial resources and administrative capacities are sufficient, policy implementation will be effective and will bring about planned policy outcomes.

Institutional approaches to policy implementation in the EU suggest that the degree of "misfit" of a specific policy with the preexisting institutional structures explains the differences in its implementation (Duina and Blithe 1999; Knill and Lenschow 2000a; Knill and Lenschow 2000b). This argument rests on the assumption that institutions are "sticky" and resist change. Studies on European integration show that European policies have to be implemented in highly institutionalized regulatory contexts and if domestic regulatory structures and existing policies fit each other, the process of implementation will be unproblematic and smooth.

This view is challenged by scholars who empirically show that the behavior of domestic actors is independent of the degree of regulatory fit or misfit (Mastenbroek and Kaeding 2006). They suggest that a multiplicity of interdependent actors and their properties should be taken into account. According to these contributions, a number of actor-related variables shape the implementation of European policies at the domestic level. These variables include institutional properties of policy networks, interest constellations, political party preferences and support or opposition of interest groups. In addition, exogenous factors, including developments in other policy fields and economic transformations, may have an impact on policy implementation (Pülzl and Treib 2007: 98). While these studies fully elucidated a complex political nature of domestic implementation processes, it became unclear how these findings could be generalized to form a coherent theoretical framework instead of being "sometimes-true theories" (Falkner, Hartlapp and Treib 2007).

As a solution to this problem, Falkner et al. (2005) propose a more culturalist explanation of implementation. They emphasize the importance of cultures of

compliance in the transposition of the EU regulations into domestic law and distinguish three "worlds of compliance" – clusters of EU member states with a varying degree of habitual law-abidingness in the political and administrative system. They argue that the implementation of EU regulations ultimately depends on whether a given country belongs to the world of law observance, the world of neglect or the world of domestic politics. In the world of law observance, abidingness is taken for granted and the implementation of EU policies proceeds quickly and smoothly. In the world of neglect, the absence of taken-for-granted compliance culture results in slow and ineffective implementation that, however, remains apolitical. In countries that belong to the world of domestic politics, which is also the largest cluster, culture of compliance is also absent. Actors in domestic political and administrative systems may or may not be willing to implement EU regulations but their implementation behavior depends on political conflicts and political preferences of powerful domestic players, including political parties and interest groups.

Research on the implementation and effectiveness of international regimes has yielded similar results. Regime effectiveness, which can be viewed as an outcome of the implementation of international agreements, depends on a number of endogenous and exogenous factors. Endogenous factors include the nature of a problem and the type of policy, administrative capacities of responsible governmental bodies and the power configuration among participating countries. Exogenous factors include environmental conditions and structural transformations (Young 1994). Additionally, international regime scholars emphasize that domestic compliance with international agreements depends on domestic costs and benefits as well as on the costs of defiance. They suggest that strengthening the monitoring and enforcement capacities of responsible international bodies and increasing the administrative and financial capacities of member countries could be a solution to non-compliance problems (Tallberg 2002)

What can be learned from implementation research in public policy, European integration and international regimes fields that could help improve the understanding of the implementation of private voluntary standards of corporate environmental and social performance? As far as specific factors are concerned that have an impact on the process of implementation, only few can help to understand the dynamics of the implementation of private standards. While some general insights from public policy implementation literature are highly instructive for studies of private standards, the

variables dealing with the political and administrative capacities of international bodies and individual countries, preferences of political parties and interest groups and the number of veto players are not directly relevant to the study of private regulatory programs, since governmental bodies are excluded from decision-making and implementation of rules developed by transnational actors.

In contrast, the question is how private actors are able to implement private rules without financial and administrative support equivalent to the support that governments can offer. Private actors, especially social movements and activist nongovernmental organizations, have to construct an administrative system and secure financial resource inflow themselves as they implement rules. Moreover, since private programs run by social movement organizations are market-based, the tasks of implementing rules and securing financial resources are interconnected. The more firms adopt and implement new rules, the greater is the inflow of financial resources, including administrative fees. Program administrators can be interested in increasing the number of certified firms but their rapid expansion may undermine their capacity to monitor and enforce rules. A growing market for certified and labeled products may deliver greater benefits for private programs but may drive the quality of implementation to the bottom.

The degree of fit or misfit between private rules and local practices can be expected to have an impact on the ability of implementing actors to implement new rules and modify existing practices of firms. The more challenging question, however, is how and to what extent private actors are able to implement rules and to monitor and enforce compliance if the degree of misfit between private rules and local practices is significant. Similarly, political cultures of compliance or non-compliance may well affect the implementation of private rules. However, the argument in this case would become circular: Firms in countries with a compliance culture comply better than firms in countries lacking a compliance culture. In other words, in some countries firms comply because they have always complied. The question is then why firms in these countries always comply. Again, even more interesting is how and to what extent implementation can be successful despite such a culture of compliance.

Nevertheless, several insights from implementation research are useful for the analysis of the implementation of private standards. As I will show in the subsequent chapters and as implementation research suggests, implementation of private rules is laden with conflicts. Implementation is the outcome of political and interpretative

conflicts, negotiations and compromises; it is indeed a complex web of interactions between transnational and domestic actors; it requires the adaptation of global norms to specific local and political situations. On the one hand, implementing actors have to convincingly translate global rules into the domestic policy language, and on the other hand, they have to challenge the existing practices prescribed by domestic policies (and the policy itself can never be fully separated from its language).

To sum up, implementation is not a mere top-down execution of orders in a hierarchically organized bureaucratic systems but a multi-level multi-actor process of *translation,* which includes searching for appropriate local meanings and language, negotiating, compromising, trying, learning and reshaping rules. It is driven by the contradictions within rules and between rules and reality, diversity of contexts and situations, to which rules are applied, and political conflicts between rule-makers and rule-implementers. In the following section, I argue for substituting the notion of implementation with that of translation because it allows integrating an independent role of implementing actors, or rule-takers, in the analytical framework and elucidates the interpretative and transformative aspects of implementation. It reveals how actors renegotiate and reshape rules during implementation.

2.5 From Implementation to Translation

In their fundamental article on institutional change, Streeck and Thelen (2005) emphasize the crucial but often ignored role of rule-takers, as opposed to rule-makers, for institutions as rules and regimes. They suggest that through enacting rules, rule-takers may deliberately or unintentionally reshape rules and, thus, contribute to institutional change. Streeck and Thelen suggest that "the *enactment of a social rule is never perfect*" and "there is always a gap between the *ideal pattern* of a rule and the *real pattern* of life under it" (p. 14, emphasis in the original). Although they identify imperfect enactment as the main source of institutional change, the analysis that I present in the subsequent chapters shows that imperfect enactment and implementation of global rules also contributes to the institutionalization of rules in the first place.

Streeck and Thelen further argue that the meanings of rules are never self-evident and are always "a subject and in need of interpretation". The real meaning of rules has to be negotiated and established before it can be implemented and it has to

be continuously renegotiated in the process of implementation. This provides a rule with a certain degree of flexibility that facilitates its reproduction in uncertain situations that by definition cannot be fully reflected in the rule. Empirical situations, to which rules are applied, are always significantly more diverse than rule-makers can potentially foresee. Streeck and Thelen argue that "… rules cannot be unambiguously and definitively stated facilitates their creative applications in uncertain circumstances, keeping them valid in spite of the inevitably imperfect information of their designers on the circumstances of their implementation" (p. 15). This inherent property of rules – the need for interpretation – is at the center of the concept of translation I propose.

The concept of translation is more telling than that of implementation, since it emphasizes the creative, interpretative and contested nature of implementation processes. It was first developed in French sociology by Latour (1986) and Callon (1986). For Callon (1986: 223-224), translation is a process of creating one's own power over other entities. It involves defining and redefining actors representing the natural and social world, continuous displacement and transformations of goals and strategies, devices, human beings, natural objects and texts (Bardini 1994). Latour (1986) contrasts the model of diffusion of objects, i.e., organizational models, practices and ideas, with that of translation. He argues that diffusion is a metaphor from physics and focuses on the initial force, which triggers the object's movement, and the medium, through which the object moves and which resists the movement. In this sense, either the power of those who trigger the movement, for example of a manager executing an order, or the resistance of the medium, i.e., of the subordinates responsible for executing an order, explains the outcome. The model of translation emphasizes instead the multiplicity of ways, in which people can get involved in the process of diffusion and shape its outcomes:

> *… the spread in time and space of anything – claims, orders, artefacts, goods – is in the hands of people; each of these people may act in many different ways, letting the token drop, or modifying it, or deflecting it, or betraying it, or adding to it, or appropriating it (Latour 1986: 267).*

Czarniawska and Sevon (1996) adopted Latour's model of translation to theorize organizational change. They emphasize the richness of meaning of the term translation: It is not only rendering from one language into another; it is also transference, removal from one place to another, transformation, change and adoption of an object or idea for another use (Czarniawska and Sevon 1996: 6). Latour's

concept of translation enables them to overcome the mechanistic metaphor of diffusion and explain why and how ideas, organizational models, management practices and administrative reforms travel and transform when actors realize them in diverse time-space settings, i.e., localities (Czarniawska and Joerges 1996: 23-24).

The main mechanism of translation is the success of ideas elsewhere, or fashion, that fuels imitation, but translation is something more than imitation. It is conceptualized as an "active learning process" that involves both imitation and innovation "far from being passive adoption" (Czarniawska and Joerges 1996: 9; Sahlin-Andersson 1996). When organizations translate ideas, they adapt external ideas, appropriate them, modify and edit them and add to them, thereby creating and enacting new ideas and practices.

Following the work of Czarniawska and others, Campbell (2004: 80-82) defines translation as "a combination of new externally driven elements … as well as old locally given ones inherited from the past." He argues that the study of translation enables the identification causal mechanisms that explain institutional emergence and change. He emphasizes that the degree to which ideas are translated into local practices and what the outcomes of the translation are depends on local institutional contexts, power struggles and implementation capacities. For example, Djelic (1998) demonstrates in her study of the translation of the American model of industrial production to France, West Germany and Italy that party politics, the lack of ties to the U.S., blocking of implementation by local administrations and pre-war structure of industry based on small and medium-sized family firms shaped the outcome of the translation. The translation in Italy was much less complete than in France and West Germany.

Drawing on the work by Czarniawska (1996), Campbell (2004) and Djelic (1998), Schneiberg and Bartley (2008: 49-50) propose to address how rules and organizational models get reframed during their implementation. They emphasize the importance of studying how new organizational forms shape behavior on the ground and how rules are translated into practices in diverse domestic contexts. They argue that such research requires "clear specification of mechanisms and channels through which global/translocal rulemaking shapes local policy and local policy shapes local practice", although they admit that such research is associated with serious methodological difficulties related to the documentation of translation and local effects of transnational governance. The framework for analyzing translation is,

therefore, organized around three elements – global rules, actors and context – that are interconnected though various mechanisms of translation.

Yet, whereas this approach provides a useful tool – the concept of translation – for understanding the implementation of transnational standards, its application is limited by the lack of an explicit account of the role of conflict and politics in shaping translation outcomes. This is an important drawback, since the introduction new rules in a local context may redefine preexisting power and control structures. The translation literature also does not explicitly deal with potential feedback effects that may influence the initial ideas. It may indeed be argued that global ideas – e.g., principles and standards – are also reshaped and edited when they are implemented in domestic settings. Yet, recent contributions to sociology and anthropology of law suggest that global norms are not creatively edited when they are implemented in domestic settings. Global norm implementation is negotiated between interest (or stakeholder) groups and therefore shaped by political struggles.

The second body of literature that informs my study deals with this issue and analyzes global law-making and domestic law implementation. The overall argument of this literature is that the translation of global legal norms into domestic law and practice is multifaceted, contested, and is shaped by complex interactions between global norms and domestic context as well as between global and local actors. Halliday and Carruthers (2009) and Merry (2006a) also demonstrate that global norm-making and implementation occur at two levels: Global norms are made in transnational forums whereas implementation occurs at the domestic level. I review this literature in the next section.

2.6 Translation in a Multi-Level Governance System

Whereas the sociological-organizational studies of diffusion inspired by the work of Czarniawska and others provide a useful tool – the concept of translation – for understanding the implementation of rules, its application to transnational private voluntary standards is limited, first, by the lack of an explicit account of conflict and politics in shaping of translation outcomes and, second, by its focus on a horizontal movement of ideas between localities, i.e., in space and time. In the case of translation of transnational voluntary rules (e.g., environmental and social standards), we deal rather with the top-down movement of rules and standards that are designed in the

transnational forums, such as the FSC, and should be enacted and implemented at the local level.[6] In other words, they have to be blended into everyday practice in order to become an effective regulatory tool. The recent contributions to the sociology and anthropology of transnational law also provide useful insights on the translation of rules in multi-level and multi-sited systems of governance, both private and public (Halliday and Carruthers 2009; Merry 2006a; Quack 2007).

The students of transnational law distinguish between two conceptual levels, at which the making and implementation of transnational legal norms occurs: the transnational and domestic levels. The first level is the transnational level where transnational norm making occurs. Global norm enactment and implementation occurs at the domestic level. Global norms, both hard and soft, are negotiated in transnational public, private and hybrid forums, including international organizations, clubs of nations (e.g., G-7 or G-22), international nongovernmental organizations, international business associations and international professional associations (Halliday and Carruthers 2009: 73-77). Transnational norms are directly rarely imposed by powerful states, such as the U.S., as is often argued in the literature on the hegemonic dominance of the U.S. and other developed nations (Halliday and Carruthers 2009). Clearly, these actors play an important role in shaping of transnational norm- and law-making, but not only because of their economic power (e.g., manifested through their investment flows) but also because of their expertise, technical assistance capacities (Halliday and Carruthers 2009: 73-77) and cultural dominance (e.g., Western cultural account, see Meyer, Boli and Thomas 1987). Empirical evidence presented by Halliday and Carruthers on bankruptcy law (2009) and by Merry on human rights (2006a) suggests that global norms emerge at the transnational level as a result of iterative cycles of consensus-building and negotiation of rules reflected in documents, resolutions and standards between groups with diverging interests.

Why is consensus-building important? Fair participation and consensus-based decision-making represent sources of formal legitimacy and make rules more legitimate and the acceptance of transnational norms more likely (Mayntz 2010;

[6] Seeing this movement as top-down is simplified. As discussed later in this section, it is better explained as cyclical in nature.

Werle and Inversen 2006).[7] In turn, broad acceptance is likely to make norms more effective. Transnational law-making is usually problem-driven. The systemic financial crisis in the late 1990s and the need for a regime that would govern multinational corporate insolvencies motivated states, international organizations, multinationals and international legal professional associations to negotiate a set of transnational standards of corporate insolvency law (Halliday and Carruthers 2009). The growing awareness of gender violence as a violation of human rights motivated the UN to establish the Commission on the Status of Women that developed the Declaration on the Elimination of Violence against Women signed in 1993 (Merry 2006a: 21-24).

Yet, it would not have been enough to produce a convention or a standard to make autonomous states accept these rules addressing a specific problem. Their participation in the consensus-based norm-making makes them co-authors and co-owners of rules. As Merry argues (2006a: 23), the declaration on violence against women was adopted unanimously and therefore possesses "a moral force of world consensus," even though it is not legally binding. Clearly, world consensus, or more often compromise, is not per se a guarantee that global norms will be adequately implemented as the study of Halliday and Carruthers (2009) demonstrates. In other words, acceptance and compliance are not equal and are not necessarily causally connected. As Mayntz (2010: 13) argues, "the functional importance of legitimacy is easily overestimated." Yet, such co-ownership of global norms makes them more legitimate and is likely to facilitate broad acceptance, if not implementation, of global norms at the national level. It is particularly important, since many transnational rules, ranging from international conventions, agreements and protocols (hard law) to transnational standards (soft law), lack enforcement and sanctioning mechanisms and can only rely on their moral appeal.

However, it should be noted that transnational norm and rule-making should not be understood in functionalistic or deterministic terms. First, problems that motivate rule-making do not emerge "objectively" but are constructed, or framed, by

[7] Following Max Weber, Mayntz (2010: 5) defines legitimacy as "the *belief* in the exemplary and binding nature of a social order" (emphasis in the original) and identifies two sources of legal legitimacy, the rational form of legitimacy prevalent in the modern world (p. 6): formal (or procedural) legitimacy and substantive (or material) legitimacy. Substantive legitimacy is associated with dominant societal values and ideas of justice. Formal legitimacy is associated with procedurally correct decision-making according to pre-specified criteria.

strategic actors who make a problem out of an issue by attracting attention to them, e.g., by organizing campaigns, and motivating collective political action (Keck and Sikkink 1998: 2-3). Not every issue becomes a political problem, and if it does, the specific timing depends on many factors, including organizational capacities of intersted groups and alliances, resource availability or contingent events, such as economic crises, natural disasters or environmental catastrophes (Keck and Sikkink 1998).

Second, if we accept that much of transnational norm making is driven by problem-solving efforts of national and transnational actors, we should also recognize that the solutions they produce do not always effectively solve or mitigate motivating problems. During the process of negotiation, even the initial goals may change. It is possible that emerging rules and institutions do not correspond to the early expectations of those who initiated rule-making process. The content of rules and the design of emerging institutions are shaped by the political struggles between interest or stakeholder groups during consensus- or compromise-building, on the one hand (Bartley 2007b; Halliday and Carruthers 2009), and by the dominant institutional, economic and cultural context, in which actors are embedded, on the other hand (Bartley 2003).

The second level in the transnational governance system identified in the recent studies in the sociology and anthropology of transnational law is the domestic level, where global norms are translated into national law on books and law in practice (Halliday and Carruthers 2007). Basically, global norms are made in transnational forums, whereas implementation occurs in two steps at the domestic level. Through the process of national lawmaking, transnational norms are implemented in national laws that in turn are translated into specific practices and institutions, i.e., law in practice. Here political conflicts as well as a national context also play an important constitutive role. Domestic actors translate global norms into national law and into local practices, but this is not a one-to-one adoption. The outcomes – i.e., national law and practice – are not imposed by powerful transnational actors, but are shaped by the domestic legal, political and social context (e.g., legal arrangements, cultural scripts and interest group constellations) and thus differ across counties (Halliday and Carruthers 2009).

Moreover, domestic implementation is affected by struggles among global and local actors or coalitions of actors with diverging interests and unequal influence.

Similarly to global norms, domestic law and practice are negotiated. Local actors are not passive recipients of global norms, but are their active makers. Halliday and Carruthers (2009) demonstrate empirically that bankruptcy law in Indonesia, China and South Korea converged over the last twenty years towards a model reflected in the transnational standards for insolvency law (mainly UNCITRAL's Model Law on Cross-Border Insolvency[8]), but never become identical. The degree of proximity between global standards and national law depends critically on the balance of power between global and local actors, as well as on the distance between global norms and local legal tradition. Yet, they argue that "not only formal rules are incomplete and ambiguous but also that their implementation never follows a mechanical and determinant fashion" (p. 37).

Why are the implementation of global legal norms have to be negotiated and conflicts settled? Domestic implementing actors may be less powerful as compared to transnational actors that design transnational rules but they are not passive and can delay or even undermine implementation; they may exploit local knowledge and manipulate local institutions in order to carve out zones of independence and to avoid compliance (Halliday and Carruthers 2009). As a result, implementation gaps emerge and trigger new cycles of legal reforms in order to provide solutions to emerging implementation problems. During the revisions, not only technical innovations, such as sanctions, monitoring and enforcement mechanisms, are negotiated and inserted into law, but also the interests and capacities of implementing actors may be taken into consideration.

From this perspective, global norm creation, domestic lawmaking and domestic law implementation is not exactly a top-down process. It is cyclical in nature, or recursive (Djelic and Quack 2003b; Halliday and Carruthers 2007; Halliday and Carruthers 2009). In order to explicate this cyclical nature, Halliday and Carruthers (2007) develop a recursivity of law framework that provides an analytical tool for capturing feedback loops between domestic lawmaking and implementation and the political character of implementation. They suggest that technical and political problems that emerge during implementation trigger new legal reforms aimed at solving emerging problems and facilitate the negotiation and accommodation of

[8] UNCITRAL – United Nations Commission on International Trade Law

conflicting interests, which is believed to make implementation more effective at the national level over time. Clearly, this also does not always occur. New problems and unintended consequences may emerge and trigger further reforms or even lead to large-scale institutional change or to the disruption of rules and institutions.

2.7 The Role of Actors in the Translation of Transnational Standards into Practice

In the previous two sections I have reviewed two bodies of literature that help understand how the process of transnational voluntary standard-setting and implementation occurs. The organizational literature on diffusion/translation focuses more on the cognitive aspects of translation, including learning, sense-making and creative adaptation of ideas to locally specific conditions. The recent literature on the sociology and anthropology of law focuses rather on political aspects of transnational rule enactment and implementation. They emphasize political conflicts, asymmetries of power and compromise-building efforts of transnational and domestic actors. At the same time, both highlight human agency and the important role of the context – legal, cultural, institutional and economic – that shapes the translation of ideas across settings and levels in a multi-level governance system. The question is then how we should best conceptualize the relationship between actors and their context.

Contemporary economic sociology and organization theory has come to see actors as embedded into and situated in their societal context. According to Beckert (2003: 769), embeddedness "refers to the social, cultural, political, and cognitive structuration of decisions in economic contexts. It points to the indissoluble connection of the action with his or her social surrounding" (Beckert 2003: 769). The conception of embedded and situated action stands in sharp contrast to an "undersocialized" conception of man associated mainly with neoclassical economics and several rational choice theories that view individual and collective actors as unified entities with fixed known preferences and independent decision making in a world of full information (Beckert 2003: 769).

At the same time, the economic sociology and organizational theory do not maintain that actions are always strictly prescribed by different sorts of societal structures, e.g., formal rules, social norms, cultural scripts, cognitive structures, discourses and language or political, legal and institutional arrangements. In contrast

to such an "oversocialized" conception of man associated mainly with the work of Parsonian and constructivist schools of social thought (Gronow 2008; Wrong 1961), contemporary sociology and organization theory allow for intentional strategic action by knowledgeable and creative individuals and organizations that is simultaneously restricted and enabled by its institutional and cultural context (Emirbayer and Mische 1998). From this perspective, intentional agency and institutional structures are interdependent (Beckert 1999: 777), whereas actors are intelligent, knowledgeable, creative and institutionally situated (Lawrence and Suddaby 2006: 219). These properties of human agency are of crucial importance for understanding the processes of institution-building and enactment.

DiMaggio (1988) introduces the concept of institutional entrepreneurship into neo-institutional organizational analysis in order to capture the impact of actors and strategic action on their institutional context. With this concept, DiMaggio (1988; 1991) brings agency, power and interests, as well as change back in organizational-institutional analysis that has mainly focused on explaining societal stability, institutional continuity and reproduction of social life by profound effects of cultural scripts, routines and symbolic systems on action (Lawrence and Suddaby 2006: 215-216; Meyer and Rowan 1977). In this tradition, practices of individual and collective actors are commonly seen as sticky and repeated and thus facilitating the reproduction of institutions over time, institutions being defined broadly as "cultural-cognitive, normative and regulative elements" that govern actors' behavior (Scott 2001: 48). In contrast, institutional entrepreneurs initiate institutional change, create new institutional and organizational patterns and invest efforts in their implementation and diffusion (Battilana, Leca and Boxenbaum 2009: 68-69). According to DiMaggio (1988: 14), institutional entrepreneurs are "organized actors with sufficient resources" who "see in them an opportunity to realize interests that they value highly."

Going back to the question above, what is the relationship between action and its institutional surrounding? Does it enable or restrict action? In fact, it does both. The context in which individual and collective actors operate is restrictive in the sense that it represents certain more or less explicit rules that govern the behavior of actors by constraining the repertoires of legitimate action available to actors (Swidler 1986). This does not mean that actors do not do things that are considered to be illegitimate, but they are commonly aware of sanctions that may follow deviating behavior, ranging from public disapproval to prison sentence.

At the same time, context is enabling, since actors may use existing institutional arrangements, legal norms, cultural traditions and other elements of the context they are embedded into as resources and exploiting contradicting elements within the context in order to achieve their goals (Rao 1998). Social and cultural anthropologists have shown that culture is not consensual, rigid and fixed but is contentious, flexible, heterogeneous and fluid and can be changed as a result of intentional action. Merry (2006: 12-16) in her treatment of violence against women suggests that it is often justified as a cultural tradition and that it is commonly argued that prohibiting it would result into the destruction of culture (culture as tradition) and identity (culture as national or ethnic essence). Yet, if culture is viewed as contentious and flexible, actors struggling for eliminating gender violence can activate and use certain elements of culture (e.g., beliefs, values, habits, practices and traditions) consistent with their goals as a resource in order to justify their actions. In Merry's words (2006: 15), "[L]ocal norms can be paths to change as well as barriers."

Similarly to Merry's results, recent studies in the sociology of law also point out that local legal norms and traditions are used when transnational norms and standards are introduced into local law. Halliday and Carruthers (2009) show that in the process of translation of transnational law into national law and practice global norms or ideas in general are combined in different ways with locally available elements in order to make transnational and local norms appear consistent and acceptable to local audiences, even if not perfectly consistent. They call this process transplantation that combines appropriation and adjustment. According to Merry (2006a: 135-136), appropriation involves taking ideas, practices and organizational models developed in one setting and replanting them in another setting; transplants are then adjusted to local soil, i.e., to local circumstances. She also argues that it is important to dress new transnational ideas into familiar costumes and blend them into preexisting legal and/or cultural systems in order to increase their acceptance among locals and eventually make them more effective (p. 138).

Obviously, translation is not the only kind of institutional work actors do in order to accomplish their goals and to deliberately or unintentionally to create institutions. Institutional work is a broad category that Lawrance and Suddaby (2006) to conceptualize various the efforts of knowledgeable, creative and pragmatic individual and collective actors aimed at creating, maintaining, transforming and disrupting institutions. Since the present study deals mainly with the institution-

building and enactment at the domestic level, the summary of several types of institutional work aimed at institutional creation relevant for an empirical study in the subsequent chapters are provided in Table 2. Institutional entrepreneurs mobilize political and regulatory support by providing meaning to events and processes (framing), developing causal stories and employing direct techniques of persuasion (Snow et al. 1986). They construct new identities for actors and create networks between actors in order to enable collective action (Keck and Sikkink 1998). The provide actors with new knowledge and skills in order to diffuse, enact and implement new rules (Perez-Aleman 2011).

Table 2: Types of Institutional Work Aimed at Creating Institutions

Forms of institutional work	Definition
Advocacy	The mobilization of political and regulatory support through direct and deliberate techniques of social suasion
Constructing identities	Defining the relationship between an actor and the field in which that actor operates
Constructing normative networks	Construction of interorganizational connections though which practices become normatively sanctioned and which form the relevant peer group with respect to compliance, monitoring and evaluation
Educating	The educating of actors in skills and knowledge necessary to support new institution

Source: Lawrence and Suddaby (2006: 221, for a comprehensive list and review see pp. 220-229)

The previous literature review shows that actors and their social context are closely interrelated. The institutional and cultural context enables and constrains human action. Its enabling effects are particularly important for institution-building and institutional change when habitual ways of doing things are being challenged by institutional entrepreneurs and new ways are being introduced. Yet, a further question is when or under what conditions institutional entrepreneurs are able to develop and enact new rules and build new institutions. The organization literature on institutional entrepreneurship has provided a long list of factors and conditions that enable it. In their review of this literature, Battillana, Leca and Boxenbaum (2009: 73-78) divide the factors in two groups: field-level conditions and actor-level conditions related to actors' social position. Field-level conditions range from contingent exogenous shocks and crises to the degree of heterogeneity and institutionalization in an organizational field. Actor-level conditions refer mainly to the structural and social positions of actors in the field. Actors' ability to mobilize support, innovate and

implement their institutional innovations may depend on their structural position (center vs. periphery), as well as on their social position: The innovations produced by certain actors may be seen as more legitimate. These conditions affect the kind and the amount of resources that actors have at their disposal or can mobilize externally, as well as what kind strategies actors pursue.

The emerging literature on the transnational private market-based regulation of environmental and social behavior of firms also pays attention to the resources available to actors creating and implementing rules. It suggests that in the transnational space social movements and particularly social movement organizations play a significant in developing new rules and creating new institutions, including certification and labeling (Bartley 2003; 2007b; McNichol 2006). Espach (2009) shows that organizational capacity of environmental groups defined as "the social and material resources of local groups and coalitions" supporting transnational regimes (p. 131). Comparing the experience of forest certification in Brazil and Argentina, he demonstrates that the degree of success of forest certification in two countries cannot be explained by the demand-side factors, such as the demand for certified timber in international markets, market premium for certified products and the pressure of transnational NGOs. Neither do the supply-side factors explain the degree of success of forest certification, including the degree of centralization of industry or the support of governments. Instead, after the introduction of forest certification program in Brazil and Argentina, its implementation depended largely on the participation and advocacy of local environmental groups and coalitions that has been much stronger in Brazil due to preexisting networks and campaign experience and therefore explains the greater success of forest certification in Brazil than in Argentina.

2.8 How Does the Market Nature of Private Rules Affect Their Translation?

This study seeks to explain the implementation and evaluate the impact of transnational voluntary market-oriented standards through certification and labeling programs. Several bodies of literature I have reviewed above provide a number of theoretical building-blocks that form an analytical framework for this study. Yet, the question remains what is so special about private, voluntary, market-oriented certification and labeling programs that has not been captured in the literature above?

I argue that certification's market orientation makes the creators, the advocates and participants of these programs vulnerable to market pressures that shape the content of transnational rules and the structure of the programs at the transnational level, on the one hand, and limit the potential impact of these forms of governance at the local level, on the other hand. This influence, therefore, goes beyond the broadly discussed fact that certification labeling are voluntary instruments and, thus, can only reach a limited number of enterprises, commonly large reputation-conscious manufacturing and retailing firms and their suppliers (through their supply chain). Moreover, it goes beyond a mere fact the market demand for certified products is not significant, and voluntary market-based programs have their "natural" limits. In this section, I will show how market forces can limit the impact of through several more subtle ways.

At the transnational level, actors developing certification and labeling programs can pursue two sorts of strategies. According to Taylor (2005a: 441-442), they may challenge the conventional market logic and the dominant market organization by developing a niche in the market open only to producers of goods that comply with specified standards and that have had no access to conventional markets. They establish retailer chains that sell certified products for higher price than a standard market price and persuade consumers to buy certified product and thus support disadvantaged producers. In other words, they are positively discriminated. This is the basis of the fair trade approach that has gained a particular prominence in coffee trade.

Alternatively, transnational actors may pursue a conventional market approach without challenging the dominant market structure. They target the market as a whole – not a specific niche – that consists mainly of large retailers of products which in turn, start demanding increasingly more certified products but do not offer any price premium, since there are few consumers willing to pay it. This pushes certification and labeling associations to expand and favor large-scale producers that can provide the market with large quantities of certified products, often the members of retailers' supply chains (Taylor 2005a: 441). Standards are developed for all producers to avoid both positive and negative discrimination, but as a result they favor those who already have advantage in the market, that is large well-doing firms practicing good management. Small-scale producers that are not part of the large-retailers' supply chains – they are located mainly in the less developed countries, i.e., in the global

South – do not come on board. This is the case of forest certification and FSC which have been criticized for their strong focus on the dominant market actors for support.[9]

At the domestic level, which is also the implementation level, the growing demand for certified products in international markets may put pressure on local producers who become willing to become certified quickly. This growing pressure if combined with a strong competition among certification organizations responsible for assessing producers' compliance with a specified standard may push certification organizations to issue certificates even if noncompliance with the standard is detected. Provided that certification programs are voluntary, certification organizations may reduce their requirements in order to prevent their clients from looking for less strict inspectors or withdrawing from certification at all. Whereas such a behavior of certification organizations can be intentional and strategic, it does not always have to be like this.

If standards are formulated broadly enough and if sanctions are not well specified or not strict enough, certification organizations and their compliance assessment teams receive discretion in interpreting both the written standard and the performance of firms. From this perspective, the process of compliance assessment turns into a process of closing the gap between the standard and practice, but within the framework of the standard. This means that it is unlikely that any outright noncompliance would be ignored, but if noncompliance is not considered as significant, it may be treated less rigorously than the standard prescribes. Assessment can be therefore conceptualized as a search for a compromise between strict requirements and deviating practices. As a result, certifiers' discretion facilitates the expansion of certification and labeling but may limit its potential to induce environmental and social change.

[9] It has to be noted here that assessing this development as positive or negative requires specifying a point of reference. As such, this development is a result of the early conscious decision of the FSC to pursue a mainstream strategy. This was one of several options. It helped the FSC to gain support among many NGOs, and influential market players mainly from the global North, i.e., advanced industrial economies of Europe and North America, and expand significantly during the 1990s and 2000s. Yet, for those who hoped that the FSC would primarily target tropical forestry in order to halt deforestation in the global South, this was a source of disappointment and frustration. This development will be considered in greater detail in Chapter 4.

2.9 Understanding the Translation of Certification Standards: An Analytical Framework

The present study seeks to open up the black box of the implementation of forest certification and labeling conceptualized as a relatively new form of transnational private voluntary market-driven regulation in the environmental and social rights fields. It addresses the gap in the literature on certification and labeling and more general on transnational standards that has so far paid less attention to the problems of implementation. Most of the studies focus on the process of standard-setting at the transnational level or at best explain who – what kind of firms or what kind of countries – adopts transnational standards. Whereas these studies help understand the emergence and diffusion of certification and labeling, they stop short of explaining what actually happens when standards become adopted. The idea that in order to become effective, transnational standards – and more generally, rules – need to be enacted, appropriated and blended into everyday practice by implementing actors embedded in a domestic legal, institutional, social and political context has remained largely missing from the literature. I seek to explain how exactly implementation occurs and how implementation affects the local impact of forest certification and labeling.

Building on the theoretical insights from (1) rich implementation literature in the public policy analysis, (2) the neo-institutional studies of diffusion/translation, (3) the recent studies in the sociology and anthropology of law, and (4) institutional entrepreneurship literature, I conceptualize the emergence of certification and labeling and their local enactment and implementation as two phases of active institution-building that occurs at two levels, as I demonstrate in the following chapters. First, I show that at the transnational level, actors, or institutional entrepreneurs, negotiate transnational standards of good environmental and social behavior of firms and lay down the foundations of certification and labeling systems (e.g., governance structures, decision-making rules, enforcement mechanisms, and membership and participation criteria). This process is problem-driven and is shaped by fundamental conflicts between parties in a specific area (e.g., firms vs. activists) (Bartley 2007b) and by the context, in which actors are embedded. More specifically, the context shapes the building of certification and labeling systems in two ways. First, the dominant neoliberal formal rules and scripts restrict the set of alternatives available to

local actors (Bartley 2003). Second, actors are exposed to market pressures that also shape their choice of specific contents of transnational standards and their choice of institutional elements that make up the new institution of certification and labeling.

Second, I show that at the domestic level, the enactment and implementation of transnational standards occurs. I follow Streeck and Thelen (2005: 13) who argue that rules and their enactment and implementation should be treated as analytically different. This view is reinforced by Wittgenstein's idea that "formulations are unable by themselves, that is, in the absence of established ways of following/applying them, to fix determinately what people do in observing them. … To follow a rule is to join in with how the rule is used/applied" (Schatzki 1997: 291). This means that those who observe rules play an important role in defining what specifically they have to do in order to follow rules. This study is aimed exactly at identifying ways local actors "join in" and argues that this is a critical condition for effective translation of transnational standards into local practice. Local actors are therefore not passive recipients of transnational rules. They have to adjust transnational rules and structures to their local context. They need to devise ways in which transnational rules are expected to be followed.

They face two types of difficulties that they have to overcome in order to make transnational rules locally effective. First, the introduction of new standards challenges habitual environmental and social practices and thus questions not only the preexisting practices but also preexisting structures of power and control, which in turn may cause conflicts over new rules. Since transnational certification standards are voluntary, their advocates cannot directly impose them on firms but have to persuade them to adopt and follow certification standards. This requires active interest negotiation, conflict settlement and compromise building. Clearly, if the advocates of certification and labeling have enough influence to impose standards, they do not have to negotiate them, but as discussed in Section 2.6, voluntary adoption increases the likelihood of effective implementation, even though it does not guarantee it.

Second, transnational standards per se do not precisely specify what those who intend to follow them have to do in order to comply. Certification standards are based on broad and relatively unspecific principles commonly applicable to all types of enterprises in all regions of the world and do not specify explicitly what practices are in compliance with the standards. Practices are defined as specific ways in which production and work are actually done (Perez-Aleman 2011: 174). Moreover,

transnational standards contain concepts and requirements unfamiliar to local implementing actors, who may find it difficult to establish exactly how they should reform their practice in order to comply with alien requirements that have been formulated in distant transnational forums, such as the FSC. Significant gaps in meanings between global requirements and local practice make such translation problematic.

Therefore, when habitual practices are challenged and new standards are provided, implementing actors need to specify broad principles and adapt them to a particular domestic legal and social context and then establish how they should modify their practices and what new practices they should introduce. This requires creative and knowledgeable work of local implementing actors that involves sense-making, creative adaptation and learning defined as new knowledge and skill building that helps individuals and organizations change existing practices and introduce new ones (Perez-Aleman 2011: 174). They often experiment with different concepts and methods for implementation and proceed by trial and error.

To sum up, local enactment and implementation involves political and cognitive processes that are analytically different, even though they often overlap and are barely distinguishable empirically. They may run in parallel, but they also may reinforce each other: Learning about interest of different involved parties may facilitate (or potentially impede) conflict settlement whereas conflict settlement may enable learning.

These processes may also occur at different settings at the domestic level. Actors may negotiate their interests and develop new knowledge in formal intentionally devised settings, such as conferences and meetings, and on an everyday basis in implementation settings, such as in firms that seek certification and try different ways to achieve compliance.

Similarly to the transnational level, implementation at the domestic is also shaped by the local context that both enables and restricts implementing actors. For one thing, the structural factors identified by Cashore, Auld and Newsom (2004; Cashore et al. 2007, see also Table 1) may facilitate or impede the implementation work of actors. The factors, including the vulnerability of a country to activist campaigns, the dependence of a country on international trade flows in targeted products (import and export), the structure and the degree of concentration of a targeted industry and the kind of the products targeted by activists, may facilitate or

impede the uptake and diffusion of certification and labeling across countries and/or firms. These structural conditions shape the scope and room for institution-building action. Yet, this approach focuses on structural factors and therefore fails to consider actor-related characteristics that enable the diffusion of certification and the translation of certification standards into local practices. Organizational capacity of certification and labeling systems' advocates shapes to what extent actors can exert their influence, make use of facilitating conditions and go around impeding factors. Following Espach (2009: 131), organizational capacity is defined as social and material resources that actors and their coalitions may use to pursue their goals.

The concept of institution-building work discussed in Section 2.7 facilitates understanding how actors use their resources to enact and implement certification and labeling in the local context. They may persuade firms to join certification programs (advocacy), provide actors with new identities (e.g., responsible producer), mobilize their connections to other organizations for a greater resonance (constructing new identities and normative networks), and provide actors with new knowledge and skills (educating).

Organizational resources of actors also shape their capacity to use the elements of the context in which they are embedded as a resource to support the implementation of transnational environmental certification standards. Cognitive creative processes that enable the translation of transnational standards into actual practices, i.e., sense-making, adjustment and learning, occur in implementation settings when local actors, including managers, certifiers, activists and other stakeholders, evaluate existing practices against prescribed requirements and experiment with the implementation of transnational standards. Although they may consult commentaries and guidelines provided by the transnational standard-setting organizations, they often proceed by trial and error as they search for "correct" practices that would fit global standards. Particularly challenging are the situations where transnational standards considerably contradict national regulations and where they include concepts unknown to most local actors. I argue that during implementation, new knowledge concerning good forest management practice and compliance with FSC standards emerges as a result of actors' continuous interpretation and recombination of external "global" concepts and local concepts given by national regulations and common on-the-ground practices, as is described by Campbell (2004: 79-80).

I will show that not all transnational requirements are translated in a one single manner. When global requirements appear clear and unproblematic to local actors – i.e., when actors understand how their practices need to be changed in order to achieve compliance – the requirements are *directly implemented*. In some cases, however, global requirements appear obscure or completely alien to local actors, or concepts imposed by the transnational standards do not have any equivalents in national law and policy. When local actors do not understand what is required, they seek local categories and concepts that overlap at least partially with global categories and concepts. When categories (or even individual practices) fully overlap with global requirements, it is enough to *reframe* local concepts in terms that are consistent with the language of transnational standards. When the overlap is partial, they are then *combined* with categories that are either *borrowed* or *transplanted* from other settings (cross-border learning) or *invented* specifically for an implementation setting. The practices used to implement transnational requirements adopted for a local use may also be borrowed or invented.

Basically, the argument is that local practices cannot be simply read off transnational environmental standards. They are borrowed, appropriated, (re-) interpreted, adjusted, (re-) combined with local practices and invented. The process of translation is not a one-to-one adoption and implementation of transnational rules and concepts, but involves creative adaptation to local conditions by knowledgeable actors with social and material resources. Moreover, the creative adaptation does not follow one single pattern depending on the availability of local elements that fit transnational standards and on the gap between transnational standards and local practices. The context sets certain limits to certification and labeling but it also provides actors with resources they can use to push their goals and their normative agenda.

Finally, whereas these arguments emphasize the importance of creative and knowledgeable actors and their work for enacting and implementing transnational environmental and social standards, I do not claim that the process of translation is necessarily harmonious and always brings about perfect implementation. Whereas implementing actors invest effort in enacting and translating transnational standards, I argue that at least two factors limit their effectiveness at the local level. On the one hand, preexisting social and legal rules, i.e., domestic laws and regulations, do not only provide building blocks for new practices, but also limit the impact of transnational standards if there are serious contradictions between transnational

standards and national law. Because of the primacy of domestic law and regulations, transnational standards may be unable to challenge practices with questionable environmental effects.

Moreover, following the discussion on the market nature of certification and labeling in Section 2.8, I argue that market pressures and competition among certifiers limit the effectiveness of certification and labeling systems. On the one hand, an increasingly growing demand for certified products may put certifying organizations assessing compliance with standards under pressure to certify as many firms as possible within a short period of time. Coupled with the competition between certifying organizations, the lack of effective monitoring and enforcement mechanisms and discretion given to certifying organizations by the system, this pressure may translate into deficiencies in the quality of certifying organizations. This would lead to a rapid expansion of a certification system, but at the same time limit the potential of certification and labeling to induce social change.

Before I present the analysis of my case-study informed by the literature reviewed above, I justify my case selection, provide background information for the case-study, formulate empirical implications structuring the empirical analysis in Chapters 4 to 7 and describe the sources of data and methods of data collection and analyses.

3 Case Selection, Empirical Implications and Methods

For examining the emergence of certification and labeling as a new mode of regulation in a global economy and in particular for explicated the process of translation of transnational certification standards into practices, I have selected the case of the Forest Stewardship Council (FSC) and its forest certification program. This case enables tracing the process of global standard-setting and the process of global standards implementation in a domestic context, since the FSC certification program has a multi-level structure. For a study of translation of global standards into practices, I selected the case of Russia because its forests have high global economic and environmental value and because Russia presents a challenging and understudied case of a success of forest certification in relatively difficult domestic context. In this chapter, I present my case-study, formulate the empirical implications and describe my methods of date collection and analysis.

3.1 Case Selection: Forest Certification and the Forest Stewardship Council in Russia

The FSC's forest certification program is a multi-stakeholder environmental governance project based on process-related standards and third-party verification of compliance. I investigate how FSC's global standards of good forest management are translated into locally accepted domestic standards and practices under unfavorable conditions of unstable political and legal environment, traditionally poor forest management practices resulting in a poor condition of forests and weak mechanisms of public participation in forest governance. These conditions could hinder the expansion of forest certification in Russia but it is puzzling that Russia has quickly become one of the leaders in certifying forests as well-managed. How was the rapid expansion possible under unfavorable local conditions? How did local implementing actors cope with these unfavorable conditions? What were the mechanisms and processes that explain such a puzzling dynamic of forest certification in Russia? These are the central questions to be answered by the empirical investigation.

Before I specify my arguments and outline the empirical narrative, I will briefly describe the background of forest certification and of the FSC and explain why

it is an interesting and challenging case to explore. To put it simply, the case of forest certification illustrates well the contradictory and political nature of the implementation of private global rules in specific local contexts, especially those featured by difficult local conditions that private programs seek to improve. It has been widely considered one of the most promising regulatory initiatives dealing with a set of specific environmental and social problems and it is supported by industry, social movements, governments and international organizations. At the same time, it has emerged as a relatively fragile organizational arrangement and its fate remains uncertain and contested (McNichol 2006: 350). The system of decision-making, standard implementation, monitoring and control that the FCS developed is extremely dynamic: the conflicts over legitimacy and control are recurrent and the credibility of the FSC is continuously contested by its own members and external critics.

The FSC was founded in 1993 by a handful of environmental organizations, producers and retailers that sought to create a system to distinguish timber from sustainably managed tropical forests from timber harvested illegally or inappropriately. Environmentalists were disappointed by multilateral efforts to stop deforestation and forest degradation, in particular in tropical countries of Latin America, South-East Asia and Africa, because they perceived governments as largely ineffective and often unwilling to look for solutions to forest problems. With the help of the media, they publicized growing forest problems in tropical countries and criticized large brand-name retailers for their direct or indirect support of destructive forest practices. Reputation-conscious producers and retailers became interested in a program that would help them distinguish between “good” and “bad” timber, avoid conflicts with the environmental movement and improve their reputation. After a series of meetings, the FSC was established to develop such a program.

The first years of the FSC were extremely difficult. The FSC had to solve numerous internal problems, including tensions between constituencies, deadlocks over forest management standards and funding deficits. It also had to deal with counter-mobilizations in countries where it sought support, including quickly emerging competitor programs that threatened to undermine the FSC (McNichol 2006: 357-362). Yet, in 1996 the FSC forest management certification programs started to operate. In 1998 the forest management certification program was complemented by

the Chain of Custody certification program that helped producers trace timber from certified forests through the supply chain from forests to final consumers.[10]

Since the start of the FSC's certification program, it has grown dramatically. The FCS has national offices in forty-six countries and operates in eighty-one countries, including both advanced industrial countries like Canada, the U.S. and Sweden and problematic regions like the Congo and Amazon Basins, China and Russia. According to the FSC, over one hundred million hectares of forests had been certified according to the FSC principles and criteria by August 2008 (FSC 2008c). This approximately equals seven percent of the world's productive forests (UNICE and FAO 2006: 13). The largest players on the global forest product markets – producers, retailers and publishers - support the FSC. Among them are Home Depot, B&Q, IKEA, Random House and Stora Enso. From 2005 to 2008, the estimated size of the global market in the FSC certified products grew from five to over twenty billion U.S. Dollars (FSC 2005; FSC 2008a). Another indicator of the success of the FSC is the diffusion of the certification model into other issues areas, including fisheries, mining and tourism.

The FSC is a membership organization committed to democratic decision-making and consensus-building. The members representing the environmental movements, workers, community and indigenous rights activists and business are divided into three chambers: environmental, social and economic. Every chamber is divided into two sub-chambers: one representing the advanced industrial countries, the so called global North, and one representing the poorer developing countries, the so called global South. All decisions are consensus-based: All three chambers (and sub-chambers) with equal veto powers must agree on a decision and no chamber can outvoted. The consensus requirement helps avoid the potential marginalization of weaker groups in decision-making. Members decide on principles and criteria, certification procedures and internal rules.

[10] The study presented in the thesis focuses on the certification of forest management, rather than Chain of Custody mainly because Chain of Custody is a technical standard and does not require changes in forest practices. Briefly, Chain of Custody requires companies to collect all documentation on the timber they buy from their suppliers to make sure it really comes from certified forests and to transmit this information further up the supply chain. Forest management certification deals with companies' own forest management and its improvements.

The essence of the FSC forest certification program is to enable producers and consumers to recognize raw materials and products that stem from well-managed forests. Good forest management is defined as environmentally appropriate, socially beneficial and economically viable. This means that companies managing forests should protect biodiversity and ecological functions of forests, respect the rights of workers, local communities and indigenous people, contribute to their welfare and to the welfare of society at large and yet be sufficiently profitable. The FSC developed ten global principles and fifty-six criteria specifying the concept of good forest management and it established a system of third-party verification of compliance with these principles and criteria. FSC standards are widely accepted as the most comprehensive and the FSC system of compliance verification is considered the most rigorous (i.e., Ozinga 2004).

Companies seeking certification have to demonstrate to independent certification organizations accredited by the FSC – certifiers or certification bodies – that they manage forests and supply chains in compliance with FSC principles and criteria and reform their forest management systems and practices if their if certifiers detect non-compliance with FSC standards. Certifiers annually inspect certified companies and conduct major re-assessment every five years. Certified producers can label their products with an FSC logotype and market them as stemming from well-managed forests and in general publicize their engagement with the FSC to improve their reputation. The third-party verification of compliance by certifying organizations independent from both the FSC as a standard-setting organization and companies as applying standards is aimed at assuring that companies go beyond rhetoric commitments and actually implement FSC standards.[11]

The inclusive and democratic structure of the FSC, sound standards of forest management and supply chain and its comprehensive system of third-party verification of compliance enabled the FSC to win broad support of various constituencies ranging from nongovernmental environmental organizations to multinational corporations, international organizations and governments. However, the development of the FSC also showed a number generic limitations of forest

[11] For a detailed description of the fundamentals of forest certification see Meidinger, Elliott and Oesten (2003) and Upton and Bass (1995), as well as Section 3.2

certification as a market-based regulatory instrument: Certification so far did not lead to increased profits; the impact of forest certification on forest management practices is limited or uncertain; the FSC certified forests mainly in Europe and North America while developing countries, being the sources of most global forest problems, were the initial target of the FSC; and certifiers responsible for verification of compliance often perform poorly (Gulbrandsen 2005a; Pattberg 2005a; Rametsteiner and Simula 2003). The most exacting critics have argued that the FSC forest certification helps forest companies to "greenwash" their performance (Counsell and Terje Loraas 2002). The credibility of its performance emerged as serious problem that has threatened to undermine the support of environmental and social constituencies.

The FSC was able to bring together constituencies with different and sometimes contradicting interests: business, environmentalists and worker, community and indigenous rights activists. Moreover, it managed to reconcile their diverging interests and develop certification rules and procedures based on compromise and consensus. Even though the consensus is fragile and needs to be continuously renegotiated, it can be argued that the FSC's program of forest certification, forest management and supply chain standards and verification procedures became established as legitimate rules accepted by firms, certifiers and other constituencies. Yet, the application of rules, their effects and the FSC's capacity to solve motivating problems, in other words the credibility and reliability of the FSC's program and uncertain impact, has caused concern among the FCS's constituencies. From this follows that in order to be regarded as legitimate and credible rules need not only be well-designed through inclusive, fair and consensus-based decision-making procedures but they need to be effectively implemented. If they are not, the question is then why and how voluntary programs and standards continue to expand and institutionalized despite their limited impact.

The case of the FSC lends itself to studying the role of the implementation of private rules in the legitimization of new institutional forms of regulation. While inclusive consensus-based decision-making, impartial and fair procedures and the fitness of new rules with the existing normative structure are important sources of legitimacy, uneven or limited implementation may undermine the legitimacy of regulatory projects and affect their development. The study of the implementation of the FSC's rules, therefore, sheds light on the emergence and institutionalization of regulatory forms, the effectiveness and legitimacy of which are questioned and

contested. The experience of forest certification illuminates how, on the one hand, the process of implementation contributes to the expansion of private regulatory programs and, on the other hand, how it may simultaneously undermine its legitimacy.

Moreover, the examination of rule translation requires departing from the global, more abstract level of rule-making and focusing rather on concrete interactions in specific domestic contexts. The FSC's forest certification system provides a striking example of the translation of global rules into domestic practices. FSC global principles and criteria that serve as a basis for the evaluation of environmental and social performance of firms have to be adapted to national and local conditions that vary significantly across and within countries.

For an in-depth study of the implementation process of FSC forest certification, I selected the case of Russia. The Russian experience is a challenging case for investigating the operation of the FSC's global program of forest certification and its effects. Environmental movement organizations began the first discussions of the FSC in Russia in 1997 but companies showed interest only in 2003. However, after the FSC became operational in Russia in 2003 it has expanded dramatically: After five years only, the FSC certified forests increased from virtually none to about one fifth of Russian forests managed by private companies. Certified areas amount to more than twenty-one million hectares (FSC-Russia 2008). Russia now has the second largest certified area in the world after Canada.

Such expansion is puzzling given that Russian forest management standards and practices have been traditionally low and have caused significant forest degradation since the 1920s. Moreover, due to the drastic economic recession and dramatic political transitions of the 1990s, forest legislation has been unstable and the state has been unable to enforce rules; forest service[12] and forest research institutes have been underfunded; social movement organizations and the general public have been unable to participate in the forest policy-making and management of forests. These conditions could have been expected to hinder the promotion of forest

[12] Forest service is a sector of government responsible for the regulation of forestry and forest industry. Russian forest service (in Russian Federalnoe Agentstvo Lesnogo Khozyaystva, or the Federal Forestry Agency) is a department of the Ministry of Natural Resources. The Russian forest service is hierarchically organized and consists of the federal agency in Moscow, regional agencies in the federal regions and local agencies the districts of federal regions. I will use the term "forest service" to refer to the whole system of forestry regulation. Otherwise, I will use the terms "federal", "regional" or "local forest service."

certification rules in Russia and the implementation of FSC standards of forest management that exceed national legal requirements and habitual practices. Yet, forest certification has proceeded at an unexpected rate.

In addition, the data collected for this study suggests that similar to the emerging disappointments and concerns expressed by a number of international environmental organizations, skeptical voices have also been raised in Russia. Environmentalists and forestry experts have gradually become concerned with the poor performance of certifiers and certified companies. They emphasize the ambiguity and vagueness of standards and the discretion that certifiers enjoy in interpreting ambiguous standards. They also stress their own decreasing capacities to control the implementation of standards and the performance of independent certifiers. They describe a number of structural difficulties, including unpredictable legislation, underfunded forest service and weak state monitoring and control of forest use by state forest bodies, that forest certification is unable to overcome. Although environmental organizations and other stakeholders still support forest certification as a private policy instrument, these difficulties have caused growing skepticism among local constituencies. This may suggest that the rapid expansion of forest certification can be explained by the fact that the reform of forest management required by the forest certification was only limited.

A number of questions emerge from this puzzling development of forest certification in Russia. First, what explains the rapid *development of forest certification* in Russia? Structural factors described by Cashore, Auld and Newsom (2004; Cashore et al. 2007), including the place of Russian forest sector in the global economy, the growing demand for certified timber and the structure of Russia's domestic forestry sector, may explain why Russian producers become interested in certifying their forests. However, this theory does not specify the processes and mechanisms that enabled the rapid expansion of forest certification under unfavorable conditions and it does not explain the specific timing of the FSC's development in Russia. Cashore and his colleagues do not test their theory against evidence from developing and transition countries where the enforcement of rules is traditionally weak, forest practices are poor and predictable legislation is lacking. This makes Russia an interesting case, since despite of the institutional and environmental complexities characteristic to developing and transition countries, it experienced a somewhat delayed but rapid expansion of forest certification.

A second set of challenging questions refers to the *effects of forest certification* in Russia. What specific effects and impact has forest certification had on corporate practices? To what extent can forest certification have an impact on the condition of forests and corporate practices in difficult situations? How does domestic context interact with global rules and to what extent does domestic context shape the implementation of global rules to produce specific outcomes? What is the role of local and global actors in the translation of global rules? The evidence presented in the subsequent chapters explicates how local actors – environmental movement organizations, certifiers and firms – adopt and translate global rules into locally specific rules and practices, i.e., how they interpret and reinterpret global rules and domestic conditions. I show that the process of *translation* enables practical implementation of standards but the price is only limited change that forest certification brings about in corporate practices.

In the following section, I provide background information on the Forest Stewardship Council and its forest certification program in order to show how the analytical framework developed in Section 2.9 applies specifically to the selected case-study and thereby present a brief case-study preview.

3.2 The Multi-Level Structure of the FSC's Forest Certification System

The FSC forest certification system consists of three core elements: forest management standards, third-party verification of compliance and accreditation program. *Forest management standards* are based on ten principles of good forest management (see Table 3) and fifty-six criteria specifying the ten basic principles (FSC 1996). The FSC principles and criteria are global, i.e., they are generic and applicable for all countries. In order to be applied in a domestic context, they have to be specified in a set of country- or region-specific indicators. Certification bodies assess company forest management on the basis of national or regional indicators. National and regional indicators can be developed either by national initiatives, i.e., associations representing national environmental organizations, business, workers and forest-dependent populations and acting as FSC's national partners, or by certification bodies (if no national standard developed by national initiatives has been approved). National standards, therefore, combine global principles and criteria with national indicators.

Table 3: The Forest Stewardship Council Principles for Forest Stewardship

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.
Principle 2: Tenure and use rights and responsibilities
Long-term tenure and use rights to the land and defined, documented and legally established.
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.
Principle 4: Community relations and worker's rights
Forest management operations shall maintain or enhance the long-economic well-being of forest workers and local communities.
Principle 5: Benefits from the forest
Forest management operations shall encourage multiple products and services to ensure environmental and social benefits.
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.
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.
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.
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.
Principle 10: Plantations
Plantations shall be planned and managed in accordance with Principles 1 - 9, and Principle 10 and its Criteria. While plantations can provide social and economic benefits, and can contribute to satisfying the demand for forest products, they should complement the management of, reduce and promote the restoration and conservation of natural forests.

Source: FSC (1996)

The FSC defines responsible forest management as environmentally appropriate, socially beneficial and economically viable. Ecologically, all forests should be planned and managed to preserve biodiversity, protect valuable forests and

endangered species and maintain forest productivity without undermining natural ecosystems. Socially, FSC forestry standards require protection of worker rights and indigenous people rights. The FSC also requires that forest use should not undermine the livelihoods of the local forest-dependent communities and enhance the wellbeing of society at large. Economically, crucial to the FSC is that forest operations generate enough profit but not at the expense of ecosystems, indigenous people or local communities.

Verification of compliance of firms with FSC forestry standards is performed by accredited certification bodies, or certifiers, formally independent from both the FSC and producers seeking certification. As a rule, certification bodies are for-profit organizations offering professional services in certification and auditing in several sectors. They are responsible for assessing the compliance of firms seeking certification with FSC standards. Certification bodies hire experts in forestry, forest biology, labor law and worker rights, community and indigenous people rights that form assessment teams. Their task is to check company management plans and other documentation and to visit logging sites and forests in order to inspect company logging and silvicultural practices on the ground. The heads of these assessment teams produce assessment reports, which are subject to review by external experts. If compliance can be verified, certification bodies are entitled to issue complying firms five-year certificates on behalf of the FSC. Certified firms are allowed to label their products with the FSC logo and use FSC certification for marketing purposes. The FSC requires that certification bodies should conduct annual assessments of firms during five years and full re-assessments every five years. Assessments are conventionally called audits; the members of assessment teams are called auditors.

Non-compliance does not automatically lead to the refusal or withdrawal of certificates. Auditors document non-compliance and issue Corrective Action Requests (CARs). CARs form a list of principles, criteria and indicators that a company has not met by the time of the assessment. CARs can be minor and major. They specify terms and conditions for meeting the requirements. Major CARs are issued when several criteria within a principle are not met or when non-compliance is systematic and may cause significant damage to the environment, workers or local communities. They should be closed before a certificate is issued. Minor CARs are issued when auditors judge non-compliance as occasional and not leading to significant damage. After non-compliance has been detected and terms of correction have been specified a company

should develop an action plan that includes measures to correct non-compliance. After the certification body has reviewed the plan it may issue a certificate but require auditors to check for correct implementation at the next annual inspection. Companies may be given from several months up to several years to meet all requirements.

Auditors play a key role in forest certification. They are experts in their fields and are extensively trained in internal and external training programs. Although certification bodies often employ internationally recognized auditors to lead assessment teams, they commonly hire additional local experts to help foreign auditors that often lack local knowledge, including local laws and habitual practices, and are, therefore, unable to evaluate the performance of forest operations. Through identification of non-compliance auditors also become "agents of change", since in CARs auditors identify specific aspects of forest management that companies have to reform.

In order to ensure transparency and credibility of the FSC certification system, certification bodies and national initiatives are subject to the FSC's *accreditation program.* For this purpose, the FSC founded a separate accreditation body, the Accreditation Services International (ASI). Its task is to assess the compliance of certification bodies and national initiatives with the FSC's mission and rules, as well as external guidelines accepted by the FSC as relevant and legitimate (for example, ISO/IEC Guide 65: 1996 – General Requirements for Bodies Operating Product Certification Systems). National standards developed by national initiatives also have to be accredited and, therefore, assessed by the ASI. On the basis of ASI reports, the FSC delivers accreditation decisions. National initiatives are usually accredited once; national standards are revised and re-assessed every five years; the performance of certification bodies is assessed annually. ASI can also conduct additional assessments of certification bodies, including spontaneous audits, if there is reason to believe that their performance is dissatisfactory.

The FSC's forest certification program has a multi-level organizational structure. At the transnational level, the FSC's membership and its International Center design global rules, including standards, certification procedures, accreditation rules, guidelines and grievance resolution rules that are valid for all countries and all parties involved. At the national level, certification bodies, national initiatives and stakeholders develop generic principles and criteria (see Table 3) into national or regional standards adapted to the national or regional natural environment and legal

and social context. At the local level, individual firms, certification bodies, auditors and consultants transform national standards into concrete practices. They can redefine their existing practices to make them consistent with standards or reform them if non-compliance is detected.

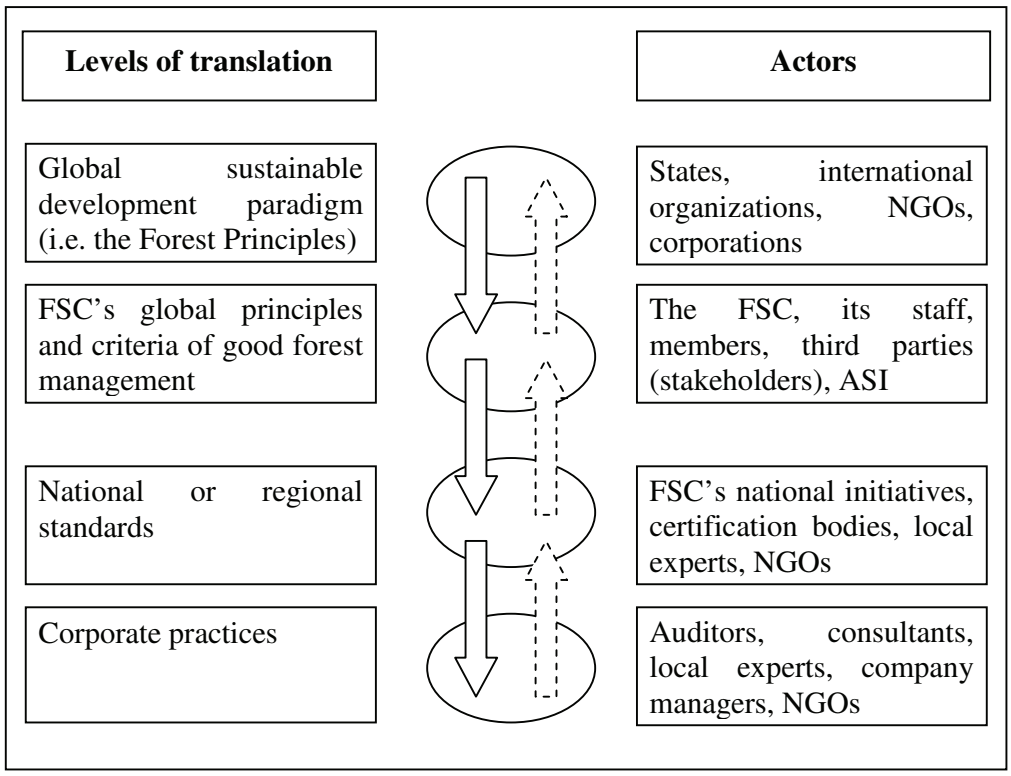
At the *transnational level*, the FSC's standards reflect global norms on sustainable natural resource management codified in many official documents of the United Nations. Sustainability, or sustainable development, is an overarching paradigm that emphasizes the balanced use of natural resources that guarantees the access to resources for future generations. It is based on the belief that economic growth and environmental protection can be successfully combined to secure justice for the generations to come. According to Bernstein (2000), this paradigm emerged by the early 1990s – he terms it liberal environmentalism – and was endorsed at the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992. FSC global principles of good forest management are consistent with the Non-Legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of All Types of Forests, or simply the "Forest Principles", that were developed for the UNCED and enacted in Rio in 1992 together with the UN Framework Convention on Climate Change and the Convention on Biological Diversity. The Forest Principles provide a framework for sustainable management of forests in the world and emphasize the need to consider multiple functions of forests – environmental, social, cultural and economic – when managing and using them.

At the *national level*, domestic actors, i.e., the bearers of local knowledge, operationalize generic principle and criteria in national indicators. Yet these indicators remain sufficiently general to be applicable to diverse situations in a country or region that are never completely identical. Domestic actors, including nongovernmental organizations, companies, forestry scholars and certification bodies, search for global and local meanings, negotiate formulations and accept compromises to avoid deadlocks. Although they may seem to be like-minded, the negotiation involves contestation over alternative interpretations of global standards and local practices. In order to be comprehensible to those who implement standards as well as to those who assess compliance, national indicators have to be consistent with national legislation, habitual practices and the very policy language. This is an interesting paradox of translation of global norms into local practices. On the one hand, the idea of the FSC

is to challenge and change unsound local practices. On the other hand, they have to be consistent with local norms and policy language in order to be accepted by firms. The challenge is to make largely alien global norms understandable and acceptable to implementing actors that perceive their habitual taken-for-granted practices as legitimate.

Finally, at the *local level*, national standards are implemented in companies operating in concrete environmental and social contexts. The implementation of standards, however, is never perfect. Auditors, company managers and other groups have to manage gaps between ideal prescriptions on paper and real difficult situations that often do not fit the assumptions of standards. Auditors play a key role here. When they decide whether specific practices are in compliance with standards or not, they do not only evaluate the performance of companies but also make sense of the contexts, in which companies operate, and the standard, which they apply.

Figure 1: The Structure of the FSC's Forest Certification System



Source: Own design

Figure 1 describes the system of FSC forest certification and its multiple levels at which translation takes place. It can be expected that through formal and informal feedback local implementation of rules leads to the modification and reform of global

rules. Although this is an interesting problem for a separate investigation, in my thesis I explore the process of translation and implementation of global standards in a specific local context. I am interested in the translation of global standards into national standards and into local practices and in the role of local actors in this process.

Based on the background information provided above, the next section specifies how the arguments presented in Section 2.9 on the analytical framework of the study are applied to the case-study of forest certification in Russia.

3.3 Translating Global FSC Standards into Local Practices: A Case-Study Preview

Within a multi-level FSC system, the formulation and translation of transnational environmental and social standards of good forest management occurs in three analytical steps: (1) At the transnational level, transnational standards of good forest management are formulated and the system of certification and labeling is constructed; (2) at the national level, broad transnational standards are translated into more specific national and regional standards, mainly by national actors, that provide more specific rules to be applied at the local level; (3) at the local level, i.e., in the implementation settings, national and regional standards are translated into specific on-the-ground practices that are expected to be in compliance with global principles and criteria. The empirical analysis presented in Chapters 4 to 7 is structured along these three steps.

(1) In Chapter 4, I show that the making of the transnational standards and the building of a certification system occurs at the transnational level where different coalitions of actors, including nongovernmental organizations, individual environmental, labor rights and indigenous rights activists, firms and certification bodies, joined together to negotiate forest certification rules and structures as a solution to a problem of unsustainable management of the tropical forests leading to deforestation and forest degradation. The solution, i.e., a forest certification and labeling system, was shaped by the fundamental conflicts between environmental-social and business coalitions over the management of forest resources and production of forest products and emerged as a compromise-based solution to the motivating problem and did not necessarily provide an effective remedy to the initial problem of deforestation in the tropics.

The existing literature suggests the specific organizational form that forest certification took was shaped not only by the fundamental conflicts over forest management and by the dominant neoliberal rules that exclude certain measures, such as bans and import restrictions by individual countries as contradicting free trade rules (Bartley 2003; 2007b). I show that in addition to these factors, international market demand for increasingly more certified timber, particularly in the European and North American markets, also explains the choice of specific contents of the rules and institutional elements that make up the FSC system of certification and labeling.

I start Chapter 4 by describing the problem – deforestation and forest degradation as an environmental and political problem – that drove the emergence of forest certification as a new form of governance of forest management. In the subsequent sections of Chapter 4, I explicate the process of forest certification emergence understood as a process of institution-building by institutional entrepreneurs in specific structural and political conditions and explain how these conditions shaped the content of FSC rules and its organizational structure.

In contrast to the following chapters based on the original data collected during my research (see Section 3.4), this chapter is based mainly on the review of the secondary literature in addition to several interviews with transnational actors, including the representatives of the FSC (see Appendix 1).

(2) In Chapters 5 and 6, I show how the enactment of forest certification occurs in a specific context of Russia. Following the formulation of Schatzki (1997: 291), I show how local actors with their knowledge and organizational resources "joined in" in creating a reliable, truly "high-road" instrument of forest management regulation by their active involvement in institution-building work at the domestic level. I show that environmental NGOs acted as institutional entrepreneurs and used their knowledge, skills and resources to enact forest certification as a mechanism to award forest companies that practiced decent or good forest management and to provide incentives to less responsible companies to make their practice comply with internationally recognized standards of good forest management. I show that local activists engaged in several kinds of institutional work (see Section 2.7) aimed at building a functioning forest certification system and thus created preconditions for a successful start and quick expansion of forest certification in Russia.

One of the most important activities aimed at building a working forest certification system was the development of the national standard for Russia by the

Russian national initiative. In the national standard, broad and unspecific FSC principles and criteria were adapted to local conditions. The national initiative became a formal forum for negotiating stakeholder interests and settling conflicts between and within stakeholder groups that helped forest certification gain acceptance and support among different stakeholder groups as a legitimate source of rules for forest management. At the same time, it has become a formal forum for creating new knowledge and skills concerning good forest management and its practical implementation, i.e., for collective learning. These two processes facilitated the quick expansion of forest certification Russia, since they helped increase the support of forest certification by many parties and provided implementing actors with practical knowledge of forest certification. Other types of institution-building activities included creating compliance guides for companies, educating certification auditors and consultants, persuading companies to join forest certification system, offering consulting serviced to companies and monitoring certification and labeling at the local level.

After describing Russian forest resources and the Russian forest sector in Chapter 5 and thus providing the reader with the understanding of the context into which forest certification was introduced, in Chapter 6 I show that identifying positive effect of several structural conditions on forest certification expansion is not enough to explain the success of forest certification in Russia. An understanding of a role of institutional entrepreneurs and their institution-building work is required for grasping the mechanisms that connect favorable or unfavorable structural conditions with specific outcomes. In sum, in Chapter 6 I show how local actors with their knowledge, skills and resources – coupled with favorable structural conditions and transnational market and reputational pressures – came together in Russia and created preconditions for a rapid expansion of forest certification in Russia.

(3) The final step of my analysis deals with the translation of the FSC principles, criteria and indicators of good forest management into specific on-the-ground practices in local implementation settings and the evaluation of the effects of forest certification. I argue in Chapter 7 that one-to-one translation of transnational standards into local practice is only one possible mode of translation. I show that implementing actors, e.g., firms seeking certification as well as activists, consultants and auditors, can use different strategies to implement global principles and criteria in specific settings. In the implementation process, the context (e.g., legal arrangements

and habitual practices) plays a critical role, since it provides implementing actors with building blocks that they can use in combination with global ideas reflected in transnational standards in order to achieve compliance with certification standards. From this perspective, practices can be read off the standards, or implemented directly; local habitual practices can be also reframed to fit the FSC requirements; local practices can be combined with global ideas borrowed from other settings (e.g., in the process of cross-border or cross-setting learning); or local practices can be invented.

The previous analysis may suggest that implementation in Russia goes smoothly and leads to improvements in forest management. Indeed, my analysis documents some positive changes in the forest management. Yet, it also shows that forest certification has had a limited effectiveness in Russia. In the last two sections of Chapter 7, I argue that national forest regulations and certification's compliance assessment procedures limit the effectiveness of forest certification.

National regulations can do so in two ways. First, since forest certification principles require compliance with all national laws and regulations, national certification requirements have to be adapted to national legislation. It is, therefore, possible that the national standard does not challenge certain environmentally unsound practices prescribed by law. There may be different reasons for this. In some cases, challenging certain prescribed practices may lead to serious contradictions between national regulations and certification standards and increase certification costs. In turn, this may decrease the willingness of forest operations to pursue certification. Second, forest operations are the primary objects of forest certification as a nonstate regulatory instrument. At the same time, private forest operations are not the only organizations that may be responsible for forest management. Some forest management practices may be conducted by other organizations, including national or local forest service, and may turn out to contradict the certification standard. Yet, this is not a common reason for certification organizations to withdraw a certificate.

The second limitation deals with the compliance assessment system in forest certification programs. Due to its market nature, it is commonly based on the competition between organizations that offer certification services to forest operations. Certified companies bear direct certification costs (e.g., the costs of assessment, an assessment team's accommodation and transportation costs and certification organizations' charge fees). Since there is more than one certifier on the market, they compete with each other over companies seeking certification. This may lead to lower

certification costs but at the same time may negatively affect the quality of compliance assessment. In order to generate an advantage on the market for forest certification services, certification organizations may try to reduce costs by reducing personnel or working time required for a compliance assessment. This may, however, negatively affect the quality of compliance assessment, since due to the lack of time or personnel noncompliance may be overlooked.

3.4 Methods and Sources of Data

To address the questions and problems proposed in the previous sections, I use qualitative case-study analysis based on extended semi-structured interviews with global and local organizations that have been actively involved in the structuring of the FSC's forest certification program – at the global level and locally in Russia. Interviews were combined with observations at various official meetings and seminars in Russia and in the FSC's International Center in Germany. Since the study focuses on the previously undocumented history of forest certification in Russia,[13] I relied on interviews with key individuals and representatives of organizations that played a crucial role in the development of forest certification in Russia. Interviews were also important for reconstructing the positions of key actors on forest certification and the history of forestry and forest politics in Russia. Moreover, interviews served to document processes of rule negotiation and translation that cannot be reconstructed by quantitative methods. In addition, I used position papers, discussion papers, internal documents and newspaper articles to reconstruct events and opinions related to forest certification.

In total, I conducted forty-seven interviews with the FSC officials in the FSC International Center in Bonn, with the representatives of Russian environmental groups, certified company managers, forestry experts, certification bodies, auditors and members of the FSC's national initiative (Moscow, St. Petersburg, Arkhangelsk, Syktyvkar, Segezha, Vladivostok, and Khabarovsk, 2006-2007, see Appendix 1 for the list of interviews and Appendix 2 for the map of Russia). All interviews were

[13] Tysiachniouk (2006) documents the first years of the FSC's development in Russia and its early effects but her latest interviews are dated 2004. A number of important developments of the FSC's forest certification program after 2004 are not covered, including the FSC's dramatic growth between 2004 and 2008 from less then three to over twenty one million of hectares of forests certified and managed (FSC-Russia 2008).

transcribed. Since the process of translation and implementation in the focus of the study involves the search and negotiation of meanings and struggles over appropriate policy vocabulary and language, the interpretative analysis of interviews and texts was required to document these struggles. For this purpose, I conducted the analysis of the interview transcriptions with the text analysis software MAXQDA.

Another source of empirical evidence are the observations and interviews that I conducted during three months of fieldwork in 2006 and 2007 in several forest operations in the Russian Far East, in the Arkhangelsk federal region and in the Republic of Karelia. The goal of the fieldwork was to closely examine to what extent rules and standards of the FSC are applied in concrete situations on an everyday basis without immediate control of the FSC, national initiatives or certification bodies (certifiers inspect forest operations once a year). Field research combined observations and semi-structured interviews with forest workers, local populations and managers as well as foresters responsible for logging and other forestry practices and, therefore, for the immediate implementation of the FSC rules.

In the following chapters, I concentrate on the empirical analysis of implementation processes on the ground and the development of forest certification in Russia based on the collected materials. In the first empirical chapter dealing with the Russian experience, I analyze the history of forest certification in Russia and its impact and outcomes. I identify the sequence of the events and key actors and evaluate their role in the forest certification expansion in Russia. I evaluate its mixed outcomes and specify problems that emerge as forest certification develops. In the final empirical chapter I will analyze the role of local actors, including certifiers and auditors of the FSC in enhancing forest certification set of rules that are meant to guide the behavior of Russian forest companies. I will show how they routinely deal with the problems of evaluation and judgment of forest management.

Before I move to the analysis of Russian experience, I will first describe the history of global forest politics and the rise of forest certification as a private regulatory mechanism to address unsustainable forest management practices of forest companies worldwide. In this chapter I focus on the early evolution of the FSC and identify what factors affected its organizational transformation. This chapter provides background knowledge of the FSC system required for better understanding the subsequent chapters based the evidence from Russia.

4 The Rise and Development of the Forest Stewardship Council

In this chapter I show how forest certification emerged and how the FSC developed to take its contemporary form. In the literature, the emergence of private regulation in forestry is associated with two factors. One is the activity of environmental groups. The second is the dominance of the neoliberal institutional context (Bartley 2003). Environmentalists were motivated by the growing rates of tropical deforestation in the 1980s but were disappointed with the way the governments worked towards finding solutions. At the same time they were encouraged by the success of their 'shaming and naming' campaigns against well established large brand-oriented corporations that agreed in response to change their purchasing policies. Activists were convinced there could be a potential market leverage that could encourage companies to adopt better environmental and social practices voluntarily. Environmental NGOs hoped that changes in purchasing policies of large players in the market would also influence practices down their supply chain. Corporations were willing to change their practices because it could protect them from activists' campaigns, improve their corporate image at a relatively low cost and bring them a comparative advantage in a new market for responsibly produced goods.

Moreover, this was consistent with the dominant neoliberal institutional context and many international organizations, states, and charity foundations supported the idea of forest certification. International organizations whose credo was to promote the idea that market regulation is more efficient than state regulation were eager to support forest certification as long as it remained a voluntary program. Through funding, charity foundations also channeled the activity of NGOs from radical forms of protest to the idea of forest certification (Bartley 2007a). Based on voluntary participation and market incentives, i.e., a perceived consumer demand for responsibly produced goods, forest certification was consistent with GATT/WTO rules and could not be defined as a non-tariff barrier to trade and could be considered instead a form of civil regulation.

The reaction of states was mixed but many governments at least rhetorically supported the idea of forest certification because they felt that forest certification could be one way to shift the burden of regulation of forest use, pacify the concerned

public and remain within the rules of free trade enforced by GATT/WTO. Some states, however, mainly in the tropical countries, feared that forest certification was a threat to their sovereignty and control over forests. To oppose NGO-led forest certification they created national certification programs that were not accepted by the environmental groups as credible and reliable.

Furthermore, forest certification was consistent not only with the specific free trade regulations but also with more encompassing dominant policy frames. First, it is consistent with the frame of sustainable development that in principle holds possible a combination of economic growth and environmental protection. The idea of forest certification is rooted in the notion that production and specifically timber production can be sustainable. This means that in the long run if the world's forests are managed in a sustainable way they can satisfy the needs of forest-related industry and consumers around the world without being devastated. This frame became institutionalized after the Earth Summit in 1992 and dominates contemporary international environmental politics (Bernstein 2000).

Second, forest certification is embedded in another institutionalized frame of corporate social responsibility that may also be viewed as a part of neoliberal institutional context. This neoliberal frame is based on the notion that the primary task of company executives is to make profits and thereby maximize shareholder value and making a company responsible and accountable to a wider community of stakeholders is one element of a successful business strategy (Vogel 2005). This new philosophy of corporate social responsibility views investment in forest certification as a clear business case that helps large companies increase their profits. This frame was embraced by several influential environmental NGOs, especially WWF, in a "new cooperative, market-based moderate philosophy (McNichol 2006: 358).

Finally, in the late 1980s environmental NGOs and commercial organizations designed first certification programs to certify companies' environmental performance. They thereby created important organizational models that activists could refer to in the negotiations of forest certification organizational structure, procedural rules and certification standards. They also created organizational infrastructure, on the basis of which NGOs could launch first certification programs. In 1991 Rainforest Alliance based in the US established the SmartWood program, the world's first forest certification program. Rainforest Alliance was one of the founding members of the FSC and the SmartWood was among the first certification programs to achieve FSC

accreditation in 1996 and has become one of the most influential certification bodies operating globally. In what follows I will show in a greater detail how this story unfolded throughout the 1980s and 1990s. In the following sections, I first show the global relevance forests and forest conservation issues to introduce the problem that motivated nonstate actors to create the FSC and identify how they

4.1 Deforestation and Forest Degradation as Global Environmental Problems

Deforestation and forest degradation significantly contributes to the growing loss of the world's biodiversity. Harvesting forests endangers hundreds of species both in tropical and temperate forests by destroying their natural habitat. Biodiversity is valuable for scientific and ethical reasons but its loss also directly affects the wellbeing of people. Many drugs and pharmaceutical products, including antibiotics, antivirals, analgesics and tranquilizers, are produced of materials derived from tropical forest plants (Myers 1996: 158). Moreover, Mendelsohn and Balick (1995) estimated the value of yet "undiscovered" drugs equal to US$ 147 thousand million. They also argue that tropical forests contain several yet unidentified plants that could be used to produce drugs against cancer.

Furthermore, deforestation threatens natural habitat and livelihoods of communities of indigenous peoples who traditionally depend on forests for food and housing and often attach a cultural value to forests. Indigenous people and forest communities are displaced as forests are logged both in tropical and temperate forests and their traditional habitat is destroyed.

Forests also fulfill important ecological functions, including natural watershed management and soil protection. Deforestation is a damaging factor for soil fertility and may increase the likelihood of droughts and contribute to soil erosion and desertification that in turn harms local community wellbeing.

Finally, although no epistemic consensus has emerged on the causes (and consequences) of global warming and climate change many believe that deforestation is one of many factors contributing to the accumulation of carbon dioxide in the atmosphere. Houghton (2005) estimated that throughout the 1990s tropical deforestation released about 20% of anthropogenic emissions of greenhouse gas. Moreover, if deforestation remains at its current rate further clearing of forests, forest

fires, drought-induced tree mortality resulting from global warming and reduced sink capacities due to decreased forest areas will further increase carbon dioxide emissions in the atmosphere (Gullison et al. 2007). The contribution of deforestation is much less significant than that of fossil fuel combustion but some scholars suggest that slowing down deforestation may become one of the least expensive solutions to emissions reduction problem (Gullison et al. 2007). Yet, no significant reduction in the deforestation rates has been achieved.

The issues of deforestation became prominent in the late 1970s and 1980s when several influential scholars pointed out the growing rates of deforestation and forest degradation in the tropical countries (Elliott 2005). The media and nongovernmental organizations confronted consumers in North America and Europe with shocking pictures of tropical forests burning or being clear-cut in Brazilian Amazon, the Congo basin and the South-East Asia. NGOs organized 'naming and shaming' campaigns against large retailers and producers importing tropical timber or selling tropical timber products to final consumers. These campaigns effectively draw the attention of retailers and end consumers to the tropical deforestation and triggered some reaction from governments, consumers and business but essentially international trade in tropical timber is only a minor cause of tropical deforestation.

Contrary to some popular beliefs, international trade in tropical timber and poor forest management are not the main causes of deforestation in the tropical countries. The share of tropical timber traded internationally equals to six per cent of the total timber harvested in the tropical countries, the rest being traded and consumed domestically (Elliott/Donovan 1996: 3). Deforestation in the tropics is a highly complex subject and has multiple causes profoundly rooted in the structure of international inequality (Humphreys 1996).

Tropical Deforestation and Forest Degradation

Virtually all tropical countries belong to the developing world. Many are classified by the UN as the least developed countries. The majority are deeply indebted to international organizations and banks. Governments are weak and corrupt. Under these conditions, governments are often unable to exercise proper control over forest land and use forests to alleviate economic and demographic pressures. Forests are the least valued lands and governments readily allow destructing forests for a 'better' use,

including converting forests into agricultural holdings and industrial areas and clear-cutting forests for timber.

The most of the deforestation comes from the lack of any forest management and results from massive and often uncontrolled agricultural expansion and land conversion, which is in turn an outcome of population growth and extreme poverty in many tropical countries. With the significant population growth in the tropical countries in the last three decades, the displaced communities practicing slash and burn agriculture multiply. These people are at the margin of societies and are forced to migrate and remove forests as they move on to provide themselves with food and firewood. Expanding urban and rural populations also need increasingly more construction materials, firewood and land for agricultural smallholdings extracted from tropical forests without a proper state control (Humphreys 1996: 8).

Another important source of deforestation is industrial agriculture and other export-oriented industries, such as gold, beef, oil and timber (Humphreys 1996: 5). National and transnational corporations remove forests to develop plantations and pastures or to build extraction facilities. Alternatively, they buy deforested lands from shifting cultivators and rural communities to establish palm oil, soy beans or mahogany plantations. These destructive practices are often tacitly approved by governments who use forests to alleviate country's economic and demographic problems. In Brazil if a group of people removes the forest and cultivates crops for only one year the state officially acknowledges their ownership of the land. Corporations can then legally buy this land from the cultivators and establish a soy beans plantation there and shifting cultivators move further.

Deforestation is also closely interlinked with national economic and poverty reduction policies. Forests are not recognized as a global common and are, therefore, a national jurisdiction and a subject to national policy-making. Governments provide companies and individuals with incentives to remove forests to convert them into agricultural lands or to extract timber for domestic and international markets. In the tropical countries forests are considered to be the cheapest land and governments easily trade it for revenues from plantations and industrial facilities. Governments contribute to tropical deforestation hoping to increase their revenues to improve country's economic position and reduce external debts. The revenues that governments extract from clearing tropics could be used for organizing and

supporting forest management system but they have to be transferred to creditors to settle external debt payments and alleviate pressing social problems.

Many countries are so poor that their governments lack the capacities and resources to inventory and assess forests and develop an adequate legal framework to regulate forestry and a forest management system to enforce these legal norms. Tenure and ownership rights are not specified and regulated. Where tenure and ownership is regulated the traditional rights of indigenous people and forest communities are often not respected. Where legal framework is in place governments are often too weak to enforce existing legal norms and national forest management systems are ineffective and unable to monitor forest activities of corporations and local populations and protect forests. Where governments initiated policy reforms their implementation is often undermined by corruption and informal norms regulating forestry industry. Ineffectiveness of national forest management systems and weakness of governments is, therefore, often coupled with widespread corruption and illegal activities. Tropical forests suffer from various forms of illegal activity, illegal logging and illegal burning of forests being the most widespread.

In South America, particularly in Peru, Colombia and Guatemala, forests are cleared for drug cultivation. In some cases illegal clearings of forests are protected by corrupt state and military officials that profit from working relationships with cultivators and traffickers (Humphreys 1996: 8). In the South East Asia, corruption at the national and local levels of government blocks effective implementation of forestry policies and programs. Informal norms that govern business-state relationships in the Asia-Pacific shape corporate logging practices more than national corporate and environmental laws and international agreements. State officials at all levels of state organization are tied to loggers and benefit from allowing illegal logging in exchange for bribes and personal security. Covered up by state officials, loggers also evade taxes, avoid environmental responsibility and hide illegal logging and smuggling. In response to international pressures, governments in the Asia-Pacific initiated environmental and forest policy reforms in the 1990s but these reforms remain largely rhetorical and their implementation on the ground is undermined by informal norms governing forestry industry and corrupt ties between bureaucrats and corporate loggers (Dauvergne 2005: 176-191).

Finally, internationally sponsored development contributed directly and indirectly to deforestation in the 1970s and 1980s (Humphreys 1996: 3; Keck and

Sikkink 1998). External debt, structural adjustment programs and infrastructural programs of the 1980s and 1990s developed by international organizations, such as the World Bank and the International Monetary Fund, to promote development also forced governments to encourage extraction of timber and conversion of forest lands. Some programs have directly sponsored tropical forests destruction by financing road building in the tropical forests. NGOs criticized structural adjustment programs for promoting export-oriented economic growth models and resource mining rather than effective management of resources (Humphreys 1996: 3-5). Responding to environmentalists' concerns, the World Bank created an environmental department in 1987 to incorporate environmental criteria into the Bank's decision-making. In 1991 it developed a forest strategy, in which it committed under any circumstances not to finance commercial loggings that involve clear-cutting primary moist tropical forests (Crossley 1996).

Deforestation had long been thought to be the problem of the tropics. However, forest management in relatively safe European countries, USA and Canada has been increasingly criticized by environmental groups and environment and forestry scientists.

Deforestation and Forest Degradation in Temperate and Boreal Forests

Forest management in temperate zones and the status of temperate and boreal forests were long considered unproblematic. European and North American governments and industry associations that were concerned with the state of tropical forests and participated in developing policy instruments to combat tropical deforestation had long refused to accept that their own countries' forest management norms regulating practices in temperate and boreal forests had to be reconsidered and reformed (Humphreys 1996). However, forest management of temperate and boreal forests was problematized in the early 1990s in several international forest forums, including the International Tropical Timber Organization (ITTO) and United Nations Conference on Environment and Development (UNCED). After UNCED held in Rio de Janeiro in June of 1992 boreal and temperate forests were included in the international forest policy agenda (Elliott/Donovan 1996: 1).

Temperate and boreal forests cover more than a half of the world's forest land. The countries hold the majority of temperate forests: Canada, USA and Russia, with

Russia alone 41% and Canada and USA 32%. 10% is located in northern Asia and another 8% in Europe. The remaining 9% are in Australia and Oceania, Latin America and Africa (Dudley 1992). These forests are, therefore, located mainly in countries where the most of the world's reforestation occurs and where many believe good forest management is practiced. Indeed, the world's total area of temperate forests increases (Dudley 1992; FAO 2005) due to reforestation efforts mainly in Europe and North America but environmentalists claim that this only masks continuing regional deforestation and overall lowering forest quality and inappropriate forest management of temperate and boreal forests (Dudley 1992). The set of problems in boreal and temperate forests is, therefore, different from tropical forests. Instead of large-scale massive deforestation and the lack of forest management in the most of the tropics, boreal and temperate forests suffer from imperfect forest management practices and deforestation in some regions.

Although for different reasons, national governments, including tropical countries, and environmentalists drew attention to the deforestation and the loss of forest quality in temperate and boreal forests in the early 1990s. Governments argued that international forest policy programs and action plans, including certification programs, should include all types of forests in all regions of the world to avoid discrimination of tropical timber in the global market. They claimed this discrimination would be based on production methods and would, therefore, contradict GATT/WTO rules. Environmentalists criticized governments, companies and industry associations for obsolete forest management norms and practices, such as clear-cutting, over-logging and logging of old growth native forests.

Environmentalists claim that inadequacy of forest management in temperate and boreal forests in countries including Russia, Canada and the US, is rooted in the traditional production-oriented approach to forest management based on the concept of sustained timber yield. Put simply, sustained timber yield means that the amount of timber harvested on a certain area should not exceed the amount of timber produced on the same area within a certain period of time. In other words, companies should not harvest more trees than can potentially grow on a certain area within a certain period of time. This approach neglects environmental and social aspects of forestry and reduces multiple functions of forests to sole timber production and is widely criticized by activists. Some environmentalists and forestry scholars claimed that this approach had led to the loss of forest quality (Dudley 1992; Elliott/Donovan 1996: 3). The

majority of governments and forest industry have been, however, equally reluctant to accept that the reform of forest norms and practices was necessary.

Environmentalists emphasize the destruction of old growth native boreal and temperate forests in the US, Russia and Canada (Dudley 1992; Greenpeace 2007; Vogel 2005: 115-117) that are often not recognized as environmentally valuable forest in legal norms regulating forestry. Throughout the 1990s and 2000s environmental nongovernmental organizations, including Greenpeace, the Friends of the Earth, Taiga Rescue Network, Rainforest Action Network and Forest Ethics have campaigned against large high-profile brand-oriented forest product producers and retailers, including Home Depot, Sears and Lowes in the US, B&Q in the UK, OBI, UPM, Stora Enso and IKEA in Europe, for logging ancient forests in Europe, Russia and North America (Vogel 2005).

Environmentalists and forestry scientists also stress that behind the official statistics of growing forest area in Europe and North America is the increasing regional deforestation in temperate and boreal forest zones. While in some regions North America and Europe forest area increases deforestation continues in other regions. For example, Hobson, Bayne and van Wingelburg (2002: 1530) show that the annual rate of deforestation in Saskatchewan in relatively safe Canada between 1975 and 2002 was 0.89%, "a rate approximately three times the world average," and 73% of boreal transition zone had been converted into agricultural land since European settlement.

Finally, in Russia in the North-West, Siberia and the Far East massive illegal logging and uncontrolled forest use under conditions of vague forestry legislation and weak state enforcement of forestry norms contribute to the degradation of the most environmentally important forests. In addition, illegal loggers evade taxes, avoid environmental responsibility and thereby indirectly contribute to the lowering of the quality of replanted forests because without these resources the state forest agencies are unable to restore forests (WWF 2006).

Although temperate and boreal forests are damaged significantly less than tropical forests, essentially the causes of deforestation are similar in temperate and tropical forests. Initially the forests were cleared to provide Europe's and North America's growing population with building materials, firewood and agricultural land. In the industrial era industrial logging had become the most important damaging factor for temperate forests, mainly for domestic consumption, but international

timber trade had also negatively affected forests in many export-oriented countries, including Russia, Finland, Sweden and Canada. However, industrial logging itself cannot be considered a damaging factor. Inappropriate forest management, of which logging is only one element, and inability or lack of political will of governments to adopt better forestry norms and strengthen control over industry is the main cause of forest degradation and deforestation.

In general, it is still an open question for many what is the extent of the impact of timber industry and timber trade on the state of the world's forests. While in countries with the boreal and temperate forests industrial logging has been widely accepted as the main cause of forest loss and forest degradation, in the tropical countries it is probably the conversion of land that is the main cause of deforestation. However, at least in some tropical areas, including Malaysia, Indonesia and Papua New Guinea among others, logging for timber industry is the main cause of deforestation. Moreover, only a small proportion of timber enters international markets. Most of the timber is consumed domestically. It is, therefore, questionable that public and private regulation of timber trade can help significantly address the non-forestry causes of deforestation, including poverty, population growth, corruption and weak government. It is certainly important to regulate timber trade but at the same time it may be misleading and even dangerous to claim that forest certification and similar programs is "a magic bullet" (Lipschutz 2005) in combating world's forest problems. In the next section, I will look at how governments and international organizations addressed the problems of global forest degradation and describe how these developments affected the rise of forest certification.

4.2 Deforestation and Forest Degradation as Global Political Problems

The tropical deforestation and forest degradation became an international political issue after scientists, environmentalists, local and international NGOs and media brought it to the forefront of public attention in the early 1980s. The first evidence of the growing deforestation in the tropics and its impact on the Earth's climate, energy balance, soils and watersheds, and forest dependent communities appeared in the late 1970s but it was not until the mid-1980s that governments and intergovernmental bodies developed the first major policy responses to the tropical deforestation pressed by the nongovernmental organizations, media and the general public.

In the 1980s and up to the United Nations Conference on Environment and Development (UNCED) in June of 1992 there were several intergovernmental initiatives to combat deforestation in the tropical countries but ultimately international organizations proved to be unable to resolve internal conflicts and produce viable policy instruments to slow down deforestation in the tropics. Notably, the participants of the UNCED in June 1992 (the Earth Summit) failed to adopt a legally-binding global forest convention and instead produced a non-legally binding authoritative statement on forest management, conservation and sustainable development. For many environmentalists this was a source of frustration and disappointment in government-led initiatives. In response, they started looking for alternative instruments to control deforestation.

While still completely absent from the international political agenda in the 1960s, tropical deforestation quickly gained importance in the 1970s when influential environmental organizations drew attention to the disappearing tropical forests (Keck and Sikkink 1998: 133). The International Union for Nature Conservation (IUCN), the influential conservationist organization, and WWF were among the first to take up the tropical deforestation issue. In 1972, the presidents of IUCN and WWF wrote an open letter to the President of Brazil, in which they expressed concern with the plans of Brazilian governments to promote further extensive colonization and development in the Amazon. In 1974, both organizations declared deforestation one of the crucial issues for the next decade. Urged by NGOs, in 1973-1980 several UN agencies and international organizations, governments and NGOs organized meetings of scientists, government representatives and international organizations to discuss the problems of tropical deforestation but some of the most important tropical countries did not acknowledge the need for reform and often refused to participate in such meetings. Moreover, the network of scientists, activists and policy-makers was still relatively small and their efforts produced only limited results (Keck and Sikkink 1998: 134-135).

By the mid-1980s, disappointed with poor results and limitations, NGOs started looking for new ways to strengthen their influence. They sought, on the one hand, to intensify their participation in the intergovernmental policy-making, including lobbying and joint projects. On the other hand, they worked to mobilize wider constituencies, including consumers and active citizens, for their campaigns (Keck and Sikkink 1998: 135).

About the same time, in the beginning of the 1980s the threatening scope of deforestation became evident. Forestry scientists and conservationists published the first assessments of the tropical forests resources in the late 1970s (Lanly and Clément 1979; Myers 1980; Sommer 1976). At that point systematic forests surveys were practically non-existent, the required information was unavailable and the available information was often inadequate (Sommer 1976). To assesses tropical forest resources properly, Food and Agriculture Organization of the United Nations (FAO) initiated the first systematic forest assessment study in 1980 called Forest Resources Assessment 1990 Project that was finalized in 1993 after four assessment surveys. FAO's project revealed that in some countries deforestation rates doubled or even tripled each two-three years in 1981-1993. Independent assessments (Myers 1984) also showed dramatic increase of deforested areas and the growing rates of deforestation. These reports also documented growing forest fragmentation and the loss of forest quality in the tropical forests. These results helped governments and international agencies recognize the significance of forest degradation and deforestation and contributed to initiation of global discussions of policy responses to forest problems (Humphreys 1996).

NGOs' lobbying, the growing evidence of tropical deforestation and forest degradation and public and media concern with tropical forests in the 1980s in different ways triggered the development of international policy responses. In 1983, the first international agreement to deal with the problems of tropical forests, the International Tropical Timber Agreement (ITTA), was signed and became operational in 1985. The International Tropical Timber Organization (ITTO) was set up to administer this agreement. In 1987, FAO in cooperation with the World Resources Institute, an influential NGO, the World Bank and the United Nations Development Program (UNDP) published the Tropical Forestry Action Plan (TFAP), a set of common non-legally binding guidelines for the development of national forestry action plans in participating countries.

These two initiatives were crucial for the development of forest certification as a private forest policy instrument. First, they served the source of frustration and disappointment for many NGOs that felt that intergovernmental policy responses were not effective enough to reduce the rates of deforestation and promote forest conservation and sustainable development of forests. Moreover, many NGOs felt that their participation is very limited and they were too often excluded from decision-

making. Many found that conflicts of interests between countries blocked effective policy making. Second, they significantly contributed to the institutionalization of the sustainable development policy frame in forest politics. Finally, the ITTO continuously rejected the proposals for forest certification schemes in 1988-1993. This decision was among the most important factors that shaped the development of forest certification and the FSC.

FAO's Tropical Forestry Action Plan

After the publication of FAO's reports on deforestation rates in the tropical countries in the early 1980s, in 1985 FAO started working on five action programs that later became the core of the Tropical Forestry Action Plan (TFAP): Forestry in Land Use, Forest-Based Industrial Development, Fuelwood and Energy, Conservation of Tropical Forest Ecosystems and Action Program on Institutions. In the same year an influential NGO the World Resources Institute initiated a project on developing a program for reversing deforestation in the tropics and brought together bilateral development agencies, the World Bank and the United Nations Development Program. The World Resources Institute saw its initiative as a complementary to FAO's project and adopted FAO's five action programs. In 1987 two initiatives formally merged and published TFAP that combined the work of two initiatives in one document.

Basically, TFAP was a set of guidelines for national forestry bodies for devising a national forest action plan (NFAP). It was not a legally-binding agreement; it only provided a general comprehensive framework for designing national forestry action plans given the diversity of conditions and types of forests across and within countries. TFAP was designed as project-oriented policy arrangement that allocated financial resources made available by donors among national governmental bodies to implement specific projects in the framework of NFAP.

By 1990 TFAP secured support from many donors, including development banks, UN agencies, governments and international organizations. Many tropical countries became interested in developing national forestry action plans. By November 1994 forty-two countries had national forestry action plans formulated; thirty-one of them were implementing their plans. In thirty-two countries national forestry action plans was being formulated or planned (Humphreys 1996).

At the same time in 1990, the World Resources Institute, the World Rainforest Movement and FAO's own independent reviewers along with many other NGOs strongly criticized TFAP. The criticisms centered on failing to reduce deforestation rates; ignoring the interests of local populations and indigenous people; biased and unbalanced decision-making; failing to address the main causes of deforestation – poverty; and excluding NGOs from decision-making. TFAP initiated a lengthy restructuring processes but the majority of NGOs remained skeptical about the potential of FAO and TFAP to produce change in forest management and reverse deforestation in the tropical countries.

Many hopes of NGOs did not realize. The decision-making powers remained in the hands of nation-states and international organizations and NGOs only retained their consultative status. NGO's initiative to form independent consultative groups at the international and national levels that would ensure genuine involvement of all stakeholders, such as disadvantaged indigenous peoples and forest dwellers was blocked. Dudley, Jeanrenaud and Sullivan (1995:116) wrote in 1995: "It [TFAP] has not provided an integrated policy, nor produced a coherent set of country policies, some of which have actually resulted in *increasing* the level of timber production from primary forests" (emphasis in the original). By 1995, all significant environmental organizations as well as the three original founders of the TFAP had withdrawn their support of TFAP.

The experience with TFAP and FAO was significant for the rise of forest certification because it contributed to the feeling of frustration among activists. Conservationists felt that FAO failed to become a forum for a genuinely inclusive dialogue for all groups that have stakes in forests and very soon lost its leadership in international forest politics (Humphreys 1996). Moreover, environmental organizations felt that TFAP's major focus was a sustainable timber production (Dudley, Jeanrenaud and Sullivan 1995: 115) that neglected ecological, social and cultural aspects of forests. For activists, stakeholder participation and indigenous people as well as effectiveness of TFAP-sponsored projects were the key issue and they were increasingly disillusioned by the international agencies' inability to respond to their demands without violating two of the basic assumptions of the international post-war political economy: state sovereignty and free trade. This tension became strikingly apparent during the negotiation of the international tropical timber trade regime in the International Tropical Timber Organization.

The International Tropical Timber Organization

The ITTO was set up in 1985 to administer the International Tropical Timber Agreement (ITTA) The ITTA was created to coordinate the international market for tropical timber and alleviate negative consequences of tropical timber trade using soft coordination tools. 'Hard' regulatory tools, including quotas, buffer stocks, bans and tariffs, were excluded from the ITTO's policy toolkit. The ITTO member states were divided into two groups: producing and consuming countries. Essentially the division was between developed and poorer developing counties.

The ultimate goal of ITTA was to facilitate timber market expansion and balance demand and supply in the timber market by providing an effective framework for cooperation, supporting research and development, improving market intelligence, encouraging reforestation and forest management and encouraging further processing of timber in timber producing countries. In addition to market-related goals, one of the ITTA's objectives was "to encourage the development of national policies aimed at sustainable utilization and conservations of tropical forests and their genetic resources, and at maintaining the ecological balance in the regions concerned" (ITTO cited in Gale 1998: 80). This gave environmentalists a hope that the ITTO would become the first trade organization that would incorporate environmental concerns into international trade coordination. These hopes waned quickly as it became clear that the ITTO was unable to overcome internal tensions between producing countries, consuming countries, environmental NGOs and timber trade organizations.

The ITTO was among the first organizations that attempted to specify sustainable forest management in a set of principles for producing countries. The *ITTO Guidelines for Sustainable Forest Management of Natural Tropical Forests* were adopted in 1990. The document consisted of forty-one principles of sustainable forest management and thirty-six recommendations specifying how to realize these principles. In 1991-1992 these guidelines were followed by two other documents: The Guidelines for the Establishments and Sustainable Management of Planted Tropical Forests and The Guidelines for the Conservation of Biodiversity in Tropical Production Forests.

The Guidelines were important for the development of forest certification for three reasons. First, the debates on the guidelines highlighted that actors had very different ideas how sustainability could be achieved and how conservation of forests

could be combined with their utilization provided the growing demand for timber and unpredictable price fluctuations on the timber markets. The available definitions of sustainable development or sustainable forest management were very unspecific and open to interpretation. Gale (1998:157) argues that the ITTO guidelines enabled industry and governments to argue that they were moving towards sustainability when it was rather the definition of sustainability moving in the direction of 'legitimating clearly unsustainable practices'. Environmental and indigenous people rights activists perceived this compromise as unacceptable and dysfunctional for their own agenda.

Second, although the ITTO recommended its members these guidelines as an international reference standard, by the middle of 1990s none of the ITTO countries had openly admitted that it used the ITTO guidelines in the development of its national guidelines (Humphreys 1996: 70). Moreover, forest management practices and the behavior or producing country governments and industry remained completely unaffected by the guidelines (Gale 1998: 157). This perceived failures of the ITTO stimulated NGOs campaigns against it (Humphreys 1996: 70).

Finally and most importantly, the adoption of guidelines put forward an issue of compliance with guidelines and time horizons for their implementation. This gave rise to two important initiatives of NGOs. In 1990-1994 NGOs attempted to lobby the adoption of 2000 as a target year (i) for implementing sustainable forest management in all types of forests in all participating countries and (ii) for the introduction of strict mechanisms of compliance verification.

In 1989 WWF proposed the ITTO to adopt 1995 as a target, by which all tropical forests should be managed sustainably. While the ITTO refused to adopt 1995 as a target, they adopted 2000 as a target year, by which all tropical wood traded in the international market should stem from sustainably managed forests. The decision, however, was largely rhetorical and did not result in any specific action.

In 1992-1994 during the negotiations of the new ITTA the issue of the Target 2000 reappeared on the agenda of the ITTO. Consuming countries proposed to include the Target 2000 as a deadline for producing countries to introduce sustainable forest management. Producing countries refused to accept it unless the agreement was extended to include all types of forest and all regions of the world. After lengthy discussions the compromise was achieved. Producing countries agreed that only tropic forests remained in the scope of the agreement and committed to reform their forest management by the Objective Year 2000. Consuming countries committed to

reform their forest management by 2000, increase their contributions to the ITTO, transfer technology and to return to the extension issues later (Gale 1998: 92).

NGOs were highly skeptical of the new agreement. The feared the new agreement weakened of the producing countries' commitment to immediately reform their forest management. They also criticized consuming countries for applying double standards when they refused to immediately revise their own forest management. Moreover, NGOs doubted that financial contributions of consuming countries would meet the costs of forest management reforms in producing countries. They were unable to convince delegations to reconsider the agreement and left the ITTO after the new agreement was signed in 1994.

Before this happened, NGOs proposed to develop a forest certification and labeling scheme as mechanism to monitor the implementation of the ITTO Guidelines of Sustainable Forest Management. Environmentalists were disturbed that the only incentives for reforms were country reputation, self-reporting and relatively small funding for forestry projects (Gale 1998). They were convinced that developing a more rigorous mechanism of verification compliance with guidelines involving the specification of incentives and sanctions would help encourage countries and industries to adopt better forestry standards and practices.

In 1989, the Friends of the Earth-UK (FoE-UK) prepared a pre-project proposal on certification and labeling schemes and market incentives for sustainable forest management. In October 1989 the British delegation presented the proposal on behalf of FoE-UK in the ITTO. The goal of the proposal was to investigate the feasibility of a certification and labeling scheme that would help buyers distinguish between timber produced in sustainable and unsustainable way. The project suggested devising a mechanism by which individual timber consignments could be verified as coming from a sustainably managed forest and marked as such with a special label. The project was aimed at exploring the feasibility as well as potential problems and pitfalls of such a certification scheme. The authors of the project believed that certification and labeling would create market incentives for timber producers to adopt sustainable forest management. They defined certification and labeling as a market policy instrument to create additional market demand for eco-labeled timber as incentives for sustainable forest management.

Despite the market character of the proposed eco-labeling scheme, major producing countries severely criticized FoE-UK's imitative. Malaysia, Indonesia and

Cameroon characterized the proposal as overly ambitious, unrealistic and lacking any potential to significantly contribute to achieving sustainable forest management. The main fear of the producing countries was that "the pre-project was a veiled attempt to install a system which was only an incentive to encourage the current campaign of boycott against the imports of tropical timber products…" (ITTC cited in Gale 1998: 160). The critics called for an extensive revision of the proposal in search for a working compromise. However, all subsequent revisions proved to be unacceptable to environmental NGOs.

In 1991 the Oxford Forestry Institute released a report that was supposed to be the revised version of FoE-UK's proposal: Incentives in Producer and Consumer Countries to Promote Sustainable Development of Tropical Forests. However, the Oxford Forestry Institute omitted all references to certification and labeling that significantly disturbed environmental activists. Two subsequent studies commissioned by the ITTO in 1992 and 1994 to the ITTO to inquire into the nature of incentives and feasibility of certification recognized the importance of certification and labeling, suggested that country-level certification schemes were feasible and desirable and tacitly recommended the ITTO picking up on this issue. Producing countries, however, continued opposing any form of certification and labeling. The discussions resulted in a deadlock. The ITTO systematically refused to take action to resolve it (Gale 1998).

The negative reaction of the ITTO members to certification and labeling proposals, the consequent reports and the unwillingness of the ITTO to devise effective compliance mechanisms inevitably upset the environmental coalition. They did not believe in the feasibility of country-level certification schemes. They feared that country-level certification programs would be corrupt and ineffective and called for an international certification program. To environmentalists, the debates on compliance mechanisms clearly showed that the ITTO was dysfunctional for a genuine promotion of sustainable forest management. Timothy Synnott, the first executive director of the FSC, notes:

> *Any hopes that ITTO or some other international agency would take the lead on certification were depressed by the reactions to the FoE-UK proposal in 1989, and by several subsequent ITTO studies of certification. … They [the events in ITTO] indicated that ITTO was unlikely to promote certification and labeling in a form acceptable to environmental and social interests (Synnott 2005: 10).*

To sum up, the experience with the ITTO was crucial for the development of forest certification and the FSC. Most importantly, it was the forum where the first proposals for forest certification and labeling schemes were discussed and rejected by tropical timber exporting and importing countries. The rejection by the ITTO of certification and labeling proposals contributed to the growing activists' frustration with the intergovernmental forums. It became clear to environmentalists that they have to look for other ways to achieve their goals.

Second, in the ITTO NGOs in a coalition with producing countries first brokered the idea of including all types of timber and all types of forests in international negotiations. This idea later became an important part of forest certification because only instruments with global scope were non-discriminatory and consistent with free trade rules: certification should apply to all forests and products to avoid discrimination on the basis of origin and production methods. At the same time the idea of global scope allowed NGOs to win support of key actors in producing counties as well as consuming countries.

UNCED (the Earth Summit)

The United Nations Conference on Environment and Development (UNCED, the Earth Summit) took place in June of 1992 in Rio de Janeiro. Two years of preparatory meetings, conferences and consultations preceded the conference and demonstrated before the conference even started that a legally binding forest policy instrument was unlikely to emerge. The United Nations convened the Rio Summit to address the most pressing environmental problems, including climate change, biodiversity loss and protection and conservation of land and natural resources. Deforestation and forest problems were one of the central themes of the Earth Summit but the participants predictably failed to produce a legally-binding convention on forests. Instead, they produced the Non-Legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of All Types of Forests (the Forest Principles).

Furthermore, the Earth Summit institutionalized a new environmental policy frame of sustainable development based on the idea that economic development and environmental conservation were in principle compatible goals of a global society (Bernstein 2000). This new complex of norms that Bernstein (2000; 2001) labeled

liberal environmentalism rested on the assumption that the promotion and maintenance of a liberal economic order did not undermine the goals of the environmental protection and nature conservation. Rather, environmental protection was consistent with the liberal normative order (Bernstein 2000: 464). Traditional command-and-control policy approaches were defined inferior to and less effective private and public-private solutions that are "the most innovative and potentially rewarding solutions" to combating global environmental problems (Cashore, Auld and Newsom 2004: 10-11).

Why were the Forest Principles designed as unbinding? Developing countries were politically and economically dependent on the forestry sector (Gale 1998) and would have agreed to sign a global forest convention only if the developed countries committed to financial redistribution and technology transfers. Developed countries were in turn reluctant to commit to various financial and technology transfer programs before the developing countries would have proved their progress toward good governance of forest resources. Developed countries were willing to extend international cooperation on forest problems based on the principles of global stewardship of forests and shared responsibility. This would entail giving more powers to international organizations. Developing countries feared that such an approach would jeopardize their sovereignty. They argued that the North with its production and consumption patterns was responsible for forest loss and demanded financial and technology transfers (Humphreys 1996: 98). Country coalitions were unable to resolve this deadlock in a legally-binding convention and produced a set of broad unbinding principles to govern forest use and conservation.

The emergence of a new policy frame of sustainable development motivated a number of governments and international organizations to start developing regional and national criteria and indicators for sustainable forest management. In 1993 in Europe thirty-eight countries launched an intergovernmental project on devising criteria and indicators for measuring sustainable forest management of European forests. This project is known as Helsinki process. In the same year Canadian and US governments launched a so-called Montreal process aiming at developing criteria and indicators of management of boreal and temperate forests. In 1995 the governments of Latin American countries initiated the development of sustainable forest management criteria and indicators for Amazonian forests. These processes, however, did not result in any binding agreements and never merged.

Nongovernmental organizations, including WWF, were suspicious of these independent attempts to specify sustainable forest management. They were convinced that they lacked a common ground and were not universally applicable and global in scope (Dudley, Jeanrenaud and Sullivan 1995). They believed that a global system of sustainable forest management criteria and indicators should emerge and that this global system should be adjusted for specific forests, countries and regions. This was ultimately an additional motivation to support the FSC in its quest for globally applicable standards of sustainable forest management.

The significance of UNCED is, therefore, threefold. First, the frustration of environmental groups with intergovernmental organizations dealing with forests problems peaked after UNCED failed to produce a legally binding convention on global forests and revealed tensions between the developed and developing counties that governments were unable and unwilling to resolve. Second, UNCED provided environmental groups with a new policy frame that legitimized their attempts to create a private organization to regulate forest management and timber trade. Finally, forest principles and other documents produced at the Earth Summit provided a legitimate framework for designing universally applicable FSC principles, criteria and indicators. Ultimately, for many observers (Cashore, Auld and Newsom 2004; Humphreys 1996) the perceived failure of UNCED to make forest principles legally binding was the final and the most powerful spur to actively promote the development of private forest certification and the FSC.

Although the Forest Principles were only a non-binding statement, they formed an important policy framework that provided guidance on what good forest management should be like. It institutionalized general principles of sustainable forest management stressing the balance of economic, environmental and social components of sustainability. While it was still unclear how sustainability of forest management could be specifically defined, measured and achieved environmental groups adopted this new policy frame. Making their standards consistent with the Forest Principles helped forest certification supporters legitimize their initiative in the future (Synnott 2005: 27).

The discussion in this section shows that the emergence of forest certification and the rise of the FSC resulted from the failure of environmental nongovernmental organizations to push their agenda in the intergovernmental forums, strengthening of neoliberal free trade rules and the rise of the new environmental policy frame of

sustainable forest management. In the next section I will review the first years of the FSC to explain how the organization emerged and developed in the first years. I will describe how the FSC moved away from solving tropical forest problems to concentrate on certifying boreal and temperate forests in Europe and North America where problems are less severe.

4.3 The Rise of Forest Certification

The FSC is one of the most successful private governance initiatives created in the 1990s. A handful of committed individuals with virtually no funds and governmental support crafted an organization that now competes with governments and international organizations for the authority to set up international norms and enjoys greater support from social movement organizations and timber product buyers and consumers than governmental agencies. It has grown from a small project of a few concerned individuals into an influential private actor that regulates a certain sector of the international timber market. The leaders of the FSC successfully brought together the representatives of business, environmental groups, labor and indigenous people and reconciled their competing interests to produce a workable and acceptable certification program. It has effectively defended itself against competing programs in a forest certification market, for which the FSC paved a way.

The FSC's path has not always been smooth. The success has been uneven. Although FSC founders were motivated mainly by tropical forest problems and only later extended FSC's scope to include less problematic boreal and temperate forests, most of the FSC-certified forests are now in boreal and temperate zones in the countries of the so-called global North. In economic terms, the FSC certification turned out to benefit mainly large producers and retailers whereas small-scale and community operations were marginalized. Competing certification programs have emerged to contest the legitimacy of the FSC. In 2006 environmental, labor and indigenous people activists strongly criticized FSC management for an ineffective monitoring and control system and links between certification bodies and certified companies that they perceived as corrupt. Several environmental groups remained skeptical about FSC's potential and highly critical of the FSC's approach to forest certification. Some certifications were controversial and even scandalous. The FSC is

constantly underfunded and depends significantly on donor contributions. It has to struggle constantly, and its future is still uncertain.

Environmental Campaigns against the Destruction of Forests

Environmental NGOs launched first naming and shaming campaigns in the end the 1980s. In the mid-1980s the Friends of the Earth-UK investigated the links between timber trade and tropical deforestation and launched a tropical timber boycott in Britain (Dudley, Jeanrenaud and Sullivan 1995: 109). Following this and other numerous campaigns, B&Q, the Britain's largest home improvement store, as well as Texas Homecare and Home Base agreed to stop selling tropical timber products from endangered forests (Vogel 2005: 115). In 1988 German, British and Dutch organizations initiated boycotts against imports from Malaysia to protest against logging policies and practices in the Sarawak, a Malaysian state in the northeast of the island of Borneo. These campaigns are believed to result into 50% decline in tropical timber imports into the Netherlands between 1990 and 1995 (Keck and Sikkink 1998: 158-160). In USA Rainforest Action Network protested against Mitsubishi and the world's largest lumber retailer Home Depot. Forest Ethics, Dogwood Alliance and EcoPledge targeted Staples, the world's largest office retail store chain. By 2005 hundreds of firms, including the largest Lowe's, Staples, Office Depot, Kinko's, 3M, IBM, Hallmark and Hewlett-Packard, agreed to stop using pulp, paper and lumber from ancient forests (Vogel 2005: 116). Greenpeace and Rainforest Action Network activists climbed corporations' office buildings to hang boycott banners. Greenpeace and Taiga Rescue Network organized local and international campaigns in Siberia and the North-West of Russia against logging of valuable intact forests.

Although boycotts are typically short-lived and have only a marginal financial effect (Vogel 2005: 51-52) timber campaigns turned out to be an effective tool to draw the attention of the media and general public and connect timber trade and consumption with the deforestation and forest degradation. Campaigners mainly targeted large reputation-conscious firms and many of them were responsive to environmental criticisms.

The initial response by many firms was to declare that their sources were reliable and sustainable. A range of labels, logos and seals of approval appeared on the market. In the early 1990s, WWF examined the reliability of such claims and

found that out of 626 surveyed companies only three were able to justify their claims (Dudley, Jeanrenaud and Sullivan 1995: 141). Furthermore, many companies in North America and Europe designed internal self-certification programs to prove that their sources were sustainable but environmentalists also questioned their credibility and reliability. In Britain, in 1993-1994 WWF filed claims to the UK Advertising Standards Authority against NHG Timber Ltd and Magnet Trade, British producers using tropical timber in their products, as well as Malaysian Timber Industry Board, that advertised their timber as coming from "sustainable", "best conserved" and "renewable" forests. The Advertising Standards Authority upheld the claims because companies were unable to provide proofs of sustainability of their sources (Dudley, Jeanrenaud and Sullivan 1995: 142).

Gradually it became clear to both companies and NGOs that a great deal of confusion existed regarding the sources of timber and their sustainability. Much deliberate fraud regarding the origins of timber existed in the market but often companies simply did not know where the timber used in their products came from and what good forest management was about. Neither did they realize what impact timber trade had on tropical forests. WWF's affiliates Dudley, Jeanrenaud and Sullivan (1995: 141) noted in 1995: "Self-regulation within the industry has allowed a situation to develop, in which fraud, semi-fraud and straightforward confusion combined to create a state where pressure from consumers is being countered by a strong of deliberately misleading or at best naïve and disingenuous, claims from producers." In fact, threatened by naming and shaming campaigns, many firms became willing to cooperate with social movement organizations and in a stepwise matter change their business practices provided the costs of such change remained modest (Vogel 2005: 116).

One form of such cooperation was company-NGO partnerships. In 1990, B&Q, the largest British home improvement store, blacklisted in 1988 in FoE-UK's Good Wood Guide (Synnott 2005: 8), started working with WWF on building the first buyers group called the "1995 Group." Members of the group committed to phase out the use and sale of all products that came from unknown or non-certified sources by the end of 1995 (Bartley 2003: 445). In 1995, the requirements for membership in the 1995 Group included commitment to use only FSC-certified timber and ignore other labels (Dudley, Jeanrenaud and Sullivan 1995: 152-153). In the US, firms, including Home Depot, also changed their procurement policies and declared to stop selling

products from endangered forests. Now buyers groups exist in many countries and constitute the Global Forest and Trade Network (GFTN), a network of producers, traders, dealers and retailers of sustainably produced forest products coordinated by WWF.

Furthermore, in addition to companies' empty claims of sustainability, NGO boycotts also came under strong criticism. Boycotts and similar campaigns were successful in attracting public attention to the deforestation and created a problem for timber industry that they had to solve but did not provide a solution. Environmentalists increasingly questioned the ethical appropriateness and desirability of boycotts. Many argued that boycotts also harmed timber producers that managed their forests a good, sustainable way. They stigmatized tropical timber consumption and could not communicate to buyers and consumers that sustainable tropical forest use was a viable alternative to existing patterns of timber production and consumption. It did not provide any alternative forest management model and did not specify how producers and retailers could improve their business practices. Finally, consumer boycotts could potentially harm forest-dependent communities and communities whose livelihoods depended on their employment in logging companies. Some argued that boycotts "devalued forest land", encouraged land conversion and, therefore, could potentially increase deforestation (Bartley 2003: 444).

To provide guidance for dealers, retailers and consumers and to respond to controversies around boycotts environmental organizations began working on alternatives to naming and shaming campaigns. In 1988 the Friends of the Earth-UK published the first Good Wood Guide and set up Good Wood Seal of Approval. The Good Wood Guide distinguished a small group of retailers and dealers who they believed were "actively helping to save rainforests by obtaining timber from an ecologically benign source" and who could use the seal of approval. The rest were helping but "still using some non-sustainably produced" timber or "contributing to the destruction of tropical forests" (Synnott 2005: 8).

However, the Friends of Earth soon realized that at least some guidance in their consumer guide was misleading. Many seal of approval winners did not use tropical timber but whether their sources of temperate and boreal timber were sustainable was unclear. Moreover, it contained no criteria for identifying benign sources (Synnott 2005: 8). The seal of approval was stopped and the authors of subsequent editions were more careful in their judgments. In the US, Rainforest

Action Network made similar experience with their 1991 Wood User's Guide. It showed that tracking of timber was a difficult, almost impossible task for "a single campaigning NGO" (Bartley 2003: 444; Synnott 2005: 10). It also demonstrated the need for a sound tracking system and widely recognized system of criteria and standards of good forest management.

Governmental Action

NGO and media campaigns and environmental lobbying also triggered governmental action to address tropical deforestation. In 1988 the European Parliament recommended all member states to discontinue importing timber from Sarawak to protest against over-logging. In the same year, the European Parliament adopted a proposal that member states should only import tropical timber products if they were produced under proper forest management programs and these products should be certified. Both of these initiatives would be GATT-illegal and did not produce any outcomes. Member states did not pick up the initiative to ban timber imports from Sarawak. The second proposal was rejected by the European Council of Ministers (Synnott 2005: 33).

In 1992 the Austrian government passed a law to ban the imports of tropical timber unless it was labeled as sustainably produced and to increase import tariffs by 70%. Malaysia and Indonesia threatened to file a complaint against the law to WTO because they believed that it constituted a nontariff barrier to trade and were GATT-illegal. In 1993 the Austrian government revoked the law (Bartley 2003: 447; Synnott 2005: 26). Subsequently, WWF-Austria convinced the government to donate funds allocated for executing the law for establishing the FSC. This funding helped set up the FSC in Mexico and supported its activity for the first two years (Bartley 2003: 448; Synnott 2005: 26).

Bartley (2003: 448) argues that this particular sequence of events had two important effects on the development of the FSC. On the one hand, it clearly demonstrated that bans were against free trade rules defined in GATT and discouraged them from direct governmental action on timber trade. On the other hand, it provided an alternative to bans. Governments did not have to ban or limit timber imports but could support private initiatives. Subsequently, the Swiss, Dutch, British and Mexican governments supported the FSC financially. Governmental aid agencies,

such as German GTZ (Deutsche Gesellschaft für Technische Zussamenarbeit), continue to provide funding for specific projects.

The previous discussion shows that leading actors in the global forestry sector felt that it was ripe for forest certification. Environmental groups connected timber trade and deforestation and attacked large brand-oriented firms that they believed contributed to deforestation. As a response, self-certification, unverified sustainability claims and labels proliferated. Environmentalists and firms both learned that they needed a complex international timber tracking system and sound sustainability criteria to verify sustainability claims. Frustrated with failed governmental and intergovernmental actions and limitations of international forums, environmental groups started working to set up a private forest monitoring organization to promote sustainable forest management in the tropics and distinguish sustainably produced timber products.

The Birth of the Forest Stewardship Council

The FSC grew out of two proposals: previously discussed FoE-UK's proposal submitted to the ITTO and Hubert Kwisthout's proposal for an independent international monitoring agency. Hubert Kwisthout was a bagpipe maker and used tropical timber for his instruments. Concerned with the growing deforestation in the tropics he organized a trading company in the UK – the Ecological Trading Company – to trade in tropical and temperate timbers produced in a sustainable way. He quickly realized, however, that he had nothing to rely on when he had to decide whether the sources he used was sustainable or not (Cashore, Auld and Newsom 2004: 3-4; Synnott 2005: 11). He was the first one to come up with an idea of an independent body for sustainability standard setting, monitoring and verification. In 1990-1991 he discussed his proposals with people in Oxford Forestry Institute, WWF, Soil Association, Woodworkers Alliance for Rainforest Protection (WRAP) and B&Q. B&Q's Alan Knight and Francis Sullivan of WWF became particularly interested in the proposal and supported the idea of international monitoring agency (Synnott 2005: 11).

At about the same time a number of Canadian and US tropical timber trading companies became concerned with the sustainability of their sources and formed an organization called the Woodworkers Alliance for Rainforest Protection. At the

founding conference in 1990 the representatives of these firms discussed Kwisthout's proposal. The conference set up a Certification Working Group that had two meetings in San Francisco in 1991 and Washington D.C. in 1992 that led to the foundation of the FSC in October 1993 (Synnott 2005: 11).

This was a period of intense communication and information exchange between many interested parties led and coordinated by a handful of committed individuals with very little funding. In these first years the main elements of the FSC and its certification system were coined and the first conflicts and disagreements emerged. The FSC proceeded extremely fast. As a result, many issues had to be resolved as the FSC already functioned and some still remain unresolved. In addition to two certification working group meetings in 1991 and 1992, dozens of meetings and consultations were held and numerous drafts were written, circulated and discussed. For example, several drafts of FSC forest stewardship principles and criteria were discussed in 1991-1993 before the seventh draft was finally presented to the FSC's founding assembly. Moreover, country consultations were conducted in Switzerland, Brazil, Canada, Ecuador, Ghana, Malaysia, USA, Papua New Guinea, Peru, Sweden and United Kingdom (Synnott 2005: 20). WWF-UK and MacArthur Foundations provided funding for national consultations.

In the beginning, it was still unclear what an international forest monitoring organization would look like and what sorts of function it would have. Many were skeptical whether any credible form of forest certification was possible and feasible. Many, including the majority of country delegates in the ITTO, doubted whether there was actually a need for such an organization and whether it could significantly contribute to the attainment of sustainable forest management (The Nature Conservancy 1990 cited in Synnott 2005: 12; Gale 1998). Nonetheless, those who believed in this idea started working to clarify the goals and functions of the future organization, its organizational structure, procedural rules and stakeholders' concerns and expectations.

During the 1990-1993 the idea crystallized that the future international forest monitoring agency would be an umbrella watchdog organization. It became clear that this organization, then tentatively called the FSC, would be based on a single document the Forest Stewardship Charter that would provide general guidelines for all actors involved. This central document would be based on the ideas of long-term stewardship and sustainable use of forests worldwide. In 1991 the certification

activists agreed that the new initiative should cover all forest products, all forest types, including plantations, and all regions of the world. This idea was supported during international consultations that the FSC founding group organized in 1992 prior to the FSC founding assembly in October 1993.

The first ideas what the new organization should look like were significantly influenced by the professional certification organizations that later became FSC's accredited certifiers. Although the idea of international forest monitoring organization and forest certification was very fresh and diffuse it immediately attracted attention of Rainforest Alliance, a US-based NGO working in the tropical rainforest regions, which was already experimenting with forest certification. In 1990 Rainforest Alliance devised a sustainable forestry standard to evaluate logging concessions in Indonesia and launched SmartWood forest certification program. US Scientific Certification Systems (SCS), British Soil Association and Swiss SGS (Société Générale de Surveillance) also indicated an interest in developing forest certification programs. All were well established organizations that offered certification, auditing, inspection and testing services. Soil Association and SCS had significant experience in certifying 'green' products, such as organic agricultural products.

For these professional certification bodies, it was clear that an operational international certification system needed a set of widely accepted standards and an accreditation and monitoring body that would guarantee the legitimacy and authority of certification bodies and their judgments. In 1992 the term accreditation first enters FSC's official documentation. In the second draft of FSC's Charter and Statutes Richard Donovan of the Rainforest Alliance wrote that the FSC was to be "an organization that monitors, evaluates and provides official accreditation for … certification programs" (cited in Synnott 2005: 14). The FSC was becoming an international accreditation body for existing and emerging forest certification programs.

FSC activists also shared a view that extensive international consultations with all concerned actors were necessary to ensure inclusiveness and support from diverse interest groups representing different regions. Many NGOs and other stakeholders were disappointed that they were unable to truly influence global forest politics through intergovernmental forums, such as the ITTO and the Earth Summit. They wanted to create a new forum that would be conductive to diverse and often conflicting interests of stakeholders. They also hoped to collect suggestions that

would not only improve the proposals for FSC's forest management standards and FSC's governance, structure and procedures but more importantly spread information about FSC and guarantee wide acceptance of the future organization and its standards. The FSC's founding group was skillfully creating a momentum for the FSC foundation in October 1993.

In March of 1992 the FSC founding group decided to hold the founding assembly in October of 1993 and committed to finalize the drafts of the FSC Charter and Statutes and FSC Principles and Criteria and conduct global consultations on these documents. By September 1993 the consultations on the FSC principles and criteria had been completed in Switzerland, Brazil, Canada, Ecuador, Ghana, Malaysia, USA, Papua New Guinea, Peru, Sweden and United Kingdom (Synnott 2005: 20). It had become clear that the FSC would be an international accreditation body global in scope; it would cover all types of products, all types of forests in all regions of the world; it would equally consider economic, social and environmental functions of forests and equally respect economic, social and environmental interests (Synnott 2005: 20-21).

In October 1993 the FSC founding general assembly took place in Toronto, Canada, with 134 participants from 26 tropical and temperate countries. Although not everything went smooth, the general impression of the leaders of FSC founding process and future FSC officials was that the meeting succeeded. Despite a number of disagreements, the majority of participants established the FSC "to work in the broad field of mainstream forestry, from small scale community management to large scale commercial operations, from natural forests, through heavily altered forests to exotic plantations, and from the equator to the arctic circle" (Synnott 2005: 23).

This choice was consistent with the non-discrimination rules underlying free trade and liberal market ideology. FSC founders sought to create global standards that would apply equally to all market participants to avoid positive and negative discrimination on the market (Taylor 2005a: 441). This decision significantly shaped FSC's organizational trajectory. FSC founders did not seek to challenge existing trade relationships. Rather, they attempted to modify the structure of market incentives to encourage producers to alter their forest management practices or procurement policies. The FSC chose to work within the pre-existing free trade and liberal market institutional framework. The FSC founding members adopted market 'rules of the game.' They adhered to the conventional market logic and worked though

conventional market channels (Taylor 2005a: 441-442). They hoped that increased consumer demand for sustainably produced products would translate into equal market incentives and benefits for all market players from small scale community to large scale commercial operations, from natural forests to plantations, and from tropical to boreal zones. However, individual players are not equal in the global timber product markets. They differ in their position in the structure of international trade relationships, market share and, therefore, economic power. The incentives, therefore, could not potentially equally affect all market participants and the distribution of benefits could not be even.

The definition of the broad scope of forest certification revealed also the first tensions within and between the groups of stakeholders involved in the creation of the FSC. Some of these tensions were successfully resolved; others turned into lasting issues that still remain unresolved. These initial conflicts and their outcomes significantly affected the future of the FSC and forest certification in general. These conflicts and their outcomes demonstrate that the FSC moved, on the one hand, to create a broad support coalition for the FSC and, on the other hand, to broaden the scope of the FSC to include all forests, operations and regions.

The earliest disagreements concerned the distribution of decision-making powers in the FSC and its organizational structure. First, the FSC founding assembly had to decide if the FSC would be an association of members or a foundation. Second, it had to decide on the distribution of decision-making power.

Initially, the FSC was planned as a membership organization. The first draft of the Charter and Statutes stated that members would meet once a year at the general assembly, the highest decision-making authority in the FSC. Members would elect board of directors and delegate it operational and executive functions. In April 1993, a legal advisor recommended the FSC's working group to design the FSC as a foundation without membership. He believed that this organizational structure would allow cutting potential costs, reduce complexity of decision-making and enhance organizational flexibility. The founding assembly, however, unanimously voted for a membership organization. The participants of the assembly wanted to have a voice in the future organization and feared that the FSC as a foundation managed by a small group of people would be soon dominated by one interest group.

FSC activists were aware of the frustration and disillusionment that many environmental and indigenous people rights activists experienced in the

intergovernmental forums and organizations, such as the ITTO. They were aware that these people would only support the FSC if they had at least an equal voice in decision-making. They feared at the same time that negotiation and decision-making could be co-opted by representatives of business interests. To avoid the domination of one specific interest group the FSC founders initially suggested organizing FSC membership in two chambers, environmental with 75% of votes and economic with the remaining 25% of votes (Humphreys 2006: 118). To avoid the domination of the representatives of the more powerful Northern developed countries each chamber had to be divided into two sub-chambers representing respectively the countries of the so-called global North and global South. This arrangement aimed at ensuring that decision-making was dominated neither by a single chamber nor a single region. However, at the founding assembly a number of representatives of environmental interests objected granting individuals and organizations with commercial interests in forests a decision-making power. Ultimately, these people were unable to convince the majority of participants to support their view. The assembly voted for a two-chamber organizational structure with 25% of votes for economic chamber. The leaders of the opposition, including the representatives of Greenpeace and the Friends of the Earth abstained from voting and refused to take any official positions in the FSC (Humphreys 2006: 118; Synnott 2005: 22-23).

Subsequently, the FSC reformed its governance structure to respond to the demands of the stakeholders representing so-called 'social' interests of forest workers, forest dependent communities and indigenous people in the FSC who felt that the FSC had not paid sufficient attention to the social and cultural issues associated with forests. FSC divided the members of the environmental chamber into environmental and social chamber and equally divided decision-making powers between three new chambers. Environmental chamber now includes representatives of environmental interests whereas social chamber now includes representatives of labor unions, forest workers and indigenous people. Each of the three chambers was collectively granted one third of votes and can only vote as a chamber (Humphreys 2006: 118).

These decisions profoundly influenced development of the FSC. The FSC's officials believe that they shaped the success of the FSC (Synnott 2005: 24;

interviews 37 and 38).[14] With the three-chamber equal-vote decision-making system FSC was able to secure support of diverse groups and balance differentiated power and reconcile conflicting interests of various actors. Depriving forest owners and forestry sector and retail sector members of voting rights could jeopardize business support of forest certification that was crucial for a workable certification program. Without a system that guarantees that a single interest or region group cannot influence a decision by simply outnumbering other groups, labor, indigenous people and environmental groups would soon withdraw their support.

The decision-making has ever since been based on the deliberative democracy assumptions and consensus. FSC membership is involved in the making of the majority of decisions, standard setting and policy formulations at all levels of the FSC system. The FSC sets up working groups to draft policies and standards. Working groups usually include members that have expert knowledge and stakes in an issue in question. Working groups work on drafts of proposed documents that are then circulated among members of the FSC and other stakeholders. Extensive consultations, meetings, online communication and information exchange and lobbying have become effective tools to ensure inclusiveness, genuine participation and compromise.

Deliberative democracy and thorough consensus-building certainly have their cost. The decision-making in the FSC is extremely complex, time consuming and costly. The compromise is fragile and needs to be continuously renegotiated. According to Synnott (2005: 24), "there was no possibility of the smooth operation of a small group of like-minded individuals that might have been constructed in a foundation or a private company." Yet,

> *… the decision-making process is not only to reach a decision. Any scientist can make it, any manager can, but a decision is a decision-making process, and it's also there to create co-authorship in the decision. If you don't have any command and control over constituencies, they need to come on board. They need to take ownership over a decision before you can actually go out and announce it as a decision (interview 38).*

Although the FSC could potentially cut its costs by making its decision-making system less bulky and more efficient, it is unlikely that a radical reform will take place.

[14] Interviews are numbered according to the listing in Appendix 1.

The FSC leaders are aware that such a system creates legitimacy and presents a forum where interest groups can pursue their agenda and work on the compromised solutions.

Emerging Controversies: Tropical Forests, Small-Scale Operations and Plantations

The second set of disagreements concerned what kinds of forests and forest operations would be the main target of forest certification. The people early involved in setting up the FSC also had different and even conflicting perceptions of what the goals of the FSC were. Here again the FSC membership initially opted for the broadest application of forest certification. Instead of focusing on mainly or even exclusively on small-scale community-based operations, the FSC focused on all kinds of operations, including industrial commercial logging. Instead of concentrating on natural forests and opposing plantations, the FSC opted to certify both natural forests and plantations. Finally, the FSC formulated its goal as promoting good forest management by distinguishing forest management operations and forest products that were produced in a way that the FSC identified as responsible.

Synnott (2005: 15-17) provides a detailed description of a number of the initial conflicts within FSC membership. World Rainforest Movement, a radical US-based environmental NGO, suggested that the FSC should focus on small-scale community forestry to provide advantage and access to markets traditionally dominated by powerful large-scale highly mechanized logging operations. WWF and Rainforest Alliance argued that strategically it was important to include large industrial operations, including plantations. The FSC opted to include all kinds of forests and all kinds of producers in its scope.

Moreover, many NGOs felt that the FSC's goals were incompatible with certifying plantations provided their documented negative impact. For many environmentalists it was and still is unacceptable that the FSC included plantations into its certification program. At the same time, by the time of the founding assembly in 1993 Rainforest Alliance's SmartWood certification program was already certifying plantations. In 1992, it was clear that plantations would be included in FSC's scope. However, it has remained unclear how they would be included and how responsible plantation management would be defined. In 2003, World Rainforest Movement in cooperation with many other NGOs called to ban plantation certification

before the FSC finalized its position on plantation certification and produced a plantation policy. In response, the FSC initiated a plantation review process that has not yet been finished. In summer 2007 a number of NGOs organized a campaign against endorsing and promoting monoculture plantations through FSC certification. The issue of plantation certification is still unresolved but many activists feel that it is unlikely that the FSC will suspend plantation certification (interview 43) provided the amount of plantations already certified. For example, in Brazil, one of the leaders in certification in Latin America, the majority of FSC certified forests are plantations (Espach 2006).

Finally, an interesting turn in the FSC's development was the shift in goal formulation of FSC. The whole FSC movement was motivated by the problems of tropical forests that governmental and intergovernmental solutions could not effectively solve. In 2004 many FSC supporter still shared a view that the FSC was originally planned to stop tropical deforestation. However, these objectives "boiled down to promoting good forest management" (Synnott 2005: 16). Any mention of tropical forests as its target, and their specific problems disappeared from the FSC's agenda.

What were the implications of this change? Many regard the transition from a regional, tropical scope to a global one as a natural and inevitable change in the FSC's scope and only mention it in passing (Synnott 2005: 7; Elliott/Donovan et. al. 1996: 2). However, this was an important shift that shaped FSC's organizational trajectory. Founding members of the FSC believed that broadening the scope of forest certification would help avoiding discrimination of any type of timber, as well as types of operations and forests, in the global timber market. This was consistent with the rules of free trade and WTO rules prohibiting the discrimination of goods on the basis of production methods. However, the unintended consequence of this decision is that the majority of the FSC certified forests are now in temperate and boreal forests located in the developed countries of the so-called global North. The leading countries are Canada, Russia and Sweden.

Moreover, the majority of certified forest operations are large-scale industrial logging companies. The FSC officials see this development as a natural course of events. Some observers, however, characterize this development as an irony (Fischer et al. 2005: 13) and some critics describe it in a straightforward manner as a failure to

improve the quality of forest management where it was urgent (Counsell and Terje Loraas 2002; Mäntyranta 2002).

Moreover, from the very beginning the FSC has strategically worked mainly with large industrial forest owners, large forest product producers and world's largest retailers to create the demand for certified products. The FSC, therefore, had to respond and satisfy the demand for certified timber and timber products and increase certified areas. The critics characterized the efforts of the FSC to quickly increase the number of certified forests and producers a 'fast growth strategy' (Counsell and Terje Loraas 2002). Furthermore, the small-scale producers and community forest operations became marginalized in the FSC system. The growing demand for certified forests also created negative incentives for FSC's certification bodies to lower the quality of forest certification (interview 40).

Finally, many NGOs find that FSC's accreditation unit that monitors and controls the performance of certification bodies that actually assess forest management and issue FSC certificates of good forest management is unable to exercise full control over certification bodies and thereby contributes to the lowering of forest certification standards.

In addition, the FSC also paved a way and provided an organizational model for competing organizations. Forest owners that were unhappy about FSC's policies mobilized to create competing certification schemes to undermine FSC in the market for certified products. Forest owners and producers in Canada, USA and later in Europe launched alternative certification programs, usually with weaker standards and less strict assessment procedures. Forest owners hoped to avoid FSC certification and at the same time use the real and potential benefits of forest certification. Facing the competition in the certification market, the FSC had to defend its position in the market and struggle for legitimacy that its competitors tried to damage.

This lowering quality of certification bodies' performance, plantation controversy and marginalization of small-scale and community producers, mainly in tropical developing countries, allows a number of environmental and social NGOs to question the FSC's legitimacy and effectiveness. Competition with other certification programs and the market pressure to produce more certified timber combined with the legitimacy problems creates a volatile and uncertain environment where FSC has to continuously adjust and readjust its certification scheme and maneuver among conflicting interests of stakeholders and activists' and observers' criticisms.

In this chapter I described the history of the global forest politics and the emergence of the FSC as an alternative to governmental action. The chapter has highlighted that a compromise and consensus are at the core of the new regulatory form but the compromise is very fragile. As the FSC certifies increasingly more companies as managing forests and supply chains responsibly, new problems emerge and the FSC leaders have to renegotiate the compromise. I show in the subsequent chapters that many of these problems also emerge in Russia and deal with the credibility of the FSC.

In the following chapters, I shift my focus to the local level, at which the FSC operates. I concentrate on the experience of Russia as a transition country with problematic natural and social conditions in the forest sector. I start with the characterizing Russian forests and identifying structural factors that can be expected to facilitate and impede the development of forest certification in Russia (Chapter 5). I The goal of Chapter 6 to explain why and how forest certification develops in Russia despite the lack of well-enforced forest legislation, traditionally poor forest management practices and the lack of mechanisms of public participation in forest governance. Chapters 7 analyzes the effects of forest certification in Russia and emphasize forest certification expanded dramatically but the effectiveness of forest certification has been limited.

4.4 Discussion

Based on the analysis of the secondary literature and the data from several primary sources, I start this chapter by describing the rise of a transnational forest governance regime as an attempt to solve the problem of deforestation and forest degradation that was emerged as a global environmental and political problem in the twentieth century and as an attempt to settle the fundamental conflict between the protection of forests seen both as a global public good and as a resource under sovereign rule of individual states. I show that the attempts of governments to create an effective forest governance regime that would prevent massive deforestation and forest degradation largely failed in the 1980s and in the early 1990s and thus caused frustration among nongovernmental environmental actors, such as NGOs, who started to work on their own alternatives to a global forest convention that would enable both forest use and forest protection.

Whereas the emerging forest environmental regime was perceived by the NGOs as ineffective in halting deforestation and promoting forest protection and conservation, it generated a discursive policy frame built on the concept of sustainable development and, more specifically, on the concept sustainable use and management of forest resources. This frame emphasizes multiple values and functions of forests (e.g., natural, economic, environmental, cultural and social values and functions) and multiple interests in forests (e.g., multi-stakeholder approach). The coalition of actors led primarily by NGOs developed a system of forest certification as compatible with the dominant policy frame institutionalized and legitimized in the intergovernmental forums – most notably the United Nations and its bodies and conferences, including the Rio Earth Summit in 1992. Forest certification includes many organizational and substantive elements (e.g., multi-stakeholder approach and multiple functions of forests) that were formulated and gained prominence during various intergovernmental negotiations. From this perspective, the political-discursive context into which activists was embedded had an enabling effect on forest certification, since it provided the actors with a set of institutionalized legitimate ideas and institutional elements for a new organization.

Activists created the FSC and forest certification as an alternative arena to intergovernmental forums for settling fundamental conflicts over the use and management of forests (Bartley 2007b). The first certification program proposals were discussed in intergovernmental forums, such as the International Tropical Timber Organization, but were declined by the representatives of governments. The first proposals focused on tropical forests, and governments of tropical countries were skeptical whether such a system was a workable solution to deforestation problems and feared that such programs would lead to the discrimination of timber and wood products from tropical countries in the international markets. At the same time, the activists' campaigns against the producers and retailers of tropical timber products successfully drew the attention of the public as well as reputation-conscious companies to tropical deforestation. Aware of potential reputation losses, several firms showed interest in the program that would help them recognize "good" timber on the market and communicate it to consumers and stakeholders. Forest certification, thus, emerged as a forum for solving the problems of reputation and information in the market and for the settlement of conflicts over existing practices in the forest

sector among different interest groups, primarily environmentalists and business (Bartley 2007b).

Furthermore, I describe in this chapter that the specific form of the emerging institution has been shaped not only by the existing organizational models and policy ideas (e.g., multi-stakeholder approach and multiple functions of forests), but also by the larger neoliberal institutional context (Bartley 2003), which Bernstein (Bernstein 2000) also calls "the liberal environmentalism", as well as by the mainstream market orientation of forest certification. The neoliberal context limited the repertoire of policy alternatives available to actors developing a system of forest certification and labeling by ruling out several measures that have been attempted by governments, such as legislative bans of tropical timber or legislative requirements for sustainability labels in Europe, because these measures conflicted with neoliberal free trade rules (Bartley 2003). In contrast, forest certification was designed as a voluntary instrument for "a private use" by private actors and was, therefore, compatible with the free trade framework.

The argument that forest certification and labeling emerged as a response to a specified market and political problem is in fact far less functionalistic as it may appear at the first sight. Forest certification was initially driven by the deforestation and forest degradation in the tropical forests but has so far failed to achieve this goal (Marx and Cuypers 2010). Moreover, the mission and goals of the FSC were formulated differently from what initially guided forest certification debates relatively early. Forest certification moved away from its initial focus on tropical forests and included all types of forests and all types of operations (in contrast to small-scale and community forest operations in the tropical forests) in all regions of the world into its scope.

On the one hand, it is also compatible with the neoliberal free trade rules that do not favor neither positive nor negative discrimination of products on the market based on their origin and methods of production. On the other hand, since campaigns targeted large retailers and producers of timber products, the demand for certified products grew rapidly and did not always targeted tropical forests. Many large companies source their products from boreal forests that also had to be included into the scope of forest certification. Plantation – another controversial issue – were also included into forest certification programs. In sum, the turn towards more conventional market players (large companies) and more conventional market logics

generated market pressure on forest certification that explains its move to a focus on all forests, including plantations, instead of just natural tropical forests. This enabled the "fast-growth strategy" of the FSC that helped it to certify millions of hectares of forests quickly – mainly of boreal and temperate forests in Europe and North America – but caused concern over the credibility and reliability of the FSC forest certification program.

The history of the emergence and development of the FSC and its forest certification program at the transnational level shows the important role of actors situated in a specific contexts that limits their repertoires of action but at the same time enables their action by providing organizational and institutional resources that actors can use to build new institutions in order to govern environmental and social behavior of firms in the global economy. It shows that the context also shapes the specific form of an emerging institution, but still in a way that allows for independent strategic choice of actors. It also shows that even though it may appear over years that the initial goals may not be completely accomplished, the emerging institutional forms may become enduring and legitimate instruments if they allow for compromise and provide a forum for discussing and reconsolidating conflicting interests.

The FSC forest certification program emerged as a result of lengthy rounds of negotiations of its rules, standards and procedures between actors with diverging and at times conflicting interests. This process took place over years and is ever incomplete because new technical issues and political conflicts emerge, the fragile compromise between and within stakeholder groups has to be continuously renegotiated and the solutions for emerging problems have to be found. This process is not easy because of the FSC three-chamber structure and deliberative decision-making system, but it does help keep all key stakeholder groups on board of the FSC ship – social, environmental and economic – that accept the FSC and its forest certification program as a legitimate private regulatory instrument, despite its limited effectiveness.

The examination of the process of institutionalization of forest certification and labeling would be incomplete without explaining how forest certification and labeling are enacted at the local level and what its impact on forest management practices is. Transnational Principles and Criteria developed by the FSC are implemented in local settings and are influenced by the domestic dynamics at the national level. In the following chapters, I focus on the experience of Russia where

nongovernmental organizations were able to achieve considerable success in promoting forest certification despite difficult environmental, economic and social conditions. I show in the following chapters that local enactment and implementation are not straight-forward smooth processes where the results can be easily predicted or read off the transnational rules. They involve the negotiation of stakeholder interests and creative adaptation and learning about forest management and implementation of transnational standards across settings in formal and informal forums.

5 Forestry Problems in Russia

In this chapter I specify in greater detail the context, in which forest certification developed. I identify the factors that could be considered as facilitating and impeding the translation of FSC standards into local practices. The development of Russian forestry sector after the breakdown of the Soviet Union has been strongly influenced by the legacies of the Socialist past. It was also affected by the weakness of the state during the post-Socialist transformation as well as by the new liberal market ideas dominating economic policy since the fall of the Soviet Union. This has resulted in a number of important problems for Russian forestry that could have been expected to impede the development of forest certification. I start this chapter with presenting the characteristics of the Russian forest resources. I then describe the history of forestry in Russia between the late nineteenth century and post-Socialist period.

5.1 The Characteristics of Russia's Forest Resources

About twenty percent of the world's forests and eighty-one percent of Europe's forests are located in Russia. Russia's total forest area amounts to 808,790 thousand hectares. This is about 4.2 times more than in Europe in total. Forests cover about 47.9 percent of Russia's total area, making it one of the leading forest countries of the world (FAO 2007: 27). About seventy-seven percent of Russian forests are Northern boreal coniferous forests (Russian Federal Forestry Agency 2008). Russia has approximately nineteen percent of the world's forest growing stock, about the same as Brazil. However, only about sixty-eight percent of the stock is available for commercial use, since many forests are distant from processing facilities and logging in these forests is not economically viable (Roshchupkin 2008). In terms of biomass and carbon stock, Russia's stocks are about as large as a biomass and carbon biomass in Asia in total (FAO 2007: 31, 118-119). This makes Russian forests economically and environmentally important.

Russia is, on the one hand, an important exporter of raw materials and simple processed products, including industrial roundwood and sawn wood, to Western Europe and to Japan, South Korea and China. About thirty-two percent of industrial roundwood and around sixty percent of sawn wood is exported. Twenty-eight percent of wood-based panels, twenty-six percent of pulp for paper and forty percent of paper

and paperboard are exported. In absolute terms, however, exports of wood panels, pulp, paper and paperboard are significantly less than the exports of roundwood and sawn wood (FAO 2007: 127, 134; see Table 4 for details). On the other hand, final products, such as furniture, are mainly imported to Russia. In 2007, the imports of furniture amounted to 1484.6 thousands US dollars (Federal Customs Service of Russia 2008), exports being insignificant. Russia also imports high-quality paper, paperboard and construction materials (Sharipova 2008). This means that Russia is an important supplier of raw materials and primary processed forest products to European and Asian markets and is itself an important market for final products.

Table 4: Production, Exports and Imports of Timber Products in Russia, 2000-2004

	Industrial Roundwood					Sawn Wood				
	Production (1,000 m^3)	Imports (1,000 m^3)	Imports (1,000$)	Exports (1,000 m^3)	Exports (1,000$)	Production (1,000 m^3)	Imports (1,000 m^3)	Imports (1,000$)	Exports (1,000 m^3)	Exports (1,000$)
2000	105,800	525	13,100	30,835	1,338,300	20,000	21	3,790	7,764	733,100
2001	117,800	625	12,649	31,693	1,391,731	19,600	15	3,015	7,700	697,390
2002	118,600	220	5,200	36,800	1,647,800	19,240	16	3,837	9,020	869,460
2003	126,600	852	19,751	37,518	1,803,538	20,155	11	4,260	10,544	1,177.321
2004	130,600	1,004	26,110	41,553	2,338,086	21,355	13	5,630	12,621	1,518,232

	Pulp for Paper					Paper and Paperboard				
	Production (1,000 tonnes)	Imports (1,000 tonnes)	Imports (1,000$)	Exports (1,000 tonnes)	Exports (1,000$)	Production (1,000 tonnes)	Imports (1,000 tonnes)	Imports (1,000$)	Exports (1,000 tonnes)	Exports (1,000$)
2000	5,310	357.9	25,3345	2,253.3	835,827	5,752	36.2	26,185	1,614.6	562,413
2001	5,624.8	495	38,0965	2,347	924,083	6,021.7	33	18,340	1,715	493,320
2002	5,978	638	56,2773	2,458	864,890	6,377	42	18,926	1,800	523,588
2003	6,377	776	73,1132	2,459	957,434	6,605	41	20,816	1,806	578,631
2004	6,830	883	86,2406	2,707	1,243,628	6,780	23	15,226	1,744	634,194

	Wood-Based Panels				
	Production (1,000 m^3)	Imports (1,000 m^3)	Imports (1,000$)	Exports (1,000 m^3)	Exports (1,000$)
2000	4,750	375.5	81,003	1,404	266,770
2001	5,150	567	104,734	1,408	290,602
2002	5,684	601	121,944	1,567.2	335,352
2003	6,397	982.4	181,769	1,668	370,381
2004	7,237	983.4	224,772	2,013.2	536,098

Source: FAOSTAT, Food and Agriculture Organization of the United Nations' Statistical Database.

Beside their economic value, boreal forests of Russia have a significant environmental value. Russian forests are considerable carbon and biomass stocks that contribute to

preventing global warming and climate change. In future, biomass may potentially become one of the alternatives to oil as a safe and competitive source of energy and may thereby mitigate climate change. Clearing Russian forests would significantly contribute to climate change. The protective potential of boreal forests, most of which are located in Russia, is considered vital for the global environmental wellbeing (Luyssaert et al. 2008).

Moreover, relatively large areas of forests in Russia have remained intact. The study of the World Resources Institute shows that in 1997 Russia possessed twenty-six percent of the world's native forests, or 344,800 thousand hectares (Bryant, Nielsen and Tangley 1997: 45). For many nongovernmental environmental organizations, protection of large intact forest landscapes is a task of a paramount importance, since many governments, particularly in developing countries, do not have special policies to protect intact forests from destruction and degradation. Intact forests are a type of natural forest ecosystems that have not been affected by human activity and follow the natural cycle of the ecosystem development. Intact forests are also called frontier, native, old-growth or pristine. Environmentalists insist on preserving unique intact ecosystems with high degree of biodiversity because of their high scientific and ethical value. Large intact tracts are crucial for a long-term survival of many species. Fragmented, non-native forests lack many features that many species need in order to survive (Bryant, Nielsen and Tangley 1997: 9).

Russian forests, therefore, have high global value because of their considerable environmental and economic potential. Their poor environmental condition has, however, long disturbed both the Russian and the international environmental community, policy makers in Russia and international organizations, including the World Bank (Dudley, Jeanrenaud and Sullivan 1995). What once had been considered "an unbroken belt of boundless wilderness" is no longer a reality (Aksenov et al. 2002: 5). Although Russia still possesses a large proportion of the world's forests, including intact forests, and the annual rate of forest loss is only about 0.01 percent, or 96,000 hectares a year (FAO 2007: 27), [15] Russian forests have become increasingly fragmented and degraded. The degradation and fragmentation of forests, in particular

[15] The global rate of deforestation in 2000-2005 was 0.18%. In some regions of the world, the rate of forest loss exceeds one percent. For example, in Southeast Asia it equals to 1,3%, in West Africa 1,17% (FAO 2007)

close to human settlements and, therefore, easily accessible for logging, results mainly from massive human intervention, including industrial logging, human-induced fires, agricultural use, road and pipeline construction and mineral resource extraction (Aksenov et al. 2002: 5). Forests located close to human settlements and, therefore, easily accessible for logging are particularly affected. Human activity significantly damaged the state of Russian forests and their economic, protective and environmental potential.

Human intervention, although disturbing to the environment, is not necessarily per se the cause of forest degradation and fragmentation. In the course of human history, forests have always been the source of fuel and raw materials to satisfy many human needs, including housing and energy. Rather, it is inappropriate management of forest resources or the lack of it that causes the loss and degradation of the world's forests. The analysis of forest problems in Russia would be, therefore, incomplete without addressing forest policy problems. In Russia, inadequate use and management of forest resources is profoundly rooted in the past institutional structures that shape the behavior of individuals, companies and of the state forest service officers. It has also been affected by the drastic transition from the Socialist economic system to market economy in a variety of ways. In this section, I describe how the legacies of the Socialist planning system coupled with dramatic transformations affect the state of forests and forest policy problems in Russia. They constitute the local context for forest certification as a new global private market-based tool for improvement of forest management and allegedly the condition of forests.

5.2 A Brief History of Forestry in Russia: The Late 19th Century – 1991

In Russia, forest policy was guided by the notion of forest resources exploitation and the primacy of industrial and economic development over forest management and protection. Forests were viewed as a renewable resource that could be freely exploited to promote economic growth. As early as 1899, Vladimir Lenin argued that the forest reserves of Russia had been exploited to the smallest extent only. After the revolution of 1917, Lenin identified forest resources of the Northern Russia as the key resource to generate revenues from exports of timber to Western Europe. He called the forests of the Russian North "a foreign currency mill" that provided monetary resources for

the restoration and industrialization of the Soviet economy after the revolution of 1917 and the civil war of 1918-1922 (Ovchinnikov 1980: 5-8).

Indeed, the revenues from the exports of roundwood and sawn wood were significant. In 1921, they amounted to seven million rubles in the northern Arkhangelsk federal district alone, while the investment in forest logging and primary processing equaled one million rubles. In the following five years, exports from the Arkhangelsk district generated 134 million rubles (Ovchinnikov 1980: 5-8). For the whole country, total exports rose from 750 thousand cubic meters of timber in 1921 to 3,584 thousand of cubic meters in 1924. In 1929, revenues from exports amounted to 143 million rubles (Bobrov 2001). The country also needed increasingly more firewood for individual and industrial use. This created a tremendous demand for timber that forestry sector could only satisfy by rejecting any environmental restrictions on logging.

Did such restrictions exist at that time? Before the revolution of 1917, forestry was a relatively advanced science in Russia. The leading forestry scientists developed their own theory of forest management based on the idea that forests had to be cultivated in order to generate continuous yield of timber and, therefore, income. They realized that adequate forest management required restricting forest removals and investing in forest restoration, including the planting of trees and thinning of young forests. These techniques were meant not to bring about immediate income but to improve the quality of forests and increase potential income in the long run. After the revolution, Mikhail Orlov, Russia's leading forestry scientist in the 1910-1930s, and his colleagues designed a standard for forest evaluation and inspection that was adopted by the government in 1926. They based this standard on the principles of long-term continuous planning and balanced use of forest resources that they believed would secure high long-term income from forests but require reducing harvesting in the short term (Knize and Romanyuk 2005; Pisarenko and Strakhov 2004).

This approach was, however, in sharp contrast with the dramatically growing demand for fuel for the Soviet industry and population and the need of the political elite to generate revenues from exports of timber. The new generation of Socialist economists soon labeled the arguments of the forestry scientists "bourgeois". They accused Orlov and his school of forestry of resisting the development of a new Socialist economy. They claimed that restricting logging hindered economic development. By the early 1930s, the classical theory of forest management was fully

abandoned. The predominant principle that governed the development of forestry sector was from then on that exploitation of forest resources should be defined by the current needs of the Socialist economy. In practice, this meant harvesting as much timber as possible, preferably close to the most populated areas and with the cheapest technology available. The proponents of this approach believed that forests were able to completely regenerate without any human intervention. This laid a ground for the future forest policy in the Soviet Union and Russia that sought to promote vast exploitation of forest resources that seemed to be an infinite source of revenues (Knize and Romanyuk 2005: 4).

In the subsequent years, the pressure on forests continued to grow dramatically. Exports of timber remained an important source of state revenues. The Socialist state continued to generate considerable income from selling timber, mainly roundwood and sawn wood, to foreign counties, especially from the regions close to the borders. Domestic consumption of timber and timber products also increased significantly. During the Second World War and immediately after it, Russian forests were seriously damaged. To restore country's destroyed cities and industries, the government increased logging assignments in a centrally planned economy. Growing demand for timber for export and domestic consumption resulted in logging increasingly more forests. Coupled with the availability of large accessible forest tracts in relatively densely populated regions and inadequate forest policy, this pressure created incentives for extensive use of forests.

In the 1920s, 1930s and after the Second World War in the 1940s and 1950s, thousands of forest operations were established to satisfy the growing demand for timber. Forest settlements were founded to attract workforce for the operations. Millions of prisoners were forced to work in logging operations. Large pulp and paper mills and sawmills were built in the North of Russia, in the Central European part of Russia and in Siberia. Clear-cutting of large forest areas was a predominant harvesting method. Loggers moved further into the forests after clearing easily accessible forests. Logging operations competed between each other to over-log their annual and five-year plans assigned to them by the Socialist central planning system. By the late 1980s, when the first symptoms of the systemic crisis of the Socialist economy began to slow down the extensive expansion of forestry sector, Russia's forests were severely damaged. Their regeneration was mainly spontaneous and contributed to the further degradation of forests.

The Soviet forest service officials and forestry scientists were not entirely unaware of the negative effects of excessive logging on the environment and economy. They continuously tried to remedy the symptoms of forest degradation but their policy responses often came to late and were only weakly reinforced (Knize and Romanyuk 2005). The first visible environmental effects of disproportionate logging were identified as early as 1931. Since logs were mainly rafted along rivers due to the lack of roads, the forests nearby the rivers were destroyed first. This caused damage to rivers, including riverbank erosion and sandbank formation. In 1931 in order to remedy these negative effects forests were divided into commercial forests for industrial use and silvicultural forests. In silvicultural forests, extensive logging was prohibited. Large parts of forests along the river banks were allocated as protective buffer zones to reduce the negative effect of logging on river systems.

In 1943, the government divided forests into three groups. The first group of forests included mainly protective forests where logging was prohibited. This group also included protected wildlife areas, such as nature reserves and national parks. The second group included forests where logging was restricted. These forests included forests in the regions with high density of population, protective forests and forests in the regions with fewer forests. The rest of forests were included in the third group of forests, also conventionally called exploitation or commercial forests. In these forests, logging restrictions and protection measures were minimal. Up to the early 1990s, these forests were continuously and increasingly severely damaged or completely destructed.

The notion of three groups of forests persisted in Russia's forest policy language throughout its history. This was an important category in the discursive struggles between environmentalists and forest industry: The forest industry used it to show that forest protection system in the Soviet Union was good enough to ensure forest protection and reproduction. In contrast, environmentalists argued that the forests that were officially identified as the first group were only a small portion of forests that needed special protection.

After the war and up to the late 1980s as the economic situation and the infrastructure improved and the condition of forests deteriorated, measures for forest protection and against forest degradation also got better. Forestry norms and rules became more elaborate, comprehensive and systematized. A number of forestry research institutes of the Soviet Academy of Sciences and a system of vocational

training in forestry emerged. The area of protected forests of the first and second group grew. A broad system of nature reserves and national parks was developed to protect wildlife and natural ecosystems. The government also developed programs for artificial forest restoration. In 1959-1965, forty-five percent of logged territories were replanted. These measures did not, however, suffice to improve the condition of forests.

Forest industry continuously demanded more raw materials of the best quality. Central planning bodies designed the Socialist plans based on the demand of forestry industry and often ignored the specific characteristics of forests and environmental restrictions on logging in the forests that were allocated for harvesting. To satisfy this demand manifested in the plans, which were developed in the central planning system, logging operations often harvested only the best timber, mainly conifers for the production of high quality sawn wood, leaving the timber of lower quality behind. Moreover, to meet the requirements of the Socialist plans, forest operations often simply ignored forestry norms and rules. In addition, artificial restoration measures were to a large degree inadequate. Although much of the deforested area was artificially replanted or regenerated naturally, young forests were not properly cultivated and taken care of after replanting. As a result, forests that developed naturally after logging or were planted were no longer the same forests. The quickly growing deciduous forests were replacing economically more valuable conifer forests. Environmentally, the transformation of forests affected biodiversity and the condition of natural ecosystems.

As a result, by the early 1990s forest loss, depletion and degradation were the most serious environmental problems of Russian forestry sector. Even forest service officials recognized the problem. In 1992, one of the top officials of the Federal Forest Service announced that “over-exploitation of forest resources, violations of ecological and forestry regulations and poor forest management during the last decades has drastically depleted forest resources; if timber continues to be logged at the present rate, assuming there is no waste in timber processing, climax forests will be completely destroyed in 40-60 years” (quoted in Dudley, Jeanrenaud and Sullivan 1995: 58). Although in the late 1970s and 1980s forestry scientists and policy makers made important steps towards improving forest regulation by including environmental and silvicultural aspects in the planning and management of forest use, these efforts did not suffice to improve significantly the condition of forests. In addition, the Soviet

government developed a systematic and elaborate legislation on nature protection but it was not integrated into forestry norms. Moreover, the capacity of the state to monitor and enforce forestry norms decreased. It, therefore, resulted in ever-growing gap between forestry rule-making and rule-implementation.

5.3 Forests and Forestry in the Transition Period: 1991 – 2009

At the end of the 1980s, the systemic crisis of the Soviet economy began to unfold. Production declined and investments in the forestry sector decreased substantially. The crisis, on the one hand, slowed down forest removals significantly. In the 1990s, wood removals decreased from approximately 330 million cubic meters in 1990 to 150 million in 2000 (FAO 2007: 31). On the other hand, the crisis prevented any further reforms of forestry law and practice towards more sustainable management of forest resources. While the government had to extensively reform the legislation regulating forest use and forest sector to introduce private property and market principles sector, environmental and silvicultural aspects were to a large extent ignored.

In the early 1990s, as a result of the comprehensive liberal market reforms, a whole set of new institutions governing the forest sector of the economy slowly emerged to support the transition to a market economy. In line with the reforms, forest management and forest use were legally separated from each other. Since forest lands were not privatized, the management, control and monitoring of forest resources remained the responsibility of the state. Forest use, including logging and timber processing, was transferred to the emerging private sector. Former state Socialist enterprises were privatized; the state withdrew their support of forest logging and processing. To ensure that the newly privatized enterprises had access to forest resources, the institution of concession was introduced. Private companies could lease land from the state for a specified term, under specified conditions and for a specified rent. The state retained functions of concession distribution, supervision, forest restoration, monitoring and control of the forest sector. Additionally, in a new system the state or companies leasing the forests were able to sell parts of tree stands without leasing forest land itself. The mechanism of distribution of concessions and stands were public competitions and auctions. This system of property relations and a set of

rules further specifying forestry practices and relationships between different actors in a forestry sector was fixed in the forest code enacted in 1997.

The 1997 forest code was the first attempt to specify the rules to govern the behavior of actors in the forestry sector on the basis of liberal market economy principles. The major task of legislative bodies was to provide actors with the basic rules of the game, even though perceived as temporary and imperfect, which would sustain economic activity in the forest sector. This was an enormous task given that eventually no history of liberal market relationships in Russia's forestry sector existed and severe economic recession was undermining the capacity of the state to control country's economy and to enforce rules. The priority was to enable new economic relationships between actors and to simply get the exhausted forest sector back going, while environmental, protective and silvicultural aspects of forest policy were largely neglected in the first forest laws. Forced by the strong criticisms of both environmentalists and forest industry and apparent inconsistencies within the forest law, Russian legislators soon started working on the new forest code that was enacted in 2007, ten years after the first code.

The main deficiency that forestry scholars identified in the forest code of 1997 was that it set perverse incentives that discouraged forest companies from investing in the appropriate forest management to improve the condition of forests in a concession. According to the forest code, a concession payment was based on the species composition and estimated size of trees on a specific territory. This means that the price of forest increases with the quality of the tree stand. If a company invests in silviculture, forest regeneration and improvement, the only thing it can expect is the increase of the amount it has to pay for leasing forest. Instead, they suggest that the payment should be based on the assessment of several parameters, including the characteristics of soils and predominant species. Yet, the adequate system of comprehensive forest assessment, however, was, and still is, ultimately non-existent (Knize and Romanyuk 2005: 15).

The main driver of the new reform of forest legislation was still not the environmental considerations but the growing concern of the government with the perceived inefficiency of the forest sector and the lack of investment. They expected that investment could boost forestry-related sectors and generate economic growth and additional revenues in the forest sector. In addition to this, due to the severe fiscal crisis, the government was no longer able to support forest management activities,

including planting and taking care of forests. Throughout the 1990s and 2000s, federal and local forest service and forestry research institutes and centers were severely underfinanced. The government laid off a significant proportion of the employed in the state system of the forest service and forest protection service. Forestry research institutes declined. The Federal Forest Service was merged into the Ministry of Natural Resources. The lack of resources, weak enforcement of rules, as well as ambiguity and inconsistency of legislation, provided structural opportunities for growing corruption, informalization of the transactions on the forestry sector and for illegal activity. The government hoped to solve these problems by creating market-oriented institutional preconditions for domestic and foreign investment in forestry-related sectors.

For this purpose, the new forest code substantially redefined the institutional structure of relationships within the forestry sector. Most importantly, the new forest code re-distributed functions between the private sector, local governments and the federal government. In the forest areas under concessions, main management functions were transferred to the immediate forest users, i.e., companies that leased forests from the state and formed concessions. The important implication of this transfer is that forest users became able to plan the use of their forests and log, plant and take care of forests on their leased land. The indicator for it is a turn from a permit-based system of forest regulation to the declaration-based system. In the declaration-based system, forest companies declare their forest use and management plans, rather than obtain permissions to perform certain activities in the forests. The government hoped that this increased independence in what companies could do in their leased forests would create incentives and favorable conditions for investment. The federal and local governments, as well as self-governing municipalities, retained their regulatory, monitoring and control functions. In the new system, the role of the government was to provide rules and norms that would govern companies' behavior, including environmental requirements, and to monitor and control companies' performance in the forests, rather then prescribe exactly how companies had to manage their forests.

Although environmentalists and business, at least larger companies, positively evaluated the transfer of forest management functions from the state to the private sector, the general attitude of the environmental movement and forestry science remained very skeptical of the new forest code. They doubted that the new forest code

indeed provided favorable conditions for creating an economically, environmentally and socially balanced forest economy. First, environmentalists believed that the new forest code further institutionalized the dominant approach to forests as a self-regenerating resource that had to be exploited (Yaroshenko 2008; interview 25). They argue that the new forest law encouraged further extraction of forest resources without adequate specification of forest restoration measures. They emphasized that environmental and social aspects were merely declared in the forest code but were not specified and, therefore, left to much freedom of interpretation for forest users (Dmitriev 2007). According to many environmentalists, the new forest code jeopardized the protection and conservation of designated forests that required special protection, including protective forests and riparian buffer zones (Dmitriev 2006: 11-12; Shvarts 2006: 6).

In addition, due to a severe fiscal crisis, underfinanced research institutes and forest service agencies were no longer able to provide reliable up-to-date information on the condition of Russia's forests. This forced the forest service to rely on the outdated data, often collected still in the Soviet times. According to the new forest code, the forests should be inventoried and assessed only by 2020. This means that up to 2020, the government and forest service would continue to operate on the basis of outdated and imprecise information on Russia's forest resources. Environmental organizations and forestry scholars feared that this could lead to incorrect forestry planning and further harm forests.

Second, environmentalists and forestry scientists warned that decentralization of forest governance and the transfer of numerous responsibilities from the federal to local governments might yield unpredictable outcomes for the forest sector. They feared that the loss of central control and incompetence of local authorities may harm economic, social and environmental aspects of forestry in many regions. Among other things, they were concerned that decentralization might hinder the maintenance of the existing special protected reserves and parks, as well as the creation of the new ones located in more than one federal district (Dmitriev 2007). For large forest companies that worked in several federal districts, the decentralization of control might cause problems in harmonizing their corporate practices across federal districts (Komarova 2007).

Finally, environmentalists and business were concerned that the only mechanism of forest land allocation provided by the forest code was the mechanism

of public auctions. Ultimately, the bidders offering the highest price might receive a concession regardless of their vision of environmental and social responsibility of forest business. Environmentalists were disturbed, since they believed that forests might be leased to the companies that did not plan to invest in forest regeneration and did not accept social responsibility for its workers and forest communities (2004; Shvarts 2006; Yaroshenko 2008). Although large companies realized that the new forest code actually served their interests vis-à-vis weaker small and medium-sized forest users, they were concerned that this mechanism may open an arena for forest takeovers and corporate conflicts over forest land and hostile repartition of property in the forest sector (Komarova 2007). While they are likely to take over small and medium-sized business, they fear that they may as well be taken over by even stronger competitors.

These were concerns, worries and fears that might at the first glance seem to be subjective, contradictory, biased and at best speculative but they were in fact symptomatic of the fundamental uncertainty as an outcome of the institutional instability, in which actors had to operate. They were unable to form adequate expectations about the future and had to perform in a highly uncertain and volatile economic and political environment. Although the new forest code was enacted in January 2007, the supporting statutory acts, instructions and standards were not operational. In February 2008, thirteen months after the enactment and about two years after the beginning of the reform, a number of statutes were still under review and revision. At that time, basically two forest codes were simultaneously operated (Yaroshenko 2008: 2). For example, while the system of logging permits issued by the local forest service to control logging was formally abandoned and the system of logging declarations was introduced, no regulations specifying the operation of the declaration-based system were effective. In order to secure logging operations, companies were forced to obtain logging permits for two years in advance, often informally.

Yaroshenko (2008) also reported that government officials and forest users started to experiment with informal solutions to the problems that emerged after the enactment of the new, poorly specified forest law. Since not enough funds were allocated to support the reform process, local governments in many federal districts were unable to reform the forest service and local legislation effectively and on time. Managers of the largest forest-related companies in Russia agreed that local

government and local legislation is “a complete mess” (Komarova 2007) and were, therefore, uncertain about their future. Experts from business and environmental sector agreed that the new forest code was hardly viable and that it was unlikely that it would last longer than the first forest code.

Another factor that contributed to the uncertainty in the forest sector was the introduction of prohibitive export tariffs. In order to encourage forest companies to invest in domestic timber processing and to reorient the forestry sector from exporting raw material towards producing high value-added products for domestic consumption and exports, the government planned to introduce high prohibitive tariffs on exported roundwood in 2008. The government aimed at restricting exports of raw materials to Europe and China and at encouraging producers to construct timber processing facilities. The government provisionally postponed tariff introduction but even the very plans added to the instability and uncertainty among producers, in particularly among those who were highly dependent on exports of roundwood. They feared that they would not survive this measure or would be displaced into the illegal segment of the forest economy. These fears were also speculative but they demonstrated that actors were uncertain about their future in the reformed forest economy.

Another problem that the government hoped to tackle with the introduction of the new forest code was the wide-spread corruption in the forest sector and the informalization of forest economy. During the severe fiscal crisis of the 1990s, the forest service was not longer able to fulfill its functions. The forest service remained responsible for silvicultural functions, including forest maintenance, re-planting and taking care of young forests and forest quality improvement but did not receive financial support from the government. The underfunded local forest service had to extract resources informally. One of the most common examples of informal resource-mining by the state forest service is improvement thinning. It is one of the measures for maintaining the quality of young forests: certain trees are cut to allow other trees grow better. These trees are usually low-quality fast-growing trees. Instead, to raise funds, forest service logged or allowed its subcontractors to log the best trees leaving the ones that it actually had to cut behind. Moreover, budgetary deficits forced the government to lay off thousands of forest inspectors throughout the country. Ever weaker control over forest resources and forest users resulted into growing illegal activity at the local level. Especially prominent are the illegal loggings that flourished

mainly in the regions close to the boarders in the 1990s, including the Far East and North-Western borders of Russia.

However, corruption and illegal activity is probably the most extreme manifestations of the informalization of forest economy. In fact, a comprehensive system of informal relationships emerged that supported the system of formal relationships, at least on the surface. For instance, in order to get access to forest resources controlled by underfunded local governments or municipalities, large companies had to overtake additional responsibility to support social infrastructure and provide social services to their workers and local rural communities. In turn, they were able to sign a concession agreement with local government and access local forest resources. This opportunity, however, disappeared because auctions were introduced as the main mechanism of allocation of forest land, according to the new forest code.[16]

The new forest code aimed at making the system of forest relationships less corrupt and at providing favorable conditions for investment and production growth in the forest economy. Although it might yet be too early to evaluate the actual effects of the new forest code, its introduction obviously generated a great deal of instability and uncertainty about the future among the key actors of the forestry sector, including companies, environmental organizations and local governments. They feared that the transition period to the new system of relationships in the forestry sector might last another several years and that this transition might have unintended consequences that no-one is able to foresee.

To sum up, the current forest policy in Russia and the condition of forests were to a large degree shaped by the legacies of the Socialist past, the fundamental economic and political crisis of the early 1990s and the troublesome transition to the liberal market economy after 1991. In the Soviet period, forest policy and economy were governed by the notion of forests as a self-regenerating resource that should be exploited to provide resources for economic growth in the forestry sector and be regulated according to the forestry-related industries' needs. Forests were increasingly

[16] In future this may have a negative effect on the wellbeing of local communities, since companies may decide to withdraw their support if they do not benefit from it.

depleted, while forest regeneration measures did not suffice to improve the condition of forests.

In the 1980s, as the forestry-related environmental legislation was actually improving, the capacity of the state to enforce rules was decreasing. The systemic political and economic crisis of the Socialist system began to unfold. The early 1990s saw the drastic decline of the economy, including the forest sector. Production and investment fell dramatically; the existing institutional framework had to be reformed to accommodate the transition to the liberal market economy and democratic political system. The first forest code was enacted in 1997. Its aim was to provide new institutional bases for forest economy and to get the forest sector going in the first place. It was in many respects flawed and ambiguous and ignored environmental and social aspects of forestry that resulted in the persistence of the exploitation approach to forests. The introduction of the new forest code enacted in 2007 created legal chaos and uncertainty among producers.

5.4 Discussion

How is the previous description relevant for understanding the development of forest certification in Russia? In this final section of this chapter, I will identify the factors that are likely to facilitate and impede the adoption and expansion of forest certification in Russia based on the data on the Russian forest resources and forest policy presented above.

The *facilitating factors* are associated mainly with the position of the Russian forestry sector in the international market for timber products, as well as its structural features, including fragmentation and the strength of industry associations. Since many Russian companies depend on exporting their products to international markets (see Table 4), they are particularly susceptible to pressure from European buyers and environmental groups to certify their forest management. For international and Russian companies that are not threatened by environmental campaigns, reputation gains and potential market benefits, including higher price and increased demand for certified timber, have become important incentives to certify. Moreover, Russian companies mainly export simple products, such as roundwood (unprocessed logs) and sawn wood (products of primary processing of logs, i.e., of sawing). Since these products are relatively easily substitutable in the competitive international market,

producers perceive the lack of a certification as a potential disadvantage and are likely to certify their forest management.

The structure of the Russian forest sector is also an important facilitating factor. The large-scale segment of the forest sector is dominated by vertically integrated industrial groups with large and medium-size pulp and paper mills, woodworking mills or sawmills at the core. These groups are highly visible and reputation-conscious and, therefore, easily targeted by environmentalists. Moreover, many of them have multinationals as their parent companies. At the same time, due to the vertical integration, they are likely to be able to impose forest certification on the operations down the supply chain. It is also likely that a strong large-scale segment of the Russian forest sector should be able to create an alternative to the FSC that should better address industry interests and defeat the FSC, as it happened many European countries, including Norway, Germany and Finnland (Cashore, Auld and Newsom 2004; Cashore et al. 2007; Gulbrandsen 2005a) This large-scale segment is relatively fragmented. In contrast to countries where strong associations of forest owners and producers were able to create industry-led forest certification programs, the Russian forestry sector was unable to coordinate and to create quickly a viable alternative to the FSC certification program.

While these factors were likely to facilitate the expansion of forest certification in Russia, several potential *impeding factors* can also be identified: traditionally unsound forest management and poor condition of forests, political and institutional instability, and the lack of established mechanisms of public participation in the forest governance.

In the early 1990s Russian forest management was severely criticized (Dudley, Jeanrenaud and Sullivan 1995: 58-60). In the Soviet era, forests were considered a strategic source of state revenues and were overharvested for domestic consumption and export. Forests in densely populated areas were depleted and dramatically degraded during Socialism. In the transition period, the federal government significantly reduced its expenditures on forests and weakened its control over forest resources and their use. Illegal logging and other illegal activities became widespread phenomena. Underfinanced research institutes and federal and local forest services were no longer able to provide reliable up-to-date information on the condition of Russia's forests and to adequately enforce forestry rules. The forest service had to rely on the outdated data from the Soviet time. The government focused exclusively on

introducing market economy foundations in the forest sector, including the specification of property rights, and almost completely ignored environmental and social issues in forestry. Environmental activists, as well many forestry scholars and professional foresters, unanimously criticized the government and existing forestry-related legislation. They believed that as a result of the ineffective forest policy the condition of forests continued to deteriorate (Knize and Romanyuk 2005). Traditionally poor forest management and poor condition of forests were likely to become important obstacles for forest certification because reforming forest management was likely to entail high costs of certification for companies.

Second, imperfect forest legislation and slow and ineffective reforms constituted another set of difficulties that the FSC had to deal with in Russia. All forests were federal property and could only be leased to companies for up to forty-nine years. The federal forest service retained many responsibilities, including reforestation and taking care of younger forests that the FSC expected companies, not state forest service to fulfill. As a result, it was unclear how to implement FSC requirements while remaining within Russian legal framework. Contradictions between FSC standards and government regulation complicated the situation even more.

In 2007 the new forest code, the basic law regulating forestry, was enacted. The introduction of the new forest code was far from smooth. Although environmentalists and forestry experts considered the new forest code to be better than the previous one, its introduction created a legal chaos. When it was enacted, the majority of supporting regulations were not in place. Underfinanced regional authorities in federal regions were unable to implement and reform regional forest management systems properly. As a result, two forest codes operated simultaneously. Companies were unable to develop forest management plans because they had to be consistent with the new forest code that did not yet operate in its full scope. Yet the FSC's first principle was exactly the compliance with all national laws, which was almost impossible to achieve. It became unclear how to manage forests and assess forest management. Uncertainty about the implementation of FSC standards under two forest codes created additional complications for companies that had to comply with both governmental regulations and FSC standards. In addition, the new forest code unsettled the forestry sector: Managers were seriously concerned with the reform's unpredictable consequences long before the new forest code was enacted.

Economic restructuring, imperfect legislation and its continuous reforms and weak enforcement of governmental regulations discourage companies from making any long-term investment into sustainable forest management. Since Russia's northern forests grow slowly, it requires significant resources to maintain their good quality and productive potential over decades before timber can be harvested. Forests' productive potential depends on various forest maintenance measures, including forest planting and interim logging ten, thirty or fifty years after planting. These measures require a scientifically sound long-term management plan for forest resources. However, producers lack a long-term perspective. Since current legislation only allows concession agreements for up to forty-nine years, producers often are discouraged to invest in forests. Long-term planning is difficult because producers lack stable rules and up-to-date reliable information on their forests. An unstable economic situation and fluctuating prices at the global market also discourage companies from long-term investments. Forest certification requires, however, that companies manage their forests according to a long-term forest management plan that includes measures to ensure forest productivity, environmental protection and long-term social benefits to local communities and society at large. It is unclear, however, how companies could achieve this under in such a difficult context.

Furthermore, significant contradictions between were likely to complicate the implementation of the FSC principles and criteria of good forest management in Russia. Whereas the FSC standards require the protection high conservation value forests and more specifically old-growth forests and the introduction of biodiversity protection measures on logging sites and in managed forests, the Russian forest law does not prescribe such measures. Moreover, the concept of high conservation value forests is missing from the Russian legislation, which makes its implementation problematic in the Russian context.

Finally, the third factor that might have impeded the expansion of forest certification in Russia is the lack of institutionalized mechanisms of public participation at all levels of the forest governance system. FSC's forest certification requires that organizations representing all groups that have stakes in forests should have a voice in the forest certification system. These stakeholder groups include environmental movement organizations, organizations for worker rights and indigenous people rights, local community organizations, as well as any other organizations or individuals claiming to have a stake in forests. The FSC requires that

all interested parties should be involved in forest certification at all levels of the system – from standard-setting to the implementation of standards. However, this has been a challenging task for the supporters of the FSC in Russia.

While international environmental organizations quickly have won the support of the Russian environmentalist community, after the first certifications it has become clear that it would be harder to engage local communities and worker rights activists in forest certification. The majority of forest operations are located in poor remote forest settlements where people have experienced hardships of the severe economic recession of the 1990s. Many have lost their jobs and have to face dramatically decreasing incomes. Many cherish the memories of their hard but happy lives under Socialism and criticize the new owners of forest companies. Moreover, activists seeking to promote forest certification, auditors and companies lack skills to engage frustrated people into forest certification. It is a serious obstacle that forest certification supporters have to overcome to make sure forest certification requirements are met.

These impeding factors – traditionally poor forest management practices, institutional and economic instability and lack of mechanisms of public participation – constitute major obstacles that the FSC and its supporters in Russia have to overcome to assure the functioning of the forest certification programs in Russia. Facilitating factors, the export orientation of the Russian forestry sector, its susceptibility to pressure from European buyers and environmental groups and inability to create a viable alternative to the FSC, partly explain the expansion of forest certification in Russia but they alone cannot be held responsible. An adequate explanation requires specifying why and how the supporters of the FSC were able to make use of these structural advantages and to overcome the obstacles identified above. In the following sections I explain who the supporters of forest certifications are, what their role is and how they have become involved in forest certification.

6 The History of Forest Certification in Russia

The central goal of this chapter is to describe how organizational preconditions for the successful start of the forest certification in Russia emerged as a result of the strategic and skillful action by environmental movement organizations. Environmental activists started promoting forest certification before companies became interested in certifying forest management. They developed national standards, experimented with forest certification in their project, disseminated information on forest certification and trained certification experts. They thus created a common knowledge base related to forest certification, a pool of certification experts and organizational infrastructure. These elements were crucial for the operation forest certification program and thus enabled its launch when forest companies later decided to certify their forest management.

6.1 The Weakness and the Strength of the Russian Environmental Movement

There is a general agreement in the literature that citizens' involvement in environmental activism in Russia has been relatively low. Citizens' activism rose dramatically in the late 1980s – after the explosion of the Chernobyl nuclear power plant, but has been steadily declining since then (Henry and Douhovnikoff 2008: 449). According to Dalton (2005, cited in Henry and Douhovnikoff 2008: 450), on the basis of the World Values Survey, membership in environmental groups in Russia was 1.7 percent in 1990 and dropped to 0.7 percent in 1999 (the average for 56 countries surveyed was 5.2 percent). Despite this fact, the influence of the environmental movement organizations grew in the 1990s and 2000s: While environmental organizations were still unable to take part in the development of the first forest code in the mid-1990s and its authors ignored their proposals, in the 2000s environmental organizations became the strongest opposition to the government in the debates on the new forest code (Shvarts 2004: 8).

This growing influence was also critical for the expansion of forest certification in Russia. For the development of forest certification, not the domestic membership per se, but environmental organizations themselves – and more specifically, their expertise and domestic and transnational networks – mattered

considerably. Transnationally connected NGOs were the first movers in the field of forest certification and relied less on public protests or consumer activism. Rather, they mobilized grass-roots "indigenous" NGOs and individual scientists and activists to support and propagate forest certification in many parts of Russia.

By 1992, there were more than 840 environmental NGOs in Russia (Mirovitskaya 1998, cited in Henry and Douhovnikoff 2008: 450). In the mid-1990s, their number continued to grow (Henry and Douhovnikoff 2008: 450). Organizationally, they range from highly institutionalized organizations to loose groups that "consist of a name and a handful of individuals" (Henry 2010: 10). Moreover, they can be roughly divided into two groups: branches of influential international NGOs, most notably Greenpeace and the World Wide Fund for Nature (WWF), and "indigenous" organizations, many of which have their roots in the Soviet time (Henry and Douhovnikoff 2008: 450; Weiner 1999). Many of these originated in scientific institutes, universities and student environmental organizations called *Druzhina* (from Russian brigade or squad) and are still led and staffed by scientists and former scientists (Weiner 1999).

After the fall of the Iron Curtain, environmental NGOs quickly integrated into the international environmental movement and gained access to international funds. Two leading international NGOs – WWF and Greenpeace – opened their country offices in Russia. Preexisting environmental organizations gained access to the international resources provided by foreign governments, international governmental and nongovernmental organizations and charity foundations. New organizations emerged out of pre-existing networks of domestic environmental, organizations of the Soviet time, research institutes and individual activists. Moreover, many NGOs rely mainly on foreign donors, since they have no sustainable domestic sources of revenue – e.g., membership (Henry and Douhovnikoff 2008). Greenpeace and the WWF are funded by their international headquarters and branches in other countries (interview 13). They cooperate closely with many grass-roots NGOs. The integration of Russian activists into the heterogeneous international environmental network therefore provided the Russian environmental movement with a special impetus.

The internationalization of the Russian environmental movement had a number of important consequences for Russian forest policy. First, environmentalists joined ongoing international debates on forest problems and this new experience in the international forest policy arena enabled them to acquire new experience,

knowledge, conceptual frames and strategic repertoires that enabled them to redefine forest problems and develop alternative conceptualizations to the dominant visions of forests and forest problems in Russian forest policy landscape. The knowledge embodied in the novel frames was not entirely new in Russia. Rather, environmentalists were able to skillfully combine elements of old and new frames, pre-existing networks and material infrastructure and deploy available international resources to redefine forest policy options. Their success in lobbying federal and local governments was uneven but they put a number of previously non-existent issues on the political agenda.

Two issues are particularly prominent in this respect. International environmental organizations, including WWF and Greenpeace, put a special emphasis on the protection and conservation of particularly valuable types of forests and on the sustainable forest management of the remaining forests. In Russia, they challenged a widely accepted view among policy makers, forest service officers and company managers that the existing system of nature protection and conservation was good enough to effectively protect valuable forests and that existing forest practices were not overly harmful as long as all existing rules were observed. In contrast, environmental organizations argued that the existing system of forest protection and conservation was deficient and severely underfunded and that the habitual forest management practices had to be considerably reformed to improve the condition of forests.

In terms of forest protection and conservation, environmentalists insisted that the government protected only an extremely small portion of valuable forests. The authors of the Atlas of Russia's Intact Forest Landscapes argue that only five percent of Russia's intact forests were officially designated as protected territories, such as nature reserves, wildlife refugees and national parks (Aksenov et. al. 2002: 5). Nongovernmental organizations, therefore, worked to promote more protection for high conservation value forests, nationally and locally. They lobbied the federal government to increase officially protected and conserved areas in the forest legislation and engaged local governments in cooperative projects to promote forest protection at the local level.

Environmental organizations' efforts to promote better forest management also had mixed outcomes. On the one hand, the impact on the federal legislation regulating forest practices was relatively limited. A number of proposals of environmental

organizations and forestry scientists were integrated in the newest forest code but the majority of environmental organizations remained highly skeptical. They believe that the new forest code at best benefits large vertically-integrated industrial companies, since it provides a clear and more transparent procedure for the access to the forest resources but the cost of this access is fewer environmental and social restrictions on the forest use. They claim that the new forest code does not address severe environmental problems of Russian forests and focuses exclusively on the economic aspects of forest resource use. They emphasize that the new forest code does not provide incentives for forest companies to take a good care of forests according to the international standards and will result into further decline of Russia's forests.

On the other hand, environmental organizations' cooperation with local governments yielded better results. WWF reported their success in inserting sustainable forest management standards in the local legislation of the federal districts of the Arkhangelsk federal region and the Republic of Komi. The standards of forest management that WWF and local government designed together to be implemented at the local level were approved by the government. Simultaneously, environmental organizations worked to convince companies to change their unsound practices. They provided them with guidance of what sustainable forest management is and how to change the existing practices for the better.

Moreover, environmental organizations organized consumer boycotts and other kinds of naming and shaming campaigns to press companies logging in the old-growth native forests of the Russian North-West and the Far East. Environmentalists were able to engage international media and expose importers of Russian timber and general public to the growing degradation of Russia's valuable forests and illegal logging in them. As a result, any products that stemmed from Russian forests were perceived as "bad timber". These campaigns were crucial for convincing business to stop logging intact forests and seek cooperation with the environmental movement. These environmental campaigns and their direct work with companies and local governments were the first step towards the success of forest certification in Russia.

Environmental NGOs became the most active proponents of forest certification in Russia. Organizations that took the leading role in building an FSC forest certification system were the WWF, Greenpeace and two Russia-based NGOs which are also active internationally: the International Social-Ecological Union and the Biodiversity Conservation Center (see Table 5). Founded in 1988, the

International Social-Ecological Union is an umbrella organization for 349 social and environmental NGOs from seventeen countries, mainly Russia and other former republics of the Soviet Union, but also the U.K., Israel, Spain, Norway and the U.S. The Forest Campaign, a division of the Social-Ecological Union dealing with forest issues, took an active part in the campaigns for conservation of old-growth forests in northwest Russia and was a pioneer of forest certification in Russia. The Biodiversity Conservation Center was founded in 1992 by the representatives of the Druzhina movement and set up by the Socio-Ecological Union. Its Forest Program, together with the Socio-Ecological Union's Forest Campaign, Greenpeace and the WWF, initiated forest certification in Russia and took an active part in mapping Russia's old-growth forests and campaigning for them.

Moreover, since these key organizations cooperated closely with many grass-roots environmental NGOs and individual activists all over Russia, they were able to mobilize them in the forest certification system (see Table 5). Many smaller regional and local NGOs participated in the development of national and regional standards, research and publications, auditing, consulting, auditor and stakeholder training and stakeholder consultations. They perceived forest certification as a new opportunity to gain access to forest companies, access additional funding and further propagate forest-related environmental issues. Due to their broad expertise and established networks with research institutions and each other, they were able to construct an effective alliance, quickly build a working forest certification system and successfully promote forest certification in Russia.

6.2 The First Discussions of Forest Certification in Russia

Although forest certification emerged as a market-based mechanism to promote and reward the responsible management of forest resources throughout the world, it is not the market demand for certified timber *per se* that drove the initial start of forest certification in Russia. Environmental movement organizations created local organizational infrastructure that facilitated the start and the subsequent expansion of the FSC's system of forest certification in Russia. They worked with companies to convince them to become certified. They worked with federal and local governmental bodies to convince them to informally endorse and support forest certification. They organized training workshops for company managers, certifiers and interested third

parties, or stakeholders. They published recommendations, guidelines and instructions to help companies comply with forest certification requirements. They developed national standards of forest management to be applied to specifically Russian economic, social and natural conditions. They employed their networks and resources that the FSC could not provide to promote forest certification in many different ways.

Table 5: Leading Social Movement Organizations Promoting Forest Certification in Russia

The World Wide Fund for Nature Russia (WWF-Russia)	An influential international environmental nongovernmental organization; a global leader in the promotion of forest certification	National standard making Training of auditors and company managers Direct work with forest companies Integrating forest certification into current management projects Monitoring of certified companies Consulting Lobbying the government Establishment of certification centers
Greenpeace Russia	An influential international nongovernmental environmental organization	National standard making Direct work with companies Lobbying of the government Monitoring of certified companies
Biodiversity Conservation Center	Russian environmental nongovernmental organization	National standard making Consulting Monitoring
International Social-Ecological Union	An international association of environmental nongovernmental organizations, with the majority of members from Russia and former Soviet republics	National standard making Consulting Monitoring
The Silver Taiga (Priluzie Model Forest)	A regional environmental fund (The Republic of Komi) supported by the government of Switzerland; main project Priluzie Model Forest, a large-scale sustainable forest management project	National standard making Integrating forest certification into the Silver Taiga's projects Monitoring Consulting
Pskov Model Forest,	A joint project of WWF and Stora Enso, one of the world's largest timber companies (Pskov)	Forest certification as a part of the project Consulting
SPOK	Regional environmental nongovernmental organization (The Republic of Karelia)	Monitoring Consulting
Forest Certification Support Group at the Center for Independent Social Research	A group of social scientists researching, supporting and promoting forest certification (St. Petersburg)	National standard making Consulting Monitoring

However, by the time environmental organizations started taking concrete steps to promote forest certification, two important preconditions were already in place to facilitate the expansion of forest certification. First, inappropriate forest management, illegal activity and poor protection of endangered or valuable forests had been identified as important problems in the global context. Leading international environmental organizations, including the Taiga Rescue Network, the World Resources Institute, the WWF and Greenpeace, investigated the condition of Russia's forests, dominant forestry practices, illegal activity and timber trade patterns and conducted forest policy analyses to emphasize the problems and challenges for Russian forestry in the global context (Aksenov et al. 2002; Brukhanov et al. 2003; Kotlobay and Ptichnikov 2002; Kotlobay et al. 2004). The studies defined the inappropriate management of forest resources, illegal logging, illegal timber trade and inadequate protection of endangered or valuable forests as the most significant problems. International organizations, including the European Commission and the World Bank, also conducted similar studies and also emphasized inadequate forest management and forest policy as major obstacles for the development of the Russian forest sector (The World Bank 1997).

Several studies also emphasized the link between foreign buyers, especially in Europe, and the destruction of Russia's valuable forests. The study of the WWF (Kotlobay et al. 2004) claimed that ultimately every consignment of timber exported to Germany was of uncertain origin and both sellers and buyers were unable to prove that timber came from legal sources and that harvesting of this timber did not harm forests in Russia. The report on the illegal logging in the Russian Far East also commission by the WWF showed that massive illegal logging and trade in illegal timber with China and Japan may result into the extinction of unique Far Easter taiga, a home for relict species of cedar, Amur tiger and Far Eastern leopard (Kotlobay and Ptichnikov 2002). Forest certification later addressed these problems and was, therefore, viewed as a solution by companies that sought to distinguish themselves as managing their forests appropriately and operating according to Russian laws.

At the same time, Russian and international environmental organizations started a number of projects to develop and test systems and practices of sustainable forest management and use. WWF started a project on sustainable forest management with the focus on endangered and valuable forests, biodiversity conservation and

legality of timber in the Arkhangelsk federal region that contains a large portion of Russia's ancient forests. WWF launched several model forests in different regions of Russia. Model forests are projects aimed at developing and testing innovative systems of forest management. For many of these projects, the idea was to adjust global principles of sustainable management of natural resources manifested in international conventions and agreements to the specifically Russian natural and social conditions and to develop "best practices" that Russian forest service and companies could use for their forest management systems and concrete practices.

Second, environmental organizations organized a series of campaigns against illegal logging and logging in the Russia's intact forests. These campaigns affected mainly large logging and processing companies in the North West of Russia shipping timber from Russian's native forests in the UK, Germany and the Netherlands. In Arkhangelsk, Greenpeace activists chained themselves to the ships that took timber from Russia to Europe. Together with journalists from major European networks, activists filmed logging operations to be later broadcasted in Europe. In Karelia, the Taiga Rescue Network and a number of Finnish organizations campaigned against harvesting in the ancient forests at the border with Finland that later became Kalevala National Park (Tysiachniouk and Reisman 2004). In the Far East, Greenpeace together with the Vladivostok-based environmental organization BROC traced illegal timber from a logging site in the Far East to its final destination in Japan. They followed the ship that took an illegal timber consignment to one of the Japanese ports where it was sold to local firms. Greenpeace activists managed to deliver their report to the heads of the G-8 member-states that at that time convened for a summit in Japan (interview 46). These "naming and shaming" campaigns significantly damaged the reputation of both logging companies selling timber in the international market and foreign buyers that did not know sources of the timber they were buying.

These campaigns and many others around the world created a strong pressure on large corporations producing or selling timber products potentially stemming from controversial or unverified sources. It forced them to look for a solution that would help them restore their reputation and protect themselves from further campaigns. Several companies started to get involved with environmental organizations in joint projects. For many others, forest certification became an option that could help them demonstrate that they managed their forests appropriately, harvested and traded timber legally and did not violate the rights of workers and local communities. This,

however, did not happen spontaneously. Before forest companies actually became interested in forest certification and took the first steps to certify their forest management, environmental organizations had already started working on Russian national standards for forest certification, incorporated forest certification into their ongoing projects on sustainable forest management and actively promoted forest certification among producers and federal and local forest service.

6.3 The Development of FSC National Standards

The first steps to bring forest certification to Russia were taken by the environmental nongovernmental organizations that organized a series meetings and conferences to introduce forest certification to Russian forest companies, governmental forest agencies and nongovernmental organizations. The first meeting took place in 1996 in Petrozavodsk (the Republic of Karelia). Several Russian and Finnish environmental organizations met to discuss the prospects of forest certification in Russia. The next meeting took place in 1998 also in Petrozavodsk. In 1996-1998 WWF, Greenpeace and two leading Russian environmental organizations the Biodiversity Conservation Center and the International Socio-Ecological Union started promoting forest certification among forest companies and tried to win the support of governmental officials responsible for forestry and environmental protection. Environmental organizations invited forest companies, governmental bodies, research institutes and their colleagues from other environmental organizations to join the 1998 meeting. Companies almost completely ignored the meeting: The representatives of Russian governmental bodies strongly opposed the idea of private forest certification system. At that time, Russian federal forest service worked on its national mandatory certification system of forest companies and perceived environmental organizations as their competitors.[17]

Despite the failure to attract forest companies and win the support of governmental bodies, environmental organizations continued to promote forest certification. They organized a series of conferences on forest certification,

[17] In 2002 the Russian parliament banned mandatory certifications in a number of sectors, including the forest sector. The Federal Forest Service then decided to develop a national voluntary certification program that would become a competitor to the FSC. In 2008 such program still did not exist (interview 14).

continuously met with company managers and published reports, books and other materials on forest certification. Greenpeace regularly sent out information to four to five thousand recipients in their email databank. Environmentalists established a national initiative for Russia in 1998 and started working on national standards. The first meeting of the national initiative took place in 1999. Only environmental organizations attended. Business, governmental bodies and worker and community activist organizations did not participate. Since FSC rules required that business and social interests should be also represented in the national initiative, their non-participation was a challenge that environmental activists had yet to overcome.

At the first meeting in 1999 participants decided to apply for the FSC accreditation as a national initiative to start developing national indicators for FSC forest management standards for Russia. They formed a working group on standard-setting and elected the coordination council, an administrative body of the national initiative that organized and coordinated the national initiative, relationships with the FSC and standard-setting. The coordination council became an organizational core of the national initiative. It took the most active part in the accreditation and standard-setting. It consisted of nine members of the national initiative representing three chambers required by the FSC.

Due to the limited resources that the FSC has at its disposal and due to the many difficulties that the national initiative faced, the national initiative achieved FSC accreditation only in 2006. For example, a challenge for the Russian national initiative was to build a three-chamber organizational structure required by the FSC to ensure that economic, social and environmental stakeholders were equally represented in the decision-making. According to the FSC's standard for national initiatives, national initiatives have to be officially registered nonprofit nongovernmental membership organizations according to the legal requirements of their home countries. Each of three chambers has 1/3 of total votes and equal veto rights regardless of how many members are in each chamber. The Russian civil law does not allow such an organizational structure and requires organizations to endow each member with an individual vote. To overcome this obstacle the national initiative de facto created two organizations. The coordination council was officially registered as a legal entity, as a nonprofit nongovernmental organization, in which each member was endowed with one vote. The national initiative itself remained an informal arrangement that also developed a set of by-laws regulating its behavior. It is not, however, an officially

registered legal entity. The coordination council thus became the official partner of the FSC but major decisions continued to be made by the national initiative (interview 25).

After the national initiative achieved accreditation, it took it another three years to develop national standards and accredit them. Only in November 2008 the FSC granted accreditation to Russian national standards. Because of insufficient resources the national initiative could not proceed as quickly as it planned whereas the FSC and ASI could not quickly assess the compliance of national standards with FSC rules and effectively respond to the needs of the national initiative.

Moreover, the very process of standard-setting was full of contradictions, controversies and conflicts over standard formulations. Members of the national initiative had to search for formulations that had to be endorsed by all stakeholder groups. The formulations had to be general enough to be applicable in a wide range of natural ecosystems, companies and social situations but at the same time specific enough to provide concrete guidance to those responsible for standard implementation – certification bodies and forest operations. In the process of the negotiation of standards diverse interests and worldviews of actors often clashed.

The main debates occurred between the major environmental organizations that practiced different approaches to the nature protection and conservation grounded in different organizational philosophies, i.e., sets of shared ideas about the relationships between natural and social worlds and ways the nature should be protected. Although environmental organizations pursued one common goal of environmental protection, they differed significantly in their approaches to the problem. In the Russian case, the positions of WWF and Greenpeace diverged with regard to the series of key issues in forest management standards.[18]

The global philosophy of WWF is relatively moderate compared to the more radical philosophy of Greenpeace. WWF essentially believes that nature protection can be effectively combined with economic activity as long as economic activity is

[18] It might have been expected that economic interests would rather clash with the environmental and social interests but in the Russian case forest industries were relatively passive in the standard-setting process. Their interests were not completely ignored. Rather they were indirectly represented by moderate environmental organizations and research institutions specializing in forest policy and economics.

properly regulated on the basis of sustainability and nature stewardship principles. WWF accepts donations from industry, mainly large corporations, and international organizations, including the World Bank. Prominent examples include the partnership of WWF and IKEA and the WWF-World Bank Forest Alliance. The WWF's position is that through the compromise and cooperation with large industries environmental organizations can effectively influence their behavior. It is not surprising that WWF has become one of the most active proponents of the FSC forest certification globally, even though it was not among FSC's founding members in the early 1990s. Forest certification is a compromise-based solution that proved to be a more moderate and constructive alternative to consumer boycotts and other types of 'naming and shaming' campaigns practiced by more radical environmental organizations.

In contrast, an important part of Greenpeace philosophy is not to accept donations from industry to remain completely independent from governments and business interests. Greenpeace is well-known for its reliance on naming and shaming campaigns, consumer boycotts and spectacular protests that Greenpeace activists organize to draw the attention of the media and general public to acute environmental problems. Greenpeace, for example, attacked Home Depot by hanging a protest poster on the building crane in front of its headquarters. In Russia, Greenpeace activists chained themselves to the fence of the large wood-processing plant in Arkhangelsk to draw public attention to the destructive logging practices of this plant in ancient boreal forests in the Arkhangelsk federal region. The position of Greenpeace and other like-minded environmental organizations is less tolerant towards industries and often leads them to reject compromises with industry and require immediate action to improve their performance. For example, in 1993 Greenpeace together with the Friends of the Earth rejected to accept any official positions within the FSC to protest against its decision to endow industry with equal voting rights as environmental and social stakeholders in the FSC's decision-making system. However, it remained FSC's member and active supporter.

Two issues were at stake for WWF and Greenpeace at the early stages of the national standard making. One was the actual scope of the FSC forest certification in Russia and, therefore, the stringency of standards. The second issue – separate but related – was the high conservation value forests and above all intact forests. The FSC

developed the concept of high conservation value forests to indicate all types of forests that required special protection measures.[19] Large intact tracts of forests can be classified as type one, type two or type three of high conservation value forest (see Table 6)

Table 6: Types of High Conservation Value Forests

1	Globally, regionally or nationally significant concentrations of biodiversity values
2	Globally, regionally and nationally significant large landscape level forests
3	Rare, threatened or endangered ecosystems
4	Forest areas providing basic services of nature in critical situations
5	Forest areas fundamental to meeting basic needs of local communities
6	Forest areas critical to local communities' traditional cultural identity

Source: Jennings, et. al. (2003)

The initial position of Greenpeace was that the national standard for forest management should be well-elaborate and demanding and companies should be certified only if they immediately comply with this high standard. In this case, only a small portion of producers would be able to qualify for the certificate. In contrast, the position of WWF was that forest certification should be treated as a process of gradual improvement and standards should be formulated in such a way as to allow many producers to join forest certification and slowly improve their forest management (interview 13).

As far as intact forests is concerned – and this problem had always been one of the core issues for Greenpeace – Greenpeace insisted on a more detailed and strict specification of the requirements that dealt with Russian intact forests. The initial position of WWF was that although the forests that Greenpeace identified as intact or old-growth forests was missing in the Russian forest policy, there was no need in introducing this category into standards, WWF insisted that the existing categories such as protective forests, the first groups of forests or specially protected forest areas could be used to protect intact forests and was familiar to companies, forest service officials and environmental organizations.

[19] The concept of high conservation value forests was later further developed by the Oxford based environmental consulting and training company ProForest in partnership with the WWF-IKEA Project. Since then the concept has been applied more broadly and widely promoted by WWF.

In contrast, Greenpeace claimed that old-growth forests were a special type of valuable forests that needed special protection and that this category had to be introduced in the FSC standards to ensure that certified companies protect them. Greenpeace insisted that the principles six (environmental impact of forest operations) and nine (maintenance of high conservation value forests, which also includes old-growth forests) had to be well specified to eliminate any freedom of interpretation by companies and certification bodies. Greenpeace activists feared that vague standards would cause confusion and would allow companies to avoid protecting intact forests. WWF proposed to keep Russian terminology familiar to local companies and auditors and to provide more general and flexible formulations. Greenpeace activist reported that if they had been unable to agree on this issue with WWF, it could have resulted in the deadlock in the standard-making and Greenpeace's withdrawal from the FSC discussions (interview 13).

These tensions could have potentially hampered the development of the national standard and in general forest certification. The FSC could have lost its initial advantage against competing schemes that significantly lagged behind the FSC in Russia. For example, in Sweden Greenpeace stepped out of the process in the early 1990s, since they were unable to reach compromise with other environmental organizations and business on the terms of the FSC's national standards for Sweden (interview 13). Cashore et al. (2007) report that the resistance of a number of environmental organizations, including Greenpeace, to compromise on a number of issues, which to Greenpeace appeared to undermine the environmental value of forest certification, resulted into slowing down development of the FSC forest certification in Finland in the late 1990s.

In Russia, however, environmentalists were able to overcome these tensions and agree on the formulations of standards in a series of long rounds of negotiations. As the participants of the discussions admit, the tensions described above proved to be rather conceptual or definitional and the parties were able to compromise on the issues of high conservation value forests and intact forests of Russia. Greenpeace was satisfied with the level of requirements on the principles six and nine that were at the core of the debates between two fractions in the national initiative led by WWF and Greenpeace.

Greenpeace suggested a scheme – a zoning system – that allowed forest companies to continue logging in old-growth forests but at the same time to protect

these forests. Zoning is an internationally recognized approach for managing large protected areas such as nature reserves and national parks. Forest areas that Greenpeace mapped as old-growth forests were divided into three zones marked red, yellow and green. Red zones were relatively large tracts of forests where logging was completely prohibited. Yellow zones were the buffer zones of forests where companies could log only using soft logging techniques and no clear-cutting was allowed. In green zones companies could continue logging using standard logging techniques, according to the operational logging plan. Greenpeace would prefer more protection for the old-growth forests, while WWF was initially inclined to make the criteria for principles nine and six broad but agreed with the more elaborate formulations suggested by Greenpeace. The zoning approach was clearly a compromise but it enabled standard-makers to avoid a deadlock.

The standard-designers also had to almost literally translate broad and vague concepts and terms used in the international standards into the policy language of Russian environmental, forest and labor law – both law on the books and in practice – to make the standards meaningful for the Russian managers and forest auditors. Broad principles and criteria of the FSC generic standards of forest management had to be transformed into more specific, concrete requirements – indicators – that would make sense to company managers and certifiers themselves. Initial concepts and categories were largely alien and, therefore, meaningless for the majority of managers and foresters in Russia. For example, the concept of high conservation value forests or old-growth forests was missing from Russian environmental and forest legislation but the categories used in Russian law, such as special protected areas, at least partly overlap with the concepts used by the FSC and international environmental organizations. Standard-designers searched for overlapping or compatible categories in the domestic laws and regulations that would be familiar to Russian managers and foresters and at the same time fit the FSC's broad framework.

The activists that were actively involved in the standard-making reported that initial conflicts rooted in different environmental protection philosophies of environmental coalitions proved to be largely illusory. Through the lengthy rounds of negotiations of standards formulations and empirical testing of the standards these conflicts were mitigated. Even though Greenpeace remained generally more skeptical about the effect of the FSC certification on forest management than WWF, it fully supported the FSC forest certification. The activist also reported that it became clear

that when it came to specific formulations of standards the differences in the positions were less significant that it appeared before. They also say that empirical testing of standards significantly facilitated the making of the 'right' standards (interviews 13, 14 and 25).

The standards were formally tested in 2001 in the Moscow federal region and twice in 2002 in Siberia and in the Far East. By this time, the first versions of national standards that included the checklist of national indicators were finalized. The goal was to understand whether company managers and auditors could easily understand the requirements of the standard and whether the indicators could be easily checked by auditors to verify compliance with standards. The usefulness of the standards for the reform of company practices was also assessed. As a result, standard-makers collected literally hundreds of amendments and comments from various parties and produced another several revised versions of the standard.

Moreover, standard-makers became increasingly involved as auditors, invited experts or observers in the first certifications that environmental organizations, mainly WWF, sponsored as parts of their larger projects on the development and promotion of sustainable forest management. By this time, the first companies showed interest in forest certification. WWF and Greenpeace secured funding to enable all interested individuals and organizations to attend first certification audits. As a rule, assessment teams consisted of professional auditors from abroad and were complemented by a group of Russian trainees and observers from environmental organizations. The experience accumulated during certification allowed them to modified substantially national standards to make them more 'realistic' and comprehensible.

Standard-makers reported that empirical testing of standards and the first certifications within the WWF-led projects on forest management in Russia facilitated the search for compromised solutions on many disputed indicators. Initial disagreements were slowly eliminated. Empirical testing of standards in 2001-2003 resulted into over two hundreds amendments to the earlier versions of standards. After several rounds of revisions the national initiative approved the final version of standards in October 2003. The only part of the standard that remained conditionally approved was the indicators for the most controversial principle nine on the protection and maintenance of high conservation value forests. It took another year to reach a consensus on this principle. It was included in the final version in December 2004. The national initiative planned to submit this version to the FSC for accreditation.

In 2004, however, the FSC introduced new rules regulating the process of standard-making and the structure of the standard. The national working group had to revise the already available standard to comply with the new rules. In May 2005 the conference of the national working group approved the newly revised version of the standard. The coordination council of the national initiative incorporated final remarks into this version and adopted it as the standard to be submitted to the FSC. At this point in 2005-2006, several members of the national initiative took part in the harmonization project organized by the national initiatives of Sweden, Germany, Finland, Estonia, Latvia, Denmark, Poland and Russia. As a result of the project, a set of new amendments based on the recently accredited standard for boreal forests in Canada were implemented in the final version.

After the FSC reviewed the standard and issued several major and minor CARs, the national initiative had to revise it again. After another round of consultations with the members of the national initiative, certified companies, certification bodies and other interested parties, the coordination council adopted the final standard in December 2007 and submitted it to the FSC in the early 2008. In November 2008 the FSC accredited Russian national standards.

6.4 The Start of Forest Certification

Beside the development of national standards, environmental movement organizations facilitated the start of forest certification by creating organizational preconditions for its successful operation. WWF took the most active role. As the head of the WWF Forest Program reported, FSC forest certification was for WWF one of the high-priority tasks at the end of the 1990s: "… three fourth of our tasks in Russia [related to forestry] had been directly or indirectly connected with the development of forest certification here" (interview 12).

First, together with Greenpeace and the FSC, it offered financial support to the national initiative. Although the financial aid to the national initiative was occasional, for example for organizing meetings and conferences, it was crucial during the first years of the standard development. Moreover, WWF was a member of the national initiative and participated actively in the development of the national standards. Second, WWF published books, brochures and other materials to spread information about forest certification among all interested parties (Pautov et al. 2000; Ptichnikov

2000). Third, it offered initial support to the so called certification centers – for-profit organizations that worked to convince forest companies to certify their forest management and than consulted companies or performed forest management assessments as certification bodies' subcontractors. Fourth, they organized a series of workshops, seminars and trainings in forest certification for forest management auditors and company managers on forest certification. Fifth, in 1999 they organized the Association of Environmentally Responsible Forest Companies as a part of the WWF's Global Forest Trade Network (GFTN). Finally, WWF integrated forest certification into its ongoing projects – two model forests and a sustainable forestry project in Arkhangelsk. These projects became a ground for experimentation and testing of the forest certification system, on the one hand, and provided forest certification designers with the "best practices" that were transplanted into the national standards.

Certification centers were founded in several regions of Russia with high concentration of forests and significant share of forest sector in the regional economy: Novgorod, Arkhangelsk, Kirov, Syktyvkar, Vologda, Krasnoyarsk and Khabarovsk. WWF provided initial funding to the first centers in Novgorod and Arkhangelsk. The center in Kirov was initially supported by IKEA in cooperation with WWF. These first centers started with informing forest companies about forest certification, organizing trainings for company managers. People who worked in the centers became the first Russian auditors and forest certification consultants for companies that decided to become certified when certification took off. The certification center in Novgorod worked with SGS Qualifor; the certification center in Arkhangelsk worked with GFA Terra Systems. The centers in Syktyvkar, Vologda, Krasnoyarsk and Khabarovsk emerged later as for-profit consulting organizations when forest certification started expanding in Russia after 2002.

In 1999 after a series of environmental campaigns in Karelia and Arkhangelsk to protect Russia's ancient forests WWF organized an association of producers that claimed to practice responsible forestry but were not yet interested in the certification – The Association of Environmentally Responsible Forest Companies. This association became a part of the WWF's Global Forest and Trade Network (GFTN). WWF created GFTN to facilitate exchange between responsible producers of timber and timber products and retailers that were interested in selling products from well-managed sources. WWF hoped that the membership in this association would be an

incentive for companies to practice better forest management and potentially certify their forest management systems. Companies that joined the association in turn sought to signal their good intentions to foreign buyers and environmental organizations. WWF developed a set of criteria that companies should comply with to become a member of the association. These criteria to a large extent overlapped the FSC's principles and criteria but it was not yet independent third-party certification. Instead, one of the WWF's criteria was that companies had to commit to certifying their forests in the FSC's forest certification program in the future.

Among other things, the membership in this association was one of the ways to familiarize producers with forest certification and its requirements and thereby promote it as a new mechanism for companies to prove the legality of their operations and environmental responsibility. Through the membership in the association, companies were able to benefit from WWF's technical assistance in pursuing better forest management according to the WWF's definitions and conceptions that was also compatible with the FSC standards. More importantly for the FSC, WWF introduced a stepwise approach to the transformation of forest management practices and their improvement to comply with the forest certification requirements in future. To join the association, companies did not have to comply with all of its principles and requirements but should have had a well-developed program of achieving compliance with the association membership requirements, including commitment to forest certification in future. Although formally the FSC forest certification program does not allow for a stepwise approach to certification, informally it became one of the ways for both companies and certifiers to come to terms with difficult situations, in which both had to implement forest certification requirements.

Furthermore, in 2002 WWF and IKEA formed a global partnership to develop and promote sustainable forest management globally. Russia was one of the core target regions for the WWF-IKEA Project. IKEA was under pressure to green its production and buying practices and developed a policy of the gradual transition to sourcing its timber from forests verified as well-managed and certified through forest certification programs. As a part of its environmental strategy, IKEA extensively supported various WWF's projects aimed at promoting good forest management and forest certification. In Russia, it supported WWF's work on high conservation value forests, illegal logging and timber trade, controlled wood, corporate environmental responsibility and forest certification training programs. These projects were all

directly or indirectly related to forest certification. In the framework of the WWF-IKEA Project, WWF and experts it hired for the project activities develop a variety of concepts, methods, techniques and guidelines on sustainable forest management that companies, certifiers and other nongovernmental organizations used during the certification of companies (interview 12).

Two important examples are high conservation value forests and controlled wood. Forest certification standards require that high conservation value forests should be protected. WWF's projects were aimed at defining and mapping high conservation value forests and creating a tool-kit to identify them and design a system of protection measures. Certification bodies, auditors and company managers later widely used these tools and guidelines as a reference in their activities. IKEA also supported WWF's projects aimed at developing tools for building companies' controlled wood systems. The FSC invented the concept of controlled wood to distinguish certified timber from well-managed forests from timber that can still be considered as acceptable, even though it is not certified.[20] Controlled wood is added to the certified timber in the production process to enable producers to label their final products as made of timber from mixed sources – certified and controlled. To be able to label timber as controlled wood companies should verify that (1) it was harvested in natural forests, (2) legally and (3) without violations of traditional and human rights, (4) it does not come from protected or valuable forests and (5) forests that contain genetically modified trees. The FSC developed a special standard for the verification of controlled wood. WWF implemented a number of projects to develop concepts related to controlled wood and tool-kits to help companies design systems for controlled wood verification and help certifiers to evaluate these systems and verify compliance with the FSC's controlled wood standard.

Another important component of the partnership of WWF and IKEA was a series of forest certification seminars and trainings. It became an important channel

[20] At the first glance, the difference between certified and controlled wood is unclear. However, the standard for certified forest management is significantly more demanding than the controlled wood standard. According to the FSC early standards, companies could label their products as FSC-certified if at least 70% of raw materials came from certified sources. The question, however, was raised where the remaining part should come from. The FSC revised its standards, according to which companies were allowed to label their products as certified if at least 10% of raw material was certified and the rest controlled wood. In this case, the logo the companies used for products had to specify that raw materials stemmed from "mixed sources"

for distributing among companies and certifiers WWF's concepts and tools for responsible management of forest resources that were consistent with FSC standards. In 2002, WWF started a program to train professional forest auditors for the FSC forest certification. Around twenty-five participants from all parts of Russia were selected for the program and were trained to assess companies' forest management according to the FSC's forest certification standards. For two and a half years participants attended seminars every three months and took part in forest management assessments. The leading national and international experts instructed participants the FSC forest certification program, taught broad principles and concrete practices of sustainable forest management and trained their practical certification assessment skills. Many of the program participants later became forest certification auditors and consultants.

The WWF-IKEA training program for auditors and forestry experts was a significant contribution to the development of the FSC forest certification in Russia, since even before forest certification began to expand in Russia the pool of forest certification professionals emerged. These experts were familiar with both FSC global standards and local forest policy and practices in Russia that were difficult to match with each other. Russian experts were able to bridge the gap between broad principles and specific natural conditions, national political and economic environment and capacities of forest companies for change.

Beside WWF, numerous other environmental organizations – large and small, country-wide and local – took part in the forest certification project. Organizations running special projects in the sustainable forest management called model forests played a special role in the development of forest certification. These projects were also sponsored by WWF. They became a testing ground for forest certification and were themselves among the first certified operations in Russia.

A model forest is a project aimed at the development, implementation and promotion of sustainable forest management. According to the International Model Forest Network (IMFN 2006), it is, on the one hand, a forest territory large enough to represent a range for natural ecosystems and landscapes characteristic for a country or region and to have a range of ecological, social and economic functions. It is, on the other hand, a specific model of governance of forest resources based on the principles of sustainability and stakeholder partnership. The common task of model forests is to develop "best practices" of forest management that would simultaneously maintain

and enhance commercial value of forests, effectively protect forest ecosystems and protect the living space of local populations and indigenous people in a country or region. Model forests are governed jointly by stakeholders with economic, environmental and social interests. Model forests are committed to encourage participation of local population, local civic organizations, social movements and indigenous people in the decision making and sustainable management of forest resources.

The idea of model forests is largely compatible with principles underlying the FSC's forestry standards, i.e., responsible management of forests based on multi-stakeholder consultation and maintenance of economic, ecological, social and cultural values of forests. Forests are not only natural resources that can be used commercially to produce goods and extract profits. They are sources of wellbeing of local communities and indigenous people. They are part of their social, cultural and religious life. It is, therefore, not surprising that two model forests functioning in Russia committed to certify their forest management in the FSC's forest certification program: Pskov Model Forest and Priluzie Model Forest. They were both launched the by WWF and later became independent organizations. For both model forests, independent forest certification was a good way to show to their donors and other external audiences that model forests were indeed managed in a responsible way. The FSC benefited from these certifications, since it was able to test its program in Russia. The members of the national initiative and FSC supporters were able to experiment with standards, gain experience and demonstrate the feasibility of forest certification in Russia to companies and external audiences.

Priluzie Model Forest in the Republic of Komi in the North-West of Russia was among the first organizations in Russia that became interested in certifying actual forest operations. WWF organized Priluzie Model Forest in 1996 and was its main donor up to 2002 when the project secured funding from the Swiss Agency for Development and Cooperation. The project staff established a new organization to administer the project – a regional nonprofit organization the Silver Taiga Foundation that took the full responsibility for the implementation of the project but continued to actively cooperate with WWF.

Already in 1998 WWF decided to certify the model forest. Moreover, it included forest certification and its development and promotion into the goals of the project. In 1999 a team of international auditors and experts from the Rainforest

Alliance SmartWood Program, the world's leading forest certification body, conducted the first assessment of forest management in the model forest. The MacArthur Foundation sponsored the assessment. A number of Russian experts and trainees also attended the assessment to gain experience in forest certification. The first assessment showed that forest certification was in principle feasible in the model forest but required significant reform of the existing forest management practices. Problems occurred during the audit because communication between international auditors and Russian foresters was distorted by different interpretations of the context.

Apart from detecting non-compliance with the standard, the assessment of the Priluzie Model Forest showed that the global standards that the SmartWood's assessment team used required substantial adaptation to the national natural and social conditions. One of the observers at the assessment reported that foreign experts were often confused and could not judge whether Priluzie met the requirements of the standard because the categories and concepts did not match the categories, concepts and practices of Russian foresters:

> *The auditors came and asked: What about your environmental protection planning? And they [Priluzie staff] said we have groups of forests [in Russian legislation]. Certain groups are protected. The auditors stood there and wondered whether it was a good or a bad thing. And they all stood and did not understand each other. I mean it was necessary for auditors to understand what the groups of protected forests were to assess them. When people cannot compare, they cannot assess (interview 35).*

The international experts lacked local knowledge of the management practices and legislation and were unable to assess the existing practices.

Ultimately, the same holds for the social and worker rights criteria and indicators. Most of the corrective action requests issued by the assessment team related to the labor conditions, worker safety and local population rights. Formally, some principles and criteria were not met but in other cases the requirements did not make sense when they were applied to the local social situation. As the observer reported, one of the international experts suggested introducing the system of communal forest management based on self-government in forest villages (interview 35), which was impossible in the legal and social context of Russia. He notes describes in an ironic tone:

> *The principles [the FSC's principles of forest management] are beautiful but in practice it [audit] was the theater of the absurd. Or something close to it (interview 35).*

Finally, criteria and indicators related to the economic performance of forest operations were difficult to formalize and comply with. Many forest companies in Russia did not perform well financially. Logging is often unprofitable. Logging operations are in many cases parts of larger industrial groups emerging around large pulp and paper mills or sawmills. They redistribute profits from processing timber and selling products with high value added to unprofitable logging operations. This is a very habitual practice that was hard to formalize in the framework of the FSC principles and criteria, since logging operations are certified as separate legal entities. It was unclear how notions and concepts perceived as alien to many Russian foresters and company managers should be implemented in Russian context. The standards had to be, therefore, adjusted and reformulated to accommodate common for Russian practices and legal requirements.

The staff of the Silver Taiga Foundation decided to pursue certification and started working on correcting non-compliance. At the same time, they started working on the regional standards of forest management for the Republic of Komi that they hoped to accredit later in the FSC. They also participated actively in the national standard-making. As they worked towards certification, they developed and published detailed and extensive guides for companies that planned to certify their forests management systems. In 2000, another conference on the prospects of forest certification in Russia took place in Komi; the conference proceedings were published to popularize the idea of forest certification. In 2000-2005, the foundation published a dozen of brochures and books on forest certification ranging from the protection of rare species and old-growth forests to the organization of public participation in the management of forest resources.

Although these publications are not the official guidelines of the FSC in Russia, their goal was to develop and provide companies, auditors and stakeholders with the solutions that specified broad international principles and criteria of sustainable forest management. Above this the Silver Taiga Foundation took part in the development of Russian national standards. When companies became interested in the forest certification, the foundation offered consulting services. They worked with the largest forest companies in Komi – Mondi Business Paper, a part of the Mondi Group, a large international paper and packaging group. The foundation also offered seminars for companies and auditors from other regions. They also offered seminars for forest managers, forest service officers and auditors. One of the leading Russian

forest auditors started in the Silver Taiga Foundation and continues to cooperate with it.

The Pskov Model Forest, a joint project of WWF and Stora Enso, one of the largest international industrial forest groups, became certified in 2003. The goal of the project was to develop, introduce and promote sustainable forest management models for the four federal regions in the North-West of Russia: Pskov, Leningrad, Vologda and Arkhangelsk federal regions. The ambition of the model forest was to create a model system of industrial forest management that enabled companies in these regions to increase profitability of logging operations, restore and cultivate forests and effectively protect valuable and endangered ecosystems, rare species and the wellbeing of workers and local forest-dependent population. The model forests project collaborators developed models, exemplary systems and guidelines compatible with the FSC requirements and even surpassing them.

The Pskov Model Forests also contributed to the development of forest certification, since WWF and other experts extensively used the experience of the model forests in developing standards and guidance for companies seeking to certify forest management. The Pskov Model Forest staff also started consulting companies that sought forest certification to help them obtain a certificate. In 2006, the model forest and WWF founded a for-profit environmental consulting firm Greenforest that now offers consulting services to forest companies in the North-West of Russia on the basis of the models, systems and methods developed in the model forest.

6.5 The Emergence of the Demand for Forest Certification

The previous section has described various activities of environmental movement organizations that led to the emergence of an organizational infrastructure, a common knowledge base and a pool of certification experts that facilitated the development of forest certification in Russia. These elements of the FSC's forest certification system emerged before the actual market demand for certified timber reached Russia. Moreover, company managers reported that market signals had never been strong enough to undermine the imports of Russian timber to the countries of Western Europe. For many large companies, forest certification rather appeared to be a way to strengthen their reputation and to send signals about the sustainability of their forest

practices to the wider domestic and international audiences, including buyers, investors and environmental movement organizations.

Only in few cases, foreign buyers indeed threatened to cease buying unverified wood from Russian suppliers. Several companies were targeted directly by campaigns of environmental organizations, including Greenpeace and the Taiga Rescue Network, to prevent logging in large tracts of valuable ancient forests in the Russian North-West. Under the pressure of environmental organizations, six large buyers of Russian timber from the Netherlands, Germany, the UK, and Belgium established a European Platform for Ecological Russian Timber (EPERT) in 2002. The buyers aimed at eliminating timber sourced from uncertain or illegal sources and harvested in intact forests in the North-West of Russia, mainly in the Arkhangelsk federal region. They declared that from January 1, 2007 they would buy uncertified wood from Russian companies at a considerably lower. The letter was sent out to the major sawmills in the Arkhangelsk region that sourced parts of their timber from endangered forests and did not have any system of verification of legality of their sources (interviews 16, 17). The information in Table 7 suggests that the members bought a significant portion, i.e., approximately twenty-five percent of the annual production of the targeted eight sawmills. This was an important threat that motivated them to certify their forest management.

Table 7: EPERT Members and Their Suppliers in the Arkhangelsk Region

EPERT Members	**Country of Origin**	**Targeted Sawmills**
Cordes GmbH	Germany	Sawmills No 2, 3, 25, and 26 Tsiglomen Sawmill Solombala Sawmill Onega Sawmill
Jansen Nielsen Pilkes Ltd.	UK	
Jansen Nielsen Pilkes B.V.	The Netherlands	
Lubox-Holland B.V.		
Satim B.V./Halba Houtimbport B.V.		
Van Hoorebeke Timber N.V.	Belgium	
Annual sawn timber purchase capacity of EPERT members		1 500 000 m3
Annual timber purchases from Russia		500 000 m3
Annual production of sawn timber of the targeted sawmills		2 000 000 m3

Source: EPERT's website www.epert.info

Greenpeace and the Taiga Rescue Network campaigned against companies logging in the intact forests of the Arkhangelsk region. A company manager from the Arkhangelsk largest group of logging operations reported that after a number of European broadcasting networks showed a film on logging in intact forests in

Arkhangelsk region shot by a German television network together with Greenpeace, buyers refused to buy timber from companies mentioned in the film for several months (interview 20). Similar campaigns also took place in Karelia, Komi and the Far East. In Karelia, campaigns against logging in the tracts of intact forests that were later designated as the Kalevala National Park were also threatened to affect the sales of local logging operations (Tysiachniouk and Reisman 2004). To avoid further conflicts with environmental organizations, companies had to declare moratoria on harvesting timber in the intact forests that they previously planned to log. They increasingly considered certifying their forest management systems to demonstrate their responsible approach to forests and verify legality of their operations and purchases from external suppliers. Arkhangelsk companies became the earliest supporters of the FSC forest certification in Russia.

In Arkhangelsk and Karelia, timber exporters actually risked to be excluded from the international market and to lose a significant share of their sales. They perceived forest certification as a means of preserving their market and avoiding financial losses associated with the anti-logging campaigns of the world's major environmental organizations. Initially, timber exporters expected that forest certification would bring about additional financial benefits due to the price premium that international buyers would pay for certified timber. However, green premium proved to be illusory. International buyers rather threatened to reduce the price paid for uncertified materials or to cease buying uncertified timber at all. Managers reported that buyers offered price premium mainly for small consignments of timber that could not bring substantial additional benefits: "The larger the consignment is, the less the exporters are interested in paying a price premium for certified timber" (interviews 21 and 26).

In many other cases, however, the immediate demand for certified timber and expected market benefits associated with this demand did not play a key role in the decisions to certify. After the fall of the Soviet Union and the liberal market reforms of the 1990s, international companies became interested in Russian forest resources and forest industry, as well as Russian companies became increasingly integrated in the international forest economy. International forest corporations acquired logging operations and mills, leased forests from the federal government and built new processing facilities in the leading forest regions of Russia. Having been affected by environmental campaigns, they declared their commitment to responsible forestry in

Russia and guaranteed the legality of timber sourced from Russian forests. By the time they came to Russia forest certification had become a standard element of their social and environmental responsibility strategy. As a result, they committed to certify forests they managed and used in Russia.

Russian companies also used forest certification to build an image of responsible forest users to preempt potential conflicts with environmental organizations, even if they were not directly targeted in the campaigns. They also intended to send important signals to other external audiences, such as international investors. Practicing legal and responsible forestry had become a matter of international prestige and reputation risk avoidance for many large Russian companies, at least rhetorically. For them certifying forest management systems and practices was also an endorsement of their practices by the influential environmental organizations that value not only environmentally and socially appropriate forest management and production but also openness and transparency of producers. In this sense, for both international and Russian industrial forest companies forest certification has become a mechanism for acquiring legitimacy.

Swedish-Finnish Stora Enso, the second largest industrial forest group with mills in seventeen countries (see Table 8), acquired logging facilities in the Leningrad region and in Karelia to provide raw materials to its four Russian mills and to a number of mills located in Europe. Being a target for the continuous critique of environmental organizations for logging endangered forests and importing illegally harvested timber in Sweden, Russia and elsewhere, Stora Enso included forest certification in its sustainable forestry policy applied to all of its subsidiaries, logging operations and mills. In Russia, Stora Enso became a WWF's partner in the Pskov Model Forest project. It allocated a part of its leased forest land for a model forest and supported the project financially. The forest operation logging in the model part of Stora Enso's forests was among the first operations to be certified in Russia. Stora Enso certified all of its logging operations in Russia from 2005 to 2007.

Another large international industrial forest group, Mondi, acquired a large pulp and paper mill as well as logging operations providing the mill with raw materials in Syktyvkar, the Republic of Komi. Mondi's largest mill and plantations are located in South Africa and were among the first companies in the world to be certified. Mondi decided to certify the Syktyvkar pulp and paper mill and cooperated with a local environmental organization – the Silver Taiga Foundation – and the

regional forest service in promoting forest certification among timber suppliers. After having been criticized for its forestry practices across the world, especially for the conversion of natural tropical forests into plantations, Mondi committed itself, at least rhetorically, to developing a responsible forestry approach and certifying its natural forests and plantations to demonstrate environmental responsibility. Forest certification became a part of Mondi's global sustainable forestry policy.

Table 8: Leading Forest Industries in 2007 (by total turnover in billion EUR)

Europe			**World**	
Stora Enso	13,4		International Paper	16,0
SCA	11,7		Stora Enso	13,4
UPM-Kymmene	10,0		Kimberly-Clark	13,3
Metsäliitto	7,7		Weyerhaeuser	11,9
Smurfit Kappa Group	7,2		SCA	11,7
Mondi	6,3		UPM-Kymmene	10,0
Sequana Capital	4,3		Procter & Gamble	9,3
Norske Skog	3,4		Oji Paper	8,4
Burgo	2,3		Nippon Paper Group	7,8
Holmen	2,1		Metsäliitto	7,7

Source: Finnish Forest Industry Federation (2008)

In Komi, the Mondi pulp and paper mill supported the Silver Taiga Foundation that worked on the certification of two local forest service units, where the suppliers of Mondi harvested timber and where the Silver Taiga Foundation developed a model forest – Priluzie (see Section 6.4).[21] Mondi's mill in turn certified its logging

[21] As I have discussed in section 5.3, up to 2007 forest management and forest use were separated in the Russian forest law. Forest land was publicly owned and managed by the federal forest service and its regional divisions. Forest companies leased forest land from the state and were able to use forest resources according to the plans developed and approved by the forest service. Federal, regional and local units of the forest service were responsible for planning the use of forest resources, planting trees, taking care of forests and monitoring logging companies. According to the new forest code enacted in January 2007, forest land remains a public property but forest management functions were transferred to the regional and local forest service units that in turn have to transfer these responsibilities to companies when they lease forest land. A regional and local forest service retains only regulatory and monitoring functions. Put simply, this means that before 2007 companies were unable to plan and manage their forests, log, replant and take care of forests independently but had to follow plans, instructions and regulations of the forest service. Forest service was in turn responsible for managing and planning forests, even those leased by companies. Since forest certification applies de jure to forest management units, the Silver Taiga Foundation and Mondi decided to certify the local forest service units as actually responsible for forest management. Local forest service was obligated to enforce local operations to follow FSC requirements. As of January 2007, this division between the management and the use of forest resources became obsolete but forest service units so far remained certificated holders. These cases are, however, exceptional. The majority of Russian companies certified their own systems of forest management.

operations and encouraged external suppliers harvesting in certified forests to become certified. Initially, it introduced a three-percent premium for certified timber but in 2007 it decided to stop paying the premium. It, however, declared that it would continue to give preference to certified suppliers (interview 32). According to the company manager, this was by itself an important advantage for certified logging operations, since the potential supply of pulpwood, the kind of timber the mill needed for the production pulp and paper, available in Komi exceeded the actual needs of the mill. The mill developed a system of supplier selection that favors certified suppliers. These incentives motivated a number of smaller companies in Komi that supplied timber to Mondi mill to become certified in 2004-2007.

Other large international companies operating in Russia, including Europe's leading Finnish UPM Kymmene and Metsäliitto and Swedish IKEA, also certified logging operations and mills to be able to export their products, to avoid environmental campaigns and to improve their reputation.

Russian companies also became interested in forest certification. They expected to avoid environmental campaigns and establish cooperative relations with environmental organizations, to respond to the demands of international buyers and win market benefits, to verify the quality of their forest management and to improve their reputation among external audiences, including environmental community, international forest industry and investors and improve their forest management. The justifications were very diverse but the primary incentive to become certified was potential market benefits and reputation gains.

Russia's largest industrial forest group, Ilim Group (formerly Ilim Pulp Enterprise), was one of the first companies that got interested in certifying its forest operations, sawmills and pulp and paper mills in the early 2000s. Ilim Group manages millions of hectares of forest land and dozens of large processing facilities in the North-West of Russia (Leningrad and Arkhangelsk federal regions) and Siberia (Krasnoyarsk and Irkutsk federal regions). Although the company does not belong to the ten larges companies in Europe by turnover, it is one of the leaders by available forest resources and annual logging volume. Ilim Group is also a European leader in pulp production and an important exporter of pulp and packaging cardboard: It exports two-thirds of its production, mainly to China. Approximately forty percent of its total production is exported to China (Ilim Pulp Group n.d.).

For Ilim Group, a range of issues were at stake when they decided to become certified. It early became clear to Ilim Group managers, that in order to be able to compete successfully in both product and investment markets, company reputation and image were important. On the one hand, according to the estimations of the Ilim Group's managers, the group exports around eighty percent of its total produce, partly to the European markets where buyers became sensitive to their suppliers' forestry practices and sources of timber. On the other hand, Ilim Group was also interested in attracting international investment. For its managers, it was clear that for risk-averse Western investors the lack of open conflicts with environmental organizations, verified supply chain transparency and effective forest management would be an additional advantage. They perceived forest certification as a tool to demonstrate buyers, investors and environmentalists the responsibility of its forestry practices, transparency of its supply chain and good relations with environmentalists verified through an independent internationally recognized certification program. According to one Ilim Group manager, the lack of conflicts and sustainability claims verified by the FSC forest certification played a role in the decision of International Paper, the world's largest forest corporation based in the U.S., to form for a joint venture with Ilim Group in 2007 (interview 26). For Ilim Group, therefore, not market access was the target but rather verification of environmental responsibility and the lack of open conflicts with environmentalists confirmed by the FSC forest management and supply chain certificates.

Unlike many other companies that remained relatively passive in the development of forest certification in Russia beyond certifying their own forest management systems or supply chains, Ilim Group became an active player in the forest certification field. Its activity significantly affected the configuration of the field at the local and global levels. Together with other large companies, it lobbied the FSC to develop the standard that would allow large pulp and paper mills to minimize the portion of certified material in the final product. This standard was introduced in 2007 and reduced the threshold of certified raw material in the final product to ten percent only. It required that the rest of the raw material should be controlled wood (see Section 6.4). According to the standards, in order to be able to label the products with an FSC logo, companies had to ensure that at least ten percent of the raw material used was FSC-certified and the remaining raw materials stemmed from controlled sources. Environmental organizations criticized the standard itself and the

way this standard was developed and introduced. They claimed that the opinions of the environmental community had been ignored and that it damaged the credibility of the FSC. As a result, the FSC significantly revised the standard and improved the concept of controlled wood (interviews 7 and 11).

Ilim Group extensively supported the first Russian certification body EuroPartner that later became an important player in the Russian forest certification field. When Ilim Group applied for forest certification and looked for a certification body to perform forest management assessment, one of the conditions was that a certification body should train EuroPartner to become an FSC accredited certification body. EuroPartner earned the FSC accreditation in 2006. On the already highly competitive market for forest certification services, the emergence of another player resulted in the increased competitive pressure. Certification bodies and many experts criticized EuroPartner for apparently weak standards, poor assessment performance, connections with Ilim Group and further violations of the certifier ethics. Even though some of the violations were verified, most of the charges remained neither verified nor completely falsified. EuroPartner's competitors, however, maintained that the emergence of the company contributed to lowering the quality of forest certifications in Russia (interviews 19, personal communication with the auditor of NEPCon in on June 15, 2008). In August 2008, the FSC terminated EuroPartner's accreditation for failing to fulfill its liabilities to the FSC and to certified companies (FSC 2008c: 4).

InvestLesProm, one of the Russia's leading industrial forest groups that formed around the Segezha pulp and paper mill in the Republic of Karelia in 2005-2008 was also motivated by the considerations of corporate image and reputation among international environmental and business communities rather than by direct market benefits. The company was not directly targeted by any of the environmental campaigns but voluntarily agreed not to log in intact forests and not to buy timber from illegal or unknown sources. Moreover, the company acquired a number of pulp and paper mills in Europe and sought to establish itself as a responsible international corporation with unified corporate policies and strategies, including environmental and sustainability forestry policies. Even before the company became certified it was clear to its managers that forest certification was unlikely to generate any calculable additional profits:

> *I think we will not have any direct benefits. I mean those that you can put on the paper and calculate, like here is an extra half a million dollars because our timber is certified (interview 4).*

The senior sales manager who is responsible for selling sawn wood to the UK reported that selling uncertified timber and uncertified final products, including sawn wood and paper products, was not particularly problematic:

> *We can always sell it [uncertified timber] but why would we want to do it? We want to maintain our reputation. But we will always be able to sell uncertified timber. … I don't see any significant pressure on us any more to become certified. It is a voluntary certification and in our case it is indeed voluntary. Nobody forced us. We decided to do it and I personally had been convincing the directors for two years that we needed to certify our mill. But if they had not been for it or if I had said we had not needed it, I would now be selling exactly the same things (interview 3).*

Reputation and image considerations were, therefore, the most important to Segazha's managers. They hoped to benefit not directly from selling their products, but indirectly from maintaining and enhancing the reputation of an environmentally responsible company and thereby from avoiding any potential difficulties associated with unverified timber.

In addition, Segezha started an expensive modernization process in 1998-1999 and expected to significantly increase the production of pulp and paper by the end of the 2000s. One of the challenges that Segezha confronted was the availability of sufficient forest resources to secure continuous supply of timber and to satisfy the production needs of the mill. The forest supply and management department of the mill considered the intensification of forestry as a solution to the timber supply problem and sought to reform the existing system of forest management. They planned to reduce the turnover age of trees, i.e., start logging younger trees, and significantly increase commercial thinning, i.e., removing certain trees in young forests to model the future stand and create better conditions for remaining trees. This plan was inspired by the experience of Scandinavian countries, including Sweden and Finland, where forest companies were able to harvest significantly more timber under similar natural conditions as compared to Russian companies. The plan was based on a wide-spread idea that this was due to the better care of young forests, traditionally higher forestry standards and greater involvement of the state in forestry, including road maintenance (interview 25).

Some elements of this plan were controversial. For example, environmentalists claimed that commercial forests in Sweden and Finland had a much lower level of biological diversity and that most valuable old-growth forests with greatest biodiversity were almost completely removed. They feared that the introduction of a similar system of intensive forest management might damage valuable forests.

Moreover, Segezha's forest managers faced extreme shortages in timber supplies due to the degradation of forests that resulted from the overuse of forest resources in Karelia in Socialist time and perceived it as their responsibility to restore the forests for the mill and for the people living in Karelia. They continuously emphasized the importance of forests for the region's economy and the wellbeing of the local population, especially in distant forest settlements that directly depend on forests (interviews 2 and 5).

Such a mixture of rational economic and moral motives points to a complex incentive structure that underlies the technical aspects of forest certification. Economic benefits, real and anticipated, direct and indirect, rationalize moral arguments that social movement organizations put forward: Managing forests in an environmentally and socially responsible way is economically beneficial ("doing well by doing good"). At the same time, moral arguments that can also be mobilized by corporate actors may help them benefit from the morality of purely economic decisions: Certifying forests for economic reasons helps achieve environmental and social benefits for local populations and society at large ("doing good by doing well").

In the Far East, Terneyles, the largest certified company in the Far East, certified its forest management and supply chain in 2004. The company ships most of its wood to a large Japanese company, Sumitomo Corporation. The Japanese market is one of the largest consumer markets in the South-East Asian region. Japanese companies have long been criticized for their irresponsible buying practices. Many environmental organizations hold Japan responsible for buying timber from the endangered tropical forests of the Philippines and Indonesia as well as from the unique taiga of the Russian Far East. Environmentalists claim that they thereby support uncontrolled and often illegal destruction of these forests Japanese companies, however, have long been relatively immune to the environmentalists' claims and never demanded forest certification from their suppliers. Sumimoto also did not require Terneyles to become certified but Terneyles, nonetheless, decided to pursue forest certification in order to benefit from forest certification in the future when it

would finally gain importance in Japan. The first sign of growing concern of the Japanese government with uncontrolled wood shipped into the country and the potential economic and political consequences thereof was the so called “Green Purchasing Law” that the Japanese government passed in 2007. According to this regulation, Japanese public bodies were obligated to procure wood products only from legally verified sources. It then became the responsibility of suppliers to verify the legality of timber origin, also through forest certification (interview 45 and 46).

Terneyles had also always been in the focus of environmental organizations because it logged in the unique endangered forests of the Russian Far East, in the basin of the Samarga river, a home for the Far Eastern indigenous people Udege and a habitat for several extinct animal and plant species, including the Siberian tiger. In the early 2000s, the local environmental organization Bureau for Regional Outreach Campaigns (BROC) sued Terneyles for violating environmental regulations and indigenous people rights in the Samarga river basin. Even though the claims of the BROC were rejected in the court, Terneyles remained a controversial case for the Far Eastern environmentalists. When Terneyles became certified in 2004, the Far Eastern office of WWF Russia closely monitored the certification process (interview 46). Even though some disputes over the past and current practices of Terneyles remained open, WWF Russia fully supported the company. WWF appreciated it as the first certified company in the most controversial forest region in Russia, helped it improve its forest management and to achieve a compromise with the Udege in order to meet certification requirements (interview 12).

The previous discussion shows that direct market benefits, including increased price for certified timber or improved market access, did not play a decisive role in the certification decisions. Even if the first certified companies expected to receive a price premium for certified timber, it soon became clear that forest certification would not bring direct monetary benefits to the certified companies on a large scale. Moreover, many managers also emphasize that the pressure of buyers decreased over time. The sales managers reported that forest management certificate was often an additional advantage when other characteristics, including price and quality, were equal. Companies that were directly affected by environmental campaigns in the late 1990s and the early 2000s were able to keep their European buyers and minimize their financial losses. Companies that were not affected by campaigns expected to improve and maintain their reputation and hoped to benefit from it in future but were unable to

exactly predict how and when. Some also hoped to establish cooperative relationships with environmental organizations and signal their sustainable approach to natural resources and social responsibility towards workers, local populations and society at large.

Responsible forest management and sustainable approach to natural resources became an established element of a corporate image in the industrial forest sector in Russia that helped minimize reputation risks that might potentially have an impact on the corporate financial performance. For the largest corporations seeking international recognition, including Segezha and Ilim Group, thought of forest certification as a tool to verify the sustainability of their approach to external audiences.

In the next chapter I turn to the identification of social and environmental effects that forest certification brought about. I show that while forest certification led to the improvement in biodiversity protection, intact forest conservation, worker safety and community issues, forest certification supporters became concerned with the declining capacities of the FSC and stakeholders to control the performance of companies and certification bodies.

6.6 Discussion

In this chapter, I examine how transnationally connected and locally embedded actors promoted forest certification in difficult domestic circumstances reviewed in detail in Chapter 5. The evidence presented in this chapter is consistent with the typical arguments in the existing literature that if companies export a significant portion of their products to countries where activists, media, governments and consumers perceive forest products as controversial, they are likely to certify their forest operations or require their suppliers to certify in order to avoid controversies. Indeed, in the Russian case, the dependence of the part of the forest sector that consisted of large vertically integrated firms shipping timber to European or Japanese markets and/or having multinationals as their parent companies has facilitated significantly the rapid expansion of forest certification.

Clearly, the cross-border pressure from international buyers and owners and from transnational activists in the form of campaigns was an important necessary condition for the expansion of forest certification (as Section 6.5 suggests), but not the only one. The literature taking only this condition into consideration ignores the

critical role of local actors that not only campaigned against companies and promoted forest certification but also invested time and resources into making forest certification a "high-road" instrument for achieving their overwhelming goals. I show in this chapter that the pressure on companies came not only from across borders, but also from inside. Beyond this, environmentalists also constructively supported the development of forest certification by building knowledge on its implementation, educating company managers, auditors and stakeholders and developing an organizational infrastructure for forest certification.

The findings presented in this chapter are consistent with the literature that emphasizes the abilities of actors to mobilize resources and make use of emerging windows of opportunities for achieving their goals – in this case improving forest management. I show that organizational capacities, networks and expertise of local environmental NGOs and individual activists perceived forest certification as a window of opportunity to induce change in the forest sector, and this had a crucial effect on the expansion of forest certification in Russia.

The history of forest certification in Russia presented above suggests its development started before forest companies showed any real interest in certifying their forest management. Despite the lack of interest of business and opposition of the Federal Forest Service, environmental activists invested resources into designing FSC national standards, promoting forest certification, certifying model forests and training auditors and consultants. As a result an organizational infrastructure, a common knowledge base and a pool of forest certification efforts emerged as organizational elements necessary for the FSC certification system to function properly.

Through various activities directly or indirectly related to forest certification, environmental organizations created a common knowledge base on forest certification that provided actors with the semantic and practical tools to understand and implement the requirements of the FSC. The common knowledge base is a shared set of negotiated ideas related to the FSC and its system of forest certification, implicit assumptions and formal norms codified in various standards, regulations, statutes and guidelines; it is knowledge that actors recognize and share. Its codified component includes (1) forest management standards specifying what good forest management is, (2) auditing procedures and guidelines that regulate the behavior of auditors and (3) documents that specify certain aspects of forestry related to forest certification and good forest management in general. Such documents include for example registers of

endangered species or maps of Russia's high conservation valuable forests, which were not specifically designed for certification purposes but which the FSC recommends that companies and certification bodies use.

In addition to codified rules of forest certification, a common knowledge base also includes shared implicit assumptions related to forest certification that also regulate the behavior of different actors. For example, many actors believe that auditors have to rely on their common sense and intuition and appeal to their reason when they make decisions in the process of assessment and certification. This appeal to common sense is very typical for the staff of certification bodies and auditors. Describing what qualities a good auditor should possess, many claim that they should not be overly scrupulous but at the same time they should not tolerate serious, systematic or continuous incompliance. One auditor describes how auditors make decisions in the following way:

> *[But] in any checklist and in any standard there are disputable elements. They can be interpreted in different ways; there is no "one and only" interpretation. … Moreover, what one auditor saw and interpreted in one way, another one can see and interpret quite differently. We all are different and see things differently. But we have to realistically evaluate the situation and should not pick on small things. One shouldn't be excessively fastidious but one should not tolerate soil pollution or that people work without protective clothing. I mean you have to evaluate the context and you have to have years of experience (interview 6).*

The boundary between excessive scrupulosity and excessive tolerance is blurred; they are intuitive and extremely hard to articulate and thus codify. As auditors interact and accumulate experience they develop shared tacit assumptions that help them make sense of reality and guide their behavior in uncertain situations.

Both formal and informal components of the common knowledge do not remain uncontested. The common knowledge emerges as a result of the circular processes of negotiation and implementation of standards and procedures. Conflicts over specific content of norms and procedures continuously arise. Even if the formulations were negotiated and compromised, tacit tensions and open conflicts over elements of the common knowledge can be detected. Many company managers and experts question the validity of the data on the condition of forests used by the environmental organizations, the correctness of their standards and procedures, the legitimacy of some of their methods and in general their claim to make better rules

than already existing legal rules embodied in the national and local legislation. Many company managers and company foresters do not perceive forest certification as legitimate but reported that they feel forced to participate to keep their customers and protect their reputation. Open conflicts, however, rarely break out.

Beyond the common knowledge, the leaders of forest certification movement mobilized other organizations to join them and created new organizations, for example certification centers, to promote forest certification. These organizations formed an organizational infrastructure which is defined as a network of knowledgeable organizations that can certify companies, consult them, monitor certifiers and certificate holders, make standards and create models for complying with these standards. Environmental organizations integrated forest certification into their current projects and thereby facilitated the creation of the common knowledge base and a relevant pool of experts - the producers and carriers of knowledge and skills. Organizations in the forest certification network tested national forest certification standards, developed their own standards for regions where they worked, certified their own systems of forest management, developed model practices consistent with forest certification requirements and extensively trained auditors and experts. Later, they consulted forest companies based on their own experience and interpretation of forest certification and monitored certifiers and thereby enforced forest certification rules.

Certification centers worked directly with producers to familiarize them with forest certification in the first place and convince them to certify their forest management. Some of them started working as consultants to forest companies; others became contractors of certification bodies that did not have an office in Russia. Some combined certification and consulting services. Experts that worked in certification centers also participated in national standard-making.

Environmental organizations also were able involve forestry departments in universities and research institutions for forestry and forest economics, trade unions and other social movement organizations, including organizations for indigenous people and local population rights, in the activities related to forest certification. Experts from these organizations could provide specific services to help companies to comply with forestry standards, including conducting research and collecting data on the condition of forests, designing logging plans or identifying rare species and valuable forests.

The organizational infrastructure that emerged out of the efforts of environmental organizations was crucial for the expansion of forest certification. When companies became interested in forest certification, a network of knowledgeable organizations was already in place that offered certification services, consulted and monitored companies in their efforts to implement the requirements of forest certification. Some company managers reported that it was important for them to have a Russian-speaking expert that had a sound knowledge of a specific local situation, including natural and social conditions, in which a company had to operate. Companies, therefore, knew where they could go to get information and advice and where they could apply for certification. They knew where they could contract experts that could help them prepare for the assessment of forest management systems.

The pool of such experts in forest certification also emerged as result of environmental organizations' efforts. They engaged and trained auditors and experts that became producers and carriers of common knowledge and skills required for a functioning forest certification system. The pool of experts included forest auditors, standard-makers, consultants and experts in forestry, social issues and community and indigenous people rights. WWF's training program in forest certification was particularly important for creating the pool of experts. Several dozens of foresters and environmentalists from almost every important forest region participated in the program. Some of them were later hired by certification bodies as forest auditors; some founded consulting firms. Training programs in the framework of sustainable forestry projects, such as model forests also contributed to the formation of the pool of experts.

Many of these experts combined several roles in the forest certification system. Forest management auditors consulted companies, which they did not audit. Consultants and auditors participated in developing national standards. Through the overlapping roles and positions, actors were able to exchange and multiply experience and thereby contribute over time to the growing common knowledge base. Experts were simultaneously carriers of knowledge and skills and their producers due to their involvement in the implementation of standards on the ground. Their feedback and experience was crucial for the development of national standards and certification procedures.

These three elements of the institutional structure of certification – knowledge base, pool of experts and organizational infrastructure – were crucial for the FSC to

secure the leading position in Russia. When companies realized that forest certification could potentially solve their problems with their negative image and environmental campaigns, they turned to the FSC program because it was already available to them. Business and the government also tried to design an alternative certification program but so far they have been unsuccessful in doing so. Instead, the FSC was able to monopolize the emerging Russian market for certification and successfully use its first mover advantage.

In addition, although it may seem that the process of the building of a certification system in Russia was a smooth and harmonious creation of relevant knowledge, persuasion of companies and training of auditors, consultants and managers, it also contained tensions and conflicts that had to be negotiated and settled for a working certification system to emerge. These tensions were particularly prominent during the negotiation of the national standard when coalitions led by WWF and Greenpeace discussed how the principle dealing with high conservation value forests and old-growth forests should be applied in Russia. Through the lengthy rounds of negation, both parties were able to reach a compromise reflected in the zoning approach introduced into the national standard. This shows that the enactment of forest certification did not only involve cognitive processes of learning and knowledge building, but also stakeholder interest negotiation and local conflict settlement. The solutions adopted by stakeholders were pragmatic in the sense that they did not necessarily matched actors' conceptions of what the most effective solution would be, but they were acceptable to all stakeholders and helped avoid deadlocks in the negotiations.

In sum, the chapter shows that knowledgeable and resourceful local actors were able to create a system that was likely to become a high-road instrument of improvement of forest management in certified enterprises. However, the question remains whether these improvements actually occurred. In the following chapter, I take the next analytical step in my analysis of the transnational global standards into local on-the-ground practices and analyze how the standards were implemented in implementation settings, i.e., in forest companies. In order to do this, I identify the changes in local practices induced by forest certification, systematize different modes of translation of standards into practices, and evaluate the effects of forest certification.

7 The Implementation and Effects of Forest Certification

The discussion of the companies' motivations to certify their forest management systems in previous chapter suggests that direct market benefits, including price premium and potential increases of profits, was not a decisive factor in pursuing forest certification. The potential losses that environmental campaigns might have brought about stimulated companies to certify their forest management. Companies thereby sought to maintain their reputation as environmentally and socially responsible producers and avoid any potential future risks conflicts with environmentalists. Rather than seeing FSC certificates as an immediate advantage, they considered not having such a certificate as a potential disadvantage in the international timber market. Companies wanted to have a certificate at hand "just in case", i.e., to be prepared if international and domestic buyers, investors and environmental organizations would ask for it. This observation suggests that it is unlikely that the emergence of forest certification significantly changed the structure of trade in timber products, both domestic and international. Forest companies reacted quickly to the threats of environmental organizations and international buyers to stop buying uncertified or unverified timber from Russia or at least lowering the price buyers would pay for these products.

The question is then to what extent forest certification improved corporate forestry practices. Since standard forestry practices in Russia prescribed by various formal laws and informal rules are considered to be environmentally and socially inappropriate by many environmentalists and forestry scholars, it could have been expected that forest certification would bring about significant changes in forestry practice of certified companies. What are the actual changes in corporate environmental and social practices that forest certification brought about? How do companies, managers and foresters change their behavior?

This section provides answers to these questions, although it which is, however, methodologically challenging for two reasons. First, it is difficult, if not impossible, to separate the impact of forest certification on forestry practices from other factors that might also be at work in a particular situation. Companies may choose to adopt practices defined as more sustainable because these techniques and

practices better meet their economic interests. For example, many forest operations, including Segezha pulp and paper mill substituted chain saws with automatic harvesting machines in the early 2000s. They expected to improve the efficiency of forest operations and to increase the amount of harvested timber, but the introduction of new technology also led to the reduction of negative effects of logging on remaining forests. It was easier for Segezha's forest operations to prove compliance with FSC standards. Forest certification and commercial interests may go hand in hand and jointly shape companies' behavior.

Secondly, it is often impossible to judge whether the changes in corporate behavior will actually bring about expected social and environmental changes, since the life cycle of trees and forests is significantly longer than available observations and the lifespan of foresters, managers, environmentalists and scholars. The long-term outcomes are uncertain, since the knowledge, both expert and traditional, on the large-scale natural ecosystems remains relatively limited and is often contested.[22] It is, therefore, problematic to assume that specific changes in corporate behavior will sooner or later necessarily transform into the desired large-scale long-term positive outcomes for forests modified by logging and reforestation practices. These features considerably complicate the evaluation of the actual impact of forest certification on the forestry practices, their environmental and social aspects, the structure of timber markets and policy dynamics. Keeping these two limitations in mind, I will identify environmental and social effects of forest certification on the practices of certified companies.

[22] To avoid controversies, the FSC prefers to use for official purposes more neutral terms "responsible" or "good forest management" instead of value-loaded "sustainable forest management", since the latter term becomes increasingly contested. It only uses the term "sustainability" or "sustainable forest management" for the promotion of the FSC certified products among consumers. For many environmentalists, it is not completely self-evident whether what is called sustainable forest management is actually sustainable. The FSC also insists that its affiliated organizations, including national initiatives, working groups and certification bodies, should abstain from using these problematic terms. The Rainforest Alliance, another important international environmental organization running an FSC-accredited SmartWood forest certification program, also prefers the term "responsible forest management" (personal communication with the Rainforest Alliance manager on June 16, 2008)

7.1 Implementing Environmental Requirements: Environmental Effects

In Chapter 5, I have described a number of features of the Russian forestry sector that could have been expected to impede the development of forest certification in Russia because overcoming these obstacles would be overly costly and complicated. Many environmental organizations and company managers were convinced that Russian forestry legislation does not adequately address environmental aspects and often prescribes behavior that in fact contradicts the FSC's forestry standards. Company managers also emphasized that some of the governmental rules and regulations did not address the economic needs of the forestry sector. Moreover, the monitoring of corporate behavior and the enforcement of rules are far from being perfect. The tasks that the federal and local legislation assigns to forest service officers, including forest inventorying and planning, systematically remained unaccomplished due to severe budget deficits. The legal uncertainty that emerged with the introduction of the new forest code contributed to the growing confusion in the forestry sector.

What outcomes could forest certification accomplish under these difficult circumstances in terms of forestry practices and environmental protection? Managers of certified companies reported no revolutionary or completely unfamiliar changes in everyday practices. Forest managers emphasize that the main challenge was to complete paperwork and formalities required by FSC standards and to document the compliance with FSC requirements where companies already complied but did not have a written proof thereof. They reported that many requirements of the FSC were similar and in some cases identical to Russian regulations but were not observed appropriately due to the weak control of the responsible state agencies and financial difficulties.

Environmental, forest and labor legislation in Russia is extensive but bulky, on the one hand, and prescriptive, on the other hand. Moreover, various branches, for example environmental and forest, are not harmonized and may contradict each other. Large companies follow regulations to the significantly greater extent compared to the less visible small-scale loggers that the state is unable to control. The FSC's first principle of good forest management is compliance with existing national and local laws and regulations. It may constitute a challenge for the FSC in countries where environmental and forest law is weak or missing, but in Russia the problem is rather enforcement and compliance and internal consistency of laws. One of the most

common examples reported by environmentalists and managers was the incompatibility of Russian environmental and forest laws. Russia is a signatory to the Convention on Biological Diversity but its norms are not reflected in the forest law. Biodiversity protection measures prescribed by environmental laws as well as by FSC standards conflict with logging rules prescribed by Russian forest regulations. It is, therefore, a challenge for Russian companies to comply at the same time with FSC environmental standards and Russian forest regulations that are both relatively sophisticated and prescriptive (McDermott, Cashore and Kanowski 2008, interview 25).

Even though the image of the Russian forestry sector may be associated with blossoming corruption, non-compliance even with those laws that are consistent and effective, and other illegal activities, these phenomena are less characteristic of large companies that pursued certification. One of the most cited examples is illegal logging that environmentalists recognized as a serious environmental and economic problem of the Russian forestry sector, especially in the areas at the borders to China and Finland.

There is no common definition of illegal logging and illegally harvested timber. The federal forest service defines illegal logging as logging of timber without appropriate permits and declarations prescribed by national or local regulations. Logging permits specify where logging sites are located and how much timber companies are allowed to harvest. In the new system, companies themselves select logging sites and declare them to the local forest service. The forest service considers logging without such logging permits and logging in places other than specified in permits or declarations illegal. Logging beyond specified limits is considered a violation but excessive timber already harvested is not considered strictly illegal. Environmental organizations, including WWF and Greenpeace, insist that the timber harvested beyond permitted or declared limits even in permitted locations should be counted as illegal. As a result, the estimates of the amounts of illegally harvested timber in the Russian forest sector provided by the federal forest service and environmental organizations persistently differ. They range from ten to sixty percent of the total timber harvested in Russia (Kotlobay et al. 2006).

As a rule, large companies do not practice logging without permits or declarations for several reasons. They usually have their own large forest tracts where they can legally log. Moreover, large companies are usually visible to the federal and

local forest service that may make the legalization of illegally harvested timber a risky enterprise. Companies also prefer to avoid conflicts with the authorities, since the state has a final word in the decisions concerning the lease of forests. For exporting companies, illegal logging may become a serious problem if they are monitored and get caught by environmental organizations. Moreover, many large companies protect their forests from small-scale illegal loggers, since they see illegally harvested timber from their forests as the loss of their own resources (interview 15 and 21). Whether or not large companies seeking certification exceed the harvesting limits specified in logging permits or declaration – either occasionally or systematically – has to be verified by auditors during assessment.

This discussion suggests that the problem that large companies had to deal with for certification was not that they had to significantly modify their behavior to eliminate illegal or non-compliant practices. Rather, companies seeking certification had to demonstrate to auditors that they did not violate national or local regulations when harvesting timber. Additionally, in case companies sourced timber from external suppliers, they had to check whether suppliers also did not harvest or trade timber illegally and present the proofs to auditors.

To summarize, Russian companies had to deal with a set of problems different from what might have been expected. In many respects, companies did not have to reform their practices but had to document and report that their practices, both forestry and buying practices, were in compliance with domestic laws and FSC standards. One Greenpeace activist describes the situation in the following way:

> *The FSC has ten principles and fifty-six criteria. This is about two hundred indicators. … Only about ten percent of them are key indicators. How do they [companies] comply with the remaining ninety percent? They are registered legal entities, they leased forests legally, and they have a logging plan. Here there can be no non-compliance. The FSC was initially created for tropical forests. … In Africa, for example, no-one knows where the borders of the leased forests are. Their legislation is terrible. Our level is a little higher. … The thing is then that in Russia these ten percent of indicators become critical. … These are old-growth forests, clear-cuts versus other logging techniques and some others. … So when they [companies] say that they comply with all requirements, except for logging techniques, it is a big question, since it determines fifty percent of the environmental condition of forests after logging (interview 13).*

This citation and the previous discussion suggests that while Russian companies seeking certification were initially in compliance with many principles and criteria

and had to document their compliance for auditors, they had to reform their practices in several critical areas. These areas were extremely important for environmental organizations. The credibility of FSC certification as a policy instrument depended crucially on the ability of the FSC and certified companies to improve their compliance with the critical requirements. Certainly, environmentalists also expected that companies seeking certification would be obligated to follow the requirements of the FSC's forest certification and apply better forest management techniques than prescribed by the federal and local regulations. They also anticipated that forest certification would improve companies' compliance with relevant environmental and labor regulations (for example, worker safety regulations) that had been often ignored due to weak control by responsible state agencies.

However, even though improved compliance may constitute an important effect of forest certification, companies were already familiar with the ways to achieve compliance and did not have to reform their practices, while in case of the critical indicators they should have modified their practices and implement the requirements that they otherwise would not have implemented. It can, therefore, be expected that the most visible and important impact of forest certification on corporate practices can be detected when looking at these crucial indicators, including forest management planning, high conservation value forests, logging techniques and forest operations' environmental impact. To what extent did companies implement these and other key requirements?

The most notable examples are certainly the improvements in *biodiversity protection* during and after logging. As has been mentioned above, Russia is a signatory to the Convention on Biological Diversity but biodiversity protection measures were not specified in national forest regulations that determined logging and post-logging practices of companies. In contrast, environmental organizations developed specific guidelines that helped companies seeking certification to reform their practices. The problem here was that many of these measures actually contradicted official logging regulations. Where the guidelines proposed by environmental organizations departed from Russian laws, companies had to negotiate exemptions from general rules with the forest service and other administrative bodies in order to accommodate FSC requirements.

For example, Russian logging rules prescribed that for clear-cutting – the most used logging type in Russia – that all trees had to be removed from a logging site,

except for the trees that forest service officers designated when issuing a logging permit. Leaving trees after logging was considered a violation and was subject to a fine. In contrast, the requirements of the FSC prescribe that the key elements of biodiversity, including mother trees (trees left untouched after logging for seeds), dead trees and dead wood, rare and endangered species, aspen and trees with hollows, had to be left on a logging site to ensure appropriate regeneration of the forest and biodiversity preservation. Groups of trees that form key biotopes, including trees around permanent and temporary water streams, springs and bogs, trees on rocks, mountain slopes and along gullies, had to be preserved for biodiversity protection purposes.

In order to comply with the FSC's requirements, companies usually sought exemptions from legal rules shaping their logging practices for the purposes of forest certification. For example, in Arkhangelsk a number of companies were able to sign an official agreement with the forest service that allowed them to leave the key elements of biodiversity on their logging sites. Other companies agreed informally with the local forest service that officers would not fine them for leaving the key elements of biodiversity on logging sites. The third way practiced for example at the Segezha logging operations was to work together with forest officers that assigned logging sites and allocated tress to be left after logging (interviews 21 and 5).

Additionally, companies had to protect *large tracts of valuable forests*, including old-growth forests and other types of forests that environmental organizations define as high conservation value forests (see Table 6). While some types of these forests were protected by Russian laws, including types five and six, intact forests were not recognized as a separate category of forests in the Russian environmental and forest law and, therefore, were not officially protected. Moreover, old-growth forests were traditionally designated as commercial forests and were subject to logging. Moreover, these forests often have the most commercial value because these forests contain trees, from which highest quality of wood is extracted. Companies logging in intact forests were the first to be targeted by environmental campaigns. They had to withdraw from these forests by declaring moratoria on their logging. Companies that were not directly targeted by the campaigns but wanted to become certified also had to develop a methodology for identifying and protecting old-growth forests and other types of high conservation value forests.

They also had to preserve so called representative plots of forests. Such plots should have equaled at least five percent of the leased forest land, Russian forest regulations specified what areas in forests required special protection and obligated companies designate and protect such areas in their leased forests. They are called special protected forest areas and include riparian buffer zones along water streams, protective forest areas and a number of other categories of forests. Protective forests are defined as forests that play a role in protecting landscapes, ecosystems and social, cultural and economic objects as well as forests in deserted areas, steppes and on mountain slopes. The FSC requires companies to additionally protect at least five percent of their forests beyond officially designated special protected areas. These parts of forests are supposed to be large enough to represent a range of types of forests and landscapes that are considered typical for a region where a company operates. This requirement is also meant to reduce biodiversity loss and to ensure the reproduction of these forests and prevent their transformation and degradation.

Another environmentally important outcome that might be attributed to the impact of forest certification is that many large companies commissioned studies to identify rare species of plants and animals that may be found in their managed forests. Segezha, Mondi and Stora Enso hired forestry scholars, ecologists and biologists to identify special forest plots, key biotopes and rare species that had to be protected during and after logging.

7.2 Implementing Social Requirements: Social Effects

The FSC's forest management standards required that forest companies should respect the legal and traditional rights of their workers, local communities and indigenous peoples who their logging operations might affect. When dealing with social aspects of forest certification, forest companies were expected to comply with domestic laws, international conventions, in particular the conventions adopted by the International Labor Organization (ILO), and customary rights of communities and indigenous people to ensure that company forest management is socially beneficial..

The situation with regard to the social aspects of forest certification in Russia is similar to the one concerning the environmental effects. On the one hand, Russian labor law was relatively elaborate and well-structured but enforcement and compliance were problematic. Companies seeking certification did not have to

introduce a significant number of new practices but they had to improve compliance with domestic labor regulations and ILO conventions and document it for forest management auditors. Salaries had to be paid regularly and should not have been lower than average salaries in the forestry sector in a given region. Workers' safety regulations had to be observed. Workers had to be regularly trained in workers' safety and provided with protective uniforms and helmets. Forest managers had to monitor workers to ensure that they followed safety instructions.

Here the FSC's requirements and domestic labor law and sectoral regulations were fully consistent and did not contradict each other. However, managers reported that after applying for forest certification they had to eliminate still common delays in worker payment. Almost universally, forest companies had to purchase special safety equipment certified according to international standards, including helmets and uniforms that could prevent injuries caused by saws. According to managers, these were the most costly innovations that forest certification brought about (interviews 5 and 20). These changes show that forest certification stimulated better compliance with domestic labor and work regulations and did not require considerable change in existing practices.

In terms of community relations, Russian companies often even exceeded the strict requirements of the FSC. Partly, this is due to the fact that when companies lease forest land from the state, they often negotiate with local authorities social clauses of leasing contracts. Before the introduction of the new forest code in 2008, community-related obligations were an advantage at public competitions, a mechanism of public forest land allocation. Traditionally, logging companies that were often the only employer in distant forest settlements supported their workers, their families, retired workers and local population. For example, logging companies provided local people, schools and libraries with firewood either free of charge or for a fee below its production cost. Companies also supported economic and social infrastructure of forest settlements located in or near company forests. They supported schools, libraries and social-cultural facilities and organized cultural events. They often helped to build and maintain roads that companies jointly used with the local population. These activities were in line with the FSC's standards and companies only needed to document their compliance.

In addition, companies had to regularly inform their workers and the local population about forest certification and its potential advantages. Moreover, in order

to comply with the fourth of the FSC's principles (community relations and worker rights), companies had to regularly consult local populations on issues concerning the use of joint forest resources. Companies became responsible for identifying parts of forests that local people used for recreation, cultural and religious purposes, hunting, fishing or collecting mushrooms. Companies had to guarantee local people the participation in the development of management plans for forests, in which they had a stake. They also had to ensure that workers and local people had a possibility to express their concerns and grievances. For this purpose, companies developed grievance procedures. For example, they introduced special registers in which workers and local people could leave their comments, suggestions and complaints for managers of logging operations. Managers were obliged to reply to them. Finally, companies had to develop a methodology for the evaluation and compensation of the damage that logging operations might accidentally cause to individual and community wellbeing.

The problems associated with forest-dependent indigenous people in Africa or Latin America, including displacement of indigenous people from their traditional lands and destruction of their social, cultural and economic organization, are not characteristic for Russia. Many groups of indigenous people are completely assimilated and no longer practice traditional use of forests and other natural resources. In this case, they are treated according to the third FSC principle on local populations.

In some parts of the Far East and the European North, however, a number of indigenous people continue living in traditional communities and practicing traditional forest use. In these cases, companies had to respect the traditional rights of indigenous people, including traditional land tenure, hunting and fishing rights. They had to identify and to protect traditional territories and places that have a special religious and cultural value and restrict logging on these traditional territories if necessary. Forest management plans developed by companies had to be discussed with and approved by the representatives of the indigenous people. If a company sought to log in the forests traditionally used by indigenous people, it had to develop a system of the evaluation and compensation of the potential damage to the traditional livelihoods.

Far Eastern company Terneyles was the only company in Russia that had to additionally define its relationships with the traditional communities of the Far

Eastern indigenous people Udege that lived in a close proximity to the forests leased by the company in the Samarga river basin. Terneyles concluded a special agreement with the representatives of the community that defined among other things the amount of annual compensation for the potential harm that logging caused to Udege traditional activities such as hunting. In addition, the company also committed to identifying areas and sites used by the Udege for religious rituals or associated with their traditional beliefs and excluding them from logging (Tysiachniouk et al. 2009). Terneyles hired an ethnologist to specify the terms and conditions of the agreement. Initially, Terneyles' managers and even the auditors assessing compliance with FSC standards were also convinced that principles and criteria dealing with the indigenous issues were not applicable to Terneyles. However, after protests of the Far Eastern environmental organizations Terneyles had to sign an agreement with the Udege indigenous community (interview 12).

In the Arkhangelsk federal region, the policy of the Onega sawmill, now a part of the Segezha industrial forest group, was challenged by a number of civic associations representing the Pomors, a group of ethnic Russians that claimed to practice traditional use of natural resources on the seashore of the White Sea. This group was not recognized as indigenous people by the federal government and was not included in the official federal register of indigenous peoples of the Far North, Siberia and the Far East, but a number of Pomor communities and civic organizations at that time worked to convince the government to recognize the Pomors as an indigenous people and to grant Promor communities special privileges, including special protection of their traditional land tenure rights and traditional use of natural resources. The civic associations that represented the Pomors claimed that Onega violated traditional rights and threatened to file a complaint to the FSC. In order to avoid a potential conflict, Onega started consultations with the representatives of the Pomors, despite the initial reluctance to recognize them as indigenous people. In 2007-2008, Onegales conducted extensive consultations with Pomor populations on the Onega Peninsula in cooperation with the Pomor rights activists. As a result, Onegales concluded an agreement with the Pomors regulating its relationships with indigenous communities and committed itself to protecting sites on its leased territories that the population of the Pomor villages used for picking berries and hunting (Ovchinnikov 2009).

To sum up the local effects of forest certification identified in this section, companies started to identify and protect key elements of biodiversity, including but not limited to key biotopes, rare and endangered ecosystems, intact forests and rare animal and plant species. They commissioned field studies to identify rare species and valuable areas of forests and developed methodologies to monitor and consequently minimize the impact of their operations on the condition of forests. These measures are expected to reduce the loss of biodiversity. In terms of social outcomes, companies universally purchased new individual safety equipment certified according to internationally recognized safety standards. Companies that used to delay worker payments corrected their payment schedules. Companies that operated on the territories where communities of forest-dependent indigenous peoples lived and practiced traditional use of natural resources had to coordinate their operations with indigenous communities and to compensate damage to the wellbeing of indigenous peoples they cause. Companies also introduced measures to inform local people that have stakes in forests about their forest management plans.

7.3 Systematizing Implementation: Modes of Translation

The data on implementation provided in two previous sections (7.1 and 7.2) shows that implementation does not follow one single path. Clearly, implementation and compliance do not necessarily mean change. If a company complies with the FSC principles and criteria, it is certified without any reforms of its forest management system. However, as some analyses suggest, almost every company – regardless of its location – needs to implement at least some changes in order to comply with FSC principles and criteria (Newsom, Bahn and Cashore 2006; Newsom and Hewitt 2005). Yet, these changes may be quite different. As the data presented above demonstrates, in cases when requirements are clear and understandable to implementing actors (i.e., firms) and enforcing actors (i.e., auditors and certifiers), FSC requirements are *directly implemented*, and practices in these cases can be read off the standard. A good example is the requirement concerning safely equipment that was clear to most forest management and therefore easy to implement, at least technically, even though the costs were substantial.

In some other cases, it is enough to document and report preexisting practices in order to meet FSC requirements. It is necessary to reformulate what companies

have already been doing in such a way that their formulations are compatible with the language of the standard and is clear to the auditors. In other words, practices have to be *reframed* in order to fit the standard. The requirements concerning the responsibility of forest companies towards local communities present a good example for this mode of translation of standards into practices.

Furthermore, when transnational requirements, domestic regulations and habitual practices only partially overlap and when transnational requirements exceed domestic legal requirements or contradict them, actors implement these requirements by *recombining* in different ways global and local elements, such as concepts and practices, or *invent* new practices in order to achieve compliance. The most notable examples here are the requirements dealing with high conservation value forests and biodiversity protection measures that contradict and exceed substantially domestic requirements. This is also the areas where substantial change in operational practices on the ground has been detected.

Finally, actors may *avoid* implementing certain requirements when they are interpreted as non-applicable in their context. However, once monitoring and enforcing actors, e.g., activists, certifiers or FSC accreditation managers, detect that some companies do not implement requirements that are actually applicable to them, companies may be forced to take measures and change their practices in order to comply. A good example is the discussion of the Pomors' right to be treated as an indigenous people in the Arkhangelsk Oblast in North West Russia.

In order to evaluate the impact of translating FSC principles and criteria into on-the-ground practices, it is also necessary to evaluate their "net effect" on the forest management practices in certified enterprises. In other words, it is necessary to systematically examine which requirements certain translation modes are applied to in order to achieve compliance with FSC standards, and under what circumstances. Is it mainly direct compliance or creative recombination? What modes of translation are applied in particularly difficult cases? My analysis suggests that in fact, a significant number of criteria and indicators do not require substantial changes in on-the-ground practices, which is also compatible with the evaluation of the Greenpeace activist cited on p. 191. Companies in Russia commonly comply with Principles 1 (compliance with national laws) and 2 (tenure and use rights). Their implementation is not problematic, since problems with tenure and compliance with major national laws,

including civil law, are rare and not typical for Russia (as compared to most tropical countries, such as Indonesia, where land tenure is a serious problem (Bartley 2010b)).

Principles 3 (indigenous peoples' rights) and 4 (community and worker's rights) usually require a marginal adaptation of existing practices, such as improved documentation or reframing (clearly, there are also exceptions here). In the case of tenure, as well, in contrast with Canada (Tollefson, Gale and Haley 2008) and many tropical countries, indigenous peoples' rights do not represent a significant challenge for forest certification in Russia. With a few exceptions, including the Udege communities in the Russian Far East, their interests and rights are not severely violated or threatened by forest companies, or at least are not perceived as such by the indigenous communities and NGOs. Moreover, the rights of recognized indigenous peoples are relatively well protected by national law.

In contrast, recombination and invention are more often applied to Principles 5 through 9, which deal with forest management planning, benefits from forests, environmental impact, monitoring and assessment, and high conservation value forests.[23] Environmentalists have continuously drawn attention to the importance of high conservation value forests and operational forest management practices (e.g., logging) as their most serious concerns, not only because they perceived common practices of Russian companies as not environmentally sound, but also because these principles include criteria and indicators that are not regulated by the national forest law. The extremely important concept of high conservation value forests is absent from Russian legislation, whereas many types and subtypes of what are defined as high conservation value forests – e.g., old-growth forests – are not protected by Russian forest and environmental law as such. These are exactly the principles and criteria that are particularly important for environmental activists and scholars (interview 13).

These are also the indicators that are particularly difficult to implement because of the gap between domestic law and practice and FSC requirements and environmentalists' demands, and also because initially, there was not enough knowledge available concerning these principles and criteria and their implementation. In order to comply with these principles, implementing actors had to

[23] Principle 10 is not applied in Russia because of the absence of certified plantations.

use and recombine national concepts, common practices and international requirements and concepts in different ways at all levels within the certification system: in national standard-setting forums and in local implementation sites. Maintenance and protection of high conservation value forests includes a range of measures: from a zoning approach for old-growth forests (an internationally recognized approach to managing protected areas, e.g., nature reserves) to protective forests and especially protected areas (concepts taken from domestic regulations). Sometimes new practices and arrangements had to be invented (e.g., negotiated exemptions from national regulations) when neither a transnational nor a national practice would serve to fulfill FSC requirements.

Recombination and invention are probably the most important and interesting modes of translation that produce most results as far as forest certification's direct effects are concerned and that involve most new knowledge building and distribution as well as learning among firms, certifiers and NGO activists. Using the example of high conservation value forests, I will show in more detail how the recombination of local and global concepts and practices as well as the invention of new practices helps change habitual practices of Russian forest companies.

High conservation value forests (HCVF) and biodiversity protection are probably the two most telling examples of the recombination of locally available, externally given global and new invented elements. HCVF is an umbrella term created by the FSC and adopted by many transnational NGOs. It denotes different types of forests and forest ecosystems that need special protection (see Table 6). There is no equivalent to this concept in the Russian legal discourse. Russian forest and environmental legislation defines different types of forests that have to be protected, but HCVF is a broader concept. For example, old-growth forests are not recognized as a separate category in the forest and environmental legislation and are therefore not protected unless they are part of protected areas, such as nature reserves or national parks. In contrast, for environmentalists, old-growth forests belong to Type 2 of HCVF ("Globally, regionally or nationally significant large landscape level forests"). According to the Atlas of Russia's Intact Forest Landscapes, only 5 percent of old-growth forests are included in protected areas (Aksenov et al. 2002: 5). This means that some of the HCVF, but not all of them, are protected under Russian forest and environmental legislation.

The types and subtypes of HCVF that overlapped with Russian categories were relatively easy for forest companies to identify, map and provide evidence of their protection. For example, forest areas around rural settlements were excluded from commercial use by law. Forest companies, therefore, had to document that they respected this requirement. Moreover, forest areas that had been officially designated as protective forests, special protective areas and especially protected areas – categories used in the Russian forest and environmental law – could be redefined by forest companies as HCVF that they had already protected.

When areas of HCVF were not formally designated as any kind of protected areas by the authorized agencies, but fit the criteria of HCVF defined in the FSC standards, companies had to identify and protect such areas independently of the state agencies or take other measures to protect HCVF. After NGO campaigns against logging in old-growth forests in the northwest, several companies, including Titan and Onegales, declared moratoria on logging in the forests in question (interviews 17 and 20). The companies had not practiced this before. Later they used these moratoria to demonstrate to certification auditors that they protected the old-growth forests, even when logging there was approved by the forest service.

Another example concerns Types 5 and 6 of HCVF ("Forest areas fundamental to meeting basic needs of local communities" and "Forest areas critical to local communities' traditional cultural identity"). In order to identify forest areas used by local people to pick mushrooms and berries – i.e., areas essential for meeting their basic subsistence needs – several companies surveyed the population of the villages surrounding their logging sites. On the basis of the results of the surveys and individual consultations, they excluded these areas from logging. Using interviews and surveys of the local population, they also identified sites that local people perceived as particularly important for their history, traditions and everyday life, including cemeteries, monuments, recreation sites and hunting and fishing areas located in the forests managed by companies.

In fact, Russian forest law required forest companies to organize public hearings with the local population concerning forest management plans. However, public hearings and consultations were often a formality and the questions of sites relevant to community subsistence, identity and history were not discussed. Activists for community rights encouraged certified companies to conduct surveys and individual consultations with local forest officers, people interested in local history

and traditions, librarians, school teachers, as well as local people picking mushrooms and berries. Surveys and consultations were not a substitute for public hearings as a familiar instrument prescribed by the national law. They were adopted to complement public hearings as a new method for strengthening company relations with local communities and identifying social HCVF. Surveys and individual consultations became a common practice in villages located on certified territories. In 2009, a group of researchers and activists of the Forest Certification Support Group of the Center for Independent Social Research in St. Petersburg, in cooperation with a certification auditor and a certification manager of a large pulp and paper mill, published a detailed 184-page guide to the social aspects of the FSC certification (Tysiachniouk et al. 2009). The guide recommends surveys and extensive individual consultations with the population of forest villages as an effective method for identifying Types 5 and 6 of HCVF. It is now available at the homepage of the FSC regional office in Russia.

In the previous section, I also described how companies combined common and new practices in order to fulfill FSC requirements concerning biodiversity protection measures on logging sites without violating national regulations. Titan, a company in Arkhangelsk Oblast, negotiated exemptions from logging regulations with the forest service in order to be able to exclude key biotopes, dead trees, areas with endangered or rare species and other trees or areas critical for biodiversity protection. Segezha Pulp and Paper Mill, a company in the Republic of Karelia, trained a team of young foresters who assisted forest officers in identifying important trees and areas and listing them in a logging permit as excluded from logging. Moreover, both companies worked extensively with environmental scholars and activists and commissioned studies from them aimed at identifying key biotopes, endangered and rare species, habitats of certain species – e.g., birds – and HCVF. As a result, SPOK, a local NGO, published a guide to identifying key biotopes in the forests of Karelia (interview 3). The publication was supported by the Segezha Pulp and Paper Mill. Supporting research is clearly not a new practice per se, but commissioning studies and using the findings on an everyday basis is a new practice that has been encouraged by forest certification.

It has to be noted at this point that although Russia faces a number of serious problems in the forest sector, including illegal activities and weak enforcement of environmental and forestry regulations, mainly in Siberia and the Far East (McDermott, Cashore and Kanowski 2010: 197), forest certification is prominent in

the relatively sound segment of the forest sector (Tysiachniouk 2006; interviews 14 and 15). This sector includes usually large, vertically integrated companies – some of which have multinationals as parent companies – and their suppliers, who are not engaged in illegal activities and comply with domestic regulations. Therefore, the major challenges for activists and certifiers are not exposing and eliminating illegal activities or enforcing domestic regulations, but promoting the implementation of transnational standards that are different from domestic regulations, such as requirements dealing with high conservation value forests.

7.4 Evaluating the Effects of Forest Certification

Although the changes in corporate social and environmental practices discussed in the previous sections of this chapter appear to be important local effects of forest certification, it is important to identify factors that limit the effectiveness of forest certification as an instrument for the improvement of forest management. This analysis will also help to understand why some environmentalists became skeptical of the potential effects of forest certification and even critical of the way forest certification operates in Russia.

As I have already suggested above, it is unclear whether the reforms induced by FSC forest certification will transform into long-term large-scale positive effects on the condition of Russian forests and whether a multi-stakeholder and multi-functional approach to the management of forest resources will be institutionalized. While, for example, the identification and preservation of rare species and key biotopes is generally believed to reduce the loss of biodiversity, the existing scientific knowledge is yet limited and often uncertain as far to the precise effects of these measures in the long run is concerned.

Certainly, the fact that only a limited number of companies pursue forest certification plays a role. Even though approximately one fifth of the total forest land leased and managed by forest companies is currently FSC-certified,[24] which can by itself be considered an important result, the FSC's potential effects will only work on

[24] According to the Federal Forest Service Agency (2007), the area of the forest under private logging concessions amounts to 112 219.1913 million of hectares. The area of the certified forests amounts to 21 172 million of hectares FSC-Russia. 2008. *Forest Management Certificates (as of October 2008)*. Moscow: The Forest Stewardship Council Russia., which equals to 18.8 percent of the total forests under concessions.

the forest land leased by certified forest operations. Forest certification, therefore, does not target companies that for different reasons are not interested in forest certification or cannot afford it, including larger and smaller companies working for domestic markets and, therefore, immune to the environmental pressure of environmentalists and buyers. It can be disputed whether forest certification emerged to target these companies at all but it is exactly these operations that significantly damage Russian forests.

Besides this, it is often unclear whether special procedures, plans and trainings designed by companies to ensure compliance with forest management are also implemented effectively in companies' everyday operations and routines. Forest managers report that one of the outcomes of the certification is that they had to design plans, procedures and methodologies to achieve and document compliance with the FSC standards. Their implementation is, however, a separate issue. The interviews with the forest workers of the certified companies indicate that they do not always follow biodiversity protection instructions and are often reluctant to implement them at all. Managers often complain that it is difficult to ensure that workers wear individual safety equipment, including protective uniforms and helmets. Local population is informed about forest certification through articles in the newspapers that local people hardly ever read, as the interviews with the local population suggest. Companies organize public hearings to inform local people about company plans and involve them into discussions but do not make sure that people actually come and participate in the discussions. The effectiveness of public hearings can be questioned in this case. The danger that environmentalists and certifiers increasingly become aware of is the difficulties associated with the actual implementation of the standards and monitoring and control of certified companies.

It can be therefore argued that depending on the concept of effectiveness used forest certification will have different impact. If effectiveness is conceptualized as the improvement of the condition of forests at the macro-level, e.g., country-level or landscape-level (for example, reductions in deforestation rates or biodiversity loss rates), it is unlikely to become a very effective instrument, since it is a voluntary instrument and not all companies managing forests become certified. Moreover, not all forests are managed by private companies or managed at all. This limits the potential pool of forests that can be targeted by forest certification. At the same time, if effectiveness is conceptualized the degree of uptake of forest certification and its

acceptance by different actors as a legitimate forest policy instrument, it can be argued that it has been effective in Russia: A significant number of companies joined FSC forest certification program; almost one fifth of forests managed privately has been certified; a broad coalition of supporting actors, including NGOs, companies and in some cases government representatives, has emerged.

If effectiveness is conceptualized as a degree to which forest certification recognizes good on-the-ground practices and – more importantly – helps indentify and modify unsound practices in the ways that are likely to improve environmental, social and economic impact of forest management at the company level, it can be argued that forest certification has had a positive effect and has been at leas to some extent effective: The evidence presented in Sections 7.1 and 7.2 shows that practices in at least several areas – e.g., biodiversity protection, high conservation value forests protection, indigenous rights protection – have been improving. Yet, the question is how effective forest certification has been. I argue in this section that forest certification in Russia as defined in this paragraph has been effective but its effect has been limited.

The central argument of the section is that Russian national forest regulations and certification's compliance assessment procedures coupled with the market nature of the FSC forest certification system restrict the effectiveness of forest certification. National regulations do so in two ways. First, since forest certification principles require compliance with all national laws and regulations, national certification requirements have to be adapted to national legislation. The national standard, therefore, does not challenge certain environmentally unsound practices prescribed by law. There are different reasons for this. In some cases, challenging certain prescribed practices may lead to serious contradictions between national regulations and certification standards and increase certification costs. In turn, this may decrease the willingness of forest operations to pursue certification. Second, forest operations are the primary objects of forest certification as a nonstate regulatory instrument. At the same time, private forest operations are not the only organizations that may be responsible for forest management. Some forest management practices may be conducted by other organizations, including national or local forest service, and may turn out to contradict the certification standard. Yet, this is not a common reason for certification organizations to withdraw a certificate.

The second limitation deals with the compliance assessment system in forest certification programs. It is commonly based on the competition between organizations that offer certification services to forest operations in the market for certification services. Certified companies bear direct certification costs (e.g. the costs of assessment, an assessment team's accommodation and transportation costs and certification organizations' charge fees). Since there is more than one certifier on the market, they compete with each other over companies seeking certification. This may lead to lower certification costs but at the same time may negatively affect the quality of compliance assessment. In order to generate an advantage on the market for forest certification services, certification organizations may try to reduce costs by reducing personnel or working time required for a compliance assessment. This may, however, negatively affect the quality of compliance assessment, since due to the lack of time or personnel noncompliance may be overlooked or tolerated.

The Restrictive Effect of Domestic Forest Regulations

Domestic regulations restrict the application of FSC standards of good forest management in two ways. First, Russian environmental and forest legislation is extensive and very prescriptive. Environmental and forest regulations are not harmonized with each other, and this creates apparent contradictions. Environmental regulations are relatively restrictive, whereas forest regulations are driven mainly by commercial use concerns and oriented towards "full utilization" (McDermott, Cashore and Kanowski 2010). In contrast, forest certification standards encourage an approach that minimizes the negative impact of forest management and particularly of logging and require the protection of key biotopes and valuable forests that contradicts "full utilization" approach. These contradictions represent a challenge for certification, since FSC's Principle 1 requires compliance with national regulations, so that forest enterprises have to comply with both national regulations and FSC requirements.

There exist several alternatives to the "full utilization" approach. One is the transition from large-size clear cuts (removal of all trees on a logging site) to narrow strip cuts and selective cuts ("softer" logging techniques that are believed to reduce a negative impact of logging on the forest). Another one is the exclusion of key biotopes, rare and endangered species and ecosystems, and valuable forests (e.g., old-growth forests) from large-size clear-cutting. As far as the first alternative is

concerned, the national standard for Russia actually requires forest companies to develop a plan for a gradual transition from clear cuts to softer logging techniques. However, the standard does not specify what such plans should include and how they should be evaluated. The standard only requires that the program exists and that the share of harvesting with "softer" techniques (compared to clear cuts) is documented. The evaluation of such plans is left to certifiers: Certification organizations are entitled to judge whether companies had made enough progress towards "softer" harvesting (FSC 2008d). In sum, the formulation in the standard is relatively vague and does require substantial change from certified companies.

Another alternative requires excluding of environmentally valuable parts of logging sites (e.g., key biotopes) from logging. Since the standard provides no universal solution, forest enterprises took different measures in order to fulfill FSC requirements and avoid penalties of the forest service. In Arkhangelskaya oblast a large industrial logging group Titan negotiated general exemptions from logging rules with the local forest service (interview 20). The forest service officially permitted the Titan's logging units to exclude certain trees or key biotopes while logging without penalties. In the Republic of Karelia, the Segezha Pulp and Paper Mill hired a group of young foresters and trained them in identifying key biotopes and other types of trees that required special protection according to FSC standards (interview 3). These group joined forest service officers when they inspected logging sites before issuing logging permits. They negotiated individual exemptions that had to be documented in a logging permit and helped forest officers to identify trees that had to be left on a particular site (interview 3). They helped inspectors to formulate exemptions in a way that did not contradict legal requirements.

To sum up, whereas there is no universal solution to the problem of contradictions between national regulations and FSC standards that would be included into the standard, individual companies were successful in finding a compromise solution.

As far as the second way domestic regulations restrict the impact of forest certification is concerned, according to the Russian forest law, the federal government owns all forestland in Russia. Private companies lease forests for ten to forty-nine years but parts of forest operations, e.g., planning, planting, issuing logging permits and thinning, remain in the hands of the federal and local forest services. It constitutes a challenge for forest certification, since it is common to certify private forest

leaseholders who cannot be hold responsible for potentially unsound practices of federal or local forest officers. This makes Russia an interesting case for investigating how such challenges are dealt with by forest operations and certification organizations. Do they tolerate it? Do they require companies to settle this with the forest service? Is it possible that forest enterprises and certification organizations with their assessment procedures are likely to even out any potential changes in practice that forest certification could have supported?

Environmentalists and company managers suggested that some of the requirements of the FSC contradicted domestic legal requirements. Moreover, companies were unable to implement changes required by FSC forest certification, since companies were not legally responsible for the management of the forest resources they leased from the federal government represented by the federal forest service. Before January 2007 when the new forest code was enacted, Russian forests were publicly owned and managed by the federal forest service and its regional local departments. Companies leased forests from the state for a long or short period of time but limited to forty-nine years or purchased the standing trees for logging. Forest management practices, including inventorying, planning, assigning logging sites, designating protected areas, regulating and monitoring company operations, replanting and taking care of forests, were the tasks of the forest service at various levels. Centralized and hierarchically organized departments and units of the forest service were the actual managers of the forests, while companies that leased forests were only users of forest resources and had to coordinate their activity and their logging plans with forest authorities.

After the introduction of the new forest code forest forests remained public property but the responsibilities concerning the management and use of forests were redistributed between the federal and regional forest service and the private sector. As a result of the reform, forest planning and management functions were largely transferred to the local and regional level. The federal authorities retained administrative and regulative functions and remained responsible for making rules that would regulate the activity of the regional and local forest service and private sector. The regional and local authorities were granted more autonomy in actual planning and management of publicly owned forests that were not leased to private companies. As far as leased forests are concerned, the responsibilities of forest service and private companies were also redistributed. The private companies that lease

forests for a long term, i.e., forty-nine years, became responsible for planning and managing their own forests, while the regional and local authorities retained only monitoring and control functions. Companies are no longer obligated to obtain logging permits for logging sites assigned by the forest service but can plan their own operations themselves. They have to inform the forest service about their plans, coordinate them with the regional forest plan developed by the regional forest service and declare their logging sites and volumes of extracted timber. Yet, they receive significantly more autonomy in forest management than before. Companies become fully responsible for managing their forests, including logging, planning and taking care of forests.

What are the implications of the reforms in the Russian forest sector and the introduction of the new forest code have for forest certification? One the one hand, according to the previous forest code, the planning and management of forest resources was separated from their use by private sector. Companies that leased forests from the federal forest service were de jure unable to manage their forests resources independently from the state. Forest service assigned logging sites, even in the forests that have been leased by private companies, and issued logging permits. It performed forest inventorying and planning. It provided long-term plans for forest management that companies had to follow. It determined annual allowable cut, i.e., the amount of timber that could be extracted from forests for Russia, regions and local forest service units. It also regulated the logging through the slogging rules, replanting quotas and thinning rules that many environmental organizations and companies found outdated and environmentally inappropriate. However, companies had to follow these rules to avoid high fines and to keep their lease agreements. According to the laws, the forest service could cancel leasing contracts if companies did not perform in accordance with the extensive rules or failed to meet numerous commitments. When describing this situation, company managers complained that they did not feel they were real proprietors and managers of the leased forests (interview 26).

It implies that before the introduction of the new forest code it was problematic for certifiers to adequately assess the performance of companies according to the FSC's standards, since they require, on the one hand, the compliance with all existing national regulations and, on the other hand, prescribe more environmentally appropriate forestry practices that contradicted domestic rules. Moreover, forest inventory and developing of long-term management plans were the

prerogative of state forest authorities. Companies had a little say in planning and managing their forests. Forest service was also responsible for thinnings in younger forests on the land leased by companies. For this purpose, they either contracted leasing companies to do it or hired external contractors to perform this task. Leasing companies did not have any priority over external contractors. As a result, external contractors could be contracted to thin in the forests leased by other companies. Environmental organizations, companies and even state authorities themselves believed that this structure of relationships between the state and private sector bred corruption and bolstered illegal activities in the forests (interview 13, 15 and 25).

Environmentalists and company managers described thinnings administered by local forest service officers as one of the most widespread illegal activities in Russia. Thinning is a removal of certain trees from young regenerating forests that is required to improve the future condition of the forest and shape the future stand (i.e., what trees would constitute the forest in the future). Before the enactment of the new forest code forest service was responsible for this procedure. Since forest service by law did not possess necessary human and material resources, forest officers were required to contract individuals or private organizations to perform thinning. However, it often happened in reality that private contractors agreed with forest officers to remove not the trees that had to be removed according to the rules – and this was usually low-quality trees that can often be used for firewood only – but the best trees that can later be sold for a higher price for the production of expensive sawn wood.

One of the certified companies that had to face such illegal thinnings on its leased territories was Segezha pulp and paper mill. Segezha believed that though uncontrolled thinnings organized by local forest service it was losing the resources that it could use for its own production. Being unable to solve the problem informally with the regional forest service, it appealed to the federal forest service and organized a field experiment to demonstrate that Segezha was able to thin and use extracted timber more effectively and environmentally appropriately than local forest officers and external contractors. This was also confirmed by environmental organizations, including Greenpeace, whose representatives attended the experiment. Although this experiment was not directly relevant to forest certification, it illustrated that Russian companies did not fully control their forests (interview 5).

More importantly, Russian companies were often unable to revise their current forest management plans or complete new plans to bring them in full compliance with

forest certification requirements because they had to be fully compatible with very prescriptive domestic laws, rules and regulations that were not always internally consistent, economically viable and environmentally appropriate, from the point of view of environmental organizations. Moreover, they did not have reliable information on the condition of forests, since the forest service was unable to inventory and evaluate country's forest resources during the last two decades and could not, therefore, provide companies with accurate information. For the same reason, the state bodies responsible for forest policy-making, planning and management also operated with outdated information. It can be expected that under these conditions forest certification would turn out to be a problematic enterprise because the certifiers would have not be able to evaluate companies' forest management plans based on inaccurate information and consistent with imperfect laws and regulations, both internally contradictory and partly incompatible with the requirements of the FSC.

Environmentalists and companies hoped that with the introduction of the new forest code, the situation would slowly improve. According to the new forest code, planning and management responsibilities had been transferred to the companies leasing forests on the long-term basis (up to forty-nine years). Companies were able to determine their own long-term forest management strategies and plans and could use and take care of their forests in a way that best fitted their short- and long-term economic goals. They were able to independently select logging and planting techniques and assign logging sites and volumes of timber to be extracted. Environmental organizations hoped that at least parts of the problems caused by the imperfect legislation would be solved when companies would be able to manage their own operations in their own forests. Company strategic plans had to be coordinated with the regional plans of forest use developed by the regional forest service and regional authorities retained inspection and monitoring functions but forestry techniques and operational plans can be independently developed by companies.

Yet, after the introduction of the forest code it was unclear how the new forest code would be implemented in practice in the upcoming years. Environmentalists and company managers feared that the transition period would take at least another two years before the new forest code could operate. The introduction of the new forest code that was not perfectly consistent and lacked a considerable amount of supporting regulations and statutory acts resulted into legal uncertainty when two forest codes

were operating simultaneously. Since the reform was underfinanced and regional authorities often lacked competent staff capable to implement all changes prescribed by the reform, they were unable to quickly and effectively design regional forest plans and other required regulations and norms to make the new forest code fully operational. The federal government itself was long behind the schedule with transferring the functions and developing supporting regulations at the federal level. The question is then how companies, environmentalists and auditors dealt with this legal uncertainty when certifying companies or inspecting their compliance after certification.

The Restrictive Effect of the FSC Compliance Assessment System and its Market Nature

Currently, seven certification organizations, or certifiers, are active on the Russian market for certification services (see Table 9), with three companies occupying a large share of the market (NEPCon (SmartWood), GFA Consulting and OOO Forest Certification). Only organizations accredited by FSC can offer certification services and issue certifications. FSC grants accreditation after FSC' affiliate, the Accreditation Services International (ASI), assesses compliance of certification organizations with FSC standard for certifiers. Certification organizations are entitled to decide to what extent forest operations comply with forest management standards and issue FSC certificates without an FSC authorization. Because of that and since certification organizations and their assessment teams enjoy discretion in interpreting standards and on-the-ground practices, certifiers are often suspected of abusing discretion and issuing certificates for companies that do not perform in compliance with FSC standards. A report by Councell and Loraas (2002) provides some evidence of this.

FSC has developed a set of internal procedures aimed at preventing certifiers' errors and misuse of their power, including annual assessments of certifers' performance, peer reviews of assessment reports and spontaneous so-called short-notice assessments on the spot. Ultimately, FSC can temporarily withdraw or terminate accreditation. In 2008, FSC actually terminated the accreditation one of the Russian certification bodies – EuroPartner – for failing to fulfill its obligations before its clients and the FSC. Yet, the question is whether these procedures effectively

ensure a proper quality of compliance assessment and how the competition between certifiers affects it.

Table 9: Certification Bodies Operating in Russia

1. SGS Qualifor (forest certification division of the Switzerland-based SGS) 2. EuroPartner (Russia, accreditation terminated in August 2008) 3. NEPCon (representing the Rainforest Alliance's SmartWood forest certification program, U.S.A., in Europe) 4. GFA Terra Systems (Germany) 5. Soil Association (UK) 6. Control Union (the Netherlands) 7. OOO Forest Certification (Russia)

This system, however, can only work if the FSC and ASI have enough capacity to monitor and control certification bodies' performance. However, representatives of many environmental organizations almost unanimously complained that with the rapid expansion of certified areas and quickly growing number of certified companies, it became extremely difficult for them to monitor the performance of individual companies, auditors and certifiers and meaningfully participate in the process of forest certification as stakeholders representing environmental and social interests (interviews 12, 13, 15, 30 and 34). Unlike companies and certification bodies, the majority of environmental organizations does not financially benefit from forest certification and have to put their own, often very limited resources in monitoring certification. In this aspect, the problem of the quality, therefore, focuses not on the quality of the actual performance of the certifiers or producers but on the limited capacity of the FSC and environmental organizations to monitor and control certification and, therefore, make credible claims about the reliability of the program.

Environmentalists and forestry experts reported that they continuously observed the decreasing quality of forest certification after its start in Russia around 2003. They claim that certifiers and auditors did not always properly assessed companies' systems and practices of forest management; that their own capacities to control and monitor certification bodies and forest operations decreased compared to the growth rate of certified areas; and that the FSC's requirements indeed set a very high forest standard and yet remain formal and overly open to interpretation. They almost unanimously admit that the decreasing quality of forest certification caused serious concern among environmental stakeholders. The Russian office of the FSC also acknowledges the problem (interview 14). At the meeting with certification

bodies in April 2007, the FSC Russia reported that only eight of forty certified companies improved their forest management or already had a very high level of forest management. Four companies did not show any improvement. The rest were classified as companies that insufficiently improved their forest management (or had been certified for less than two years and couldn't have been properly evaluated).[25]

Experts involved in forest certification admit that certification bodies lacked experienced professional auditors and well-trained experts in forest ecology, social issues and worker rights that would be able to properly assess producers' compliance with the standards (interview 34). They are concerned that international auditors that certification bodies hire to audit Russian companies with national legislation, economic and social context and habitual practices and are, therefore, cannot properly assess companies in Russia. In contrast, Russian experts that have local knowledge do not have international experience and lack extensive training, knowledge and skills that auditors should possess to successfully audit companies (interviews 25 and 35). Unlike certification bodies that have to be accredited to perform certification assessments, auditors and experts are not accredited by the FSC. The FSC, therefore, does not have any direct mechanism to control auditors working for certification bodies. While the FSC planned to create a common training system and a register of trained auditors, this plan was realized (interview 14).

Moreover, environmentalists and forestry experts were disturbed by the rapid expansion of certified forests and growing competitive pressures that drove the quality of forest certification down. Certification bodies calculated the cost of certification on the basis of the area to be certified, auditors' honoraria, the number of auditors in an assessment team and the number of days that the assessment takes. To minimize costs and attract more clients, certifiers had to decrease the amount of auditors and experts in assessment teams and the amount of days for each assessment. Experts observed that initially up to ten auditors and experts attended each assessment and that this number gradually decreased to two or three people, while the amount of work that auditors had to do continuously increased. Each auditor had increasingly more clients. Many clients had considerable areas to assess and monitor, up to two million

[25] "Main Outcomes of the FSC National Office in Russia in 2006", presentation by the director of the FSC National Office in Russia at the annual meeting of certification bodies operating in Russia in Moscow, April 2007. Document on file with the author.

hectares. [26] Furthermore, over time the FSC's standards and procedures were continuously revised and became increasingly more complex and formalized. Following and observing them was a challenge for many auditors (interviews 12, 13, 14 and 19). These factors influenced the performance of auditors and made it hard for many auditors to cope with their responsibilities. One Greenpeace activist describes the situation in the following way:

> *The auditor comes to the forest management unit. And he already has ten of those. And he has to monitor each of them, he has to follow corrective action requests, deal with the correspondence, follow the implementation of the requirements and so on. … And he has another ten applications. So he starts to hurry-scurry. He has ten thousand hectares to assess in two days. He quickly collects materials, does not have time for personal interviews and then he leaves. And then here is the certificate. This is the decreasing quality (interview 13).*

The leading auditor and the director of the one of the certification bodies in Russia explained it in the following way:

> *The problem is that we now have more certification bodies in Russia. … On the one hand, competition is good. But on the other hand, it is bad, since the price goes down. The price depends on the amount of people [in an assessment team]. This is why the quality is going down. … We are trying [to maintain the quality] but we have lost several tenders lately because of that. …Here is a company in Siberia, 1.5 million hectares. We offered to assess it with three people in five days. And I think it's not enough. We calculated the budget using our profit rate, which is close to zero, but we lost. This means that someone offered even a lower price. The quality is decreasing. That's for sure, I can tell you (interview 19).*

Indeed, Greenpeace and WWF activists working with forest certification, as well as the head of the FSC office in Russia suggested that certifiers active in Russia have performed very differently. While some certifiers developed more stringent and prescriptive standards and practiced a more strict approach, others used lax standards and were more lenient towards poorly performing companies (interviews 12 and 14). Some auditors were suspected of systematic deliberate violations of the FSC's standards and auditing rules. These differences were, however, masked by a common accreditation status that did not allow recognizing better performing certifiers.

---

[26] Two million hectares are equal to twenty thousand square kilometers. For example, the area of Belgium is 30528 square kilometers.

At the meeting of the forest certification experts and certification bodies' representatives in April 2007, the representatives of the FSC Russia and the ASI identified a number of issues that the FSC office for Russia, national initiative and environmental and social stakeholders found problematic. These issues ranged from improper assessment of compliance with the FSC standards, low qualification of auditors and inadequate interpretation of standards to unfair competition. Inadequate assessment of forestry aspects related to high conservation value forests, biodiversity maintenance, environmentally justified logging techniques and sustainability of forestry were recognized as the most typical auditors' mistakes. The ASI's representative drew attention to the systematic inadequate assessment of compliance with principles four (worker and community rights and wellbeing), six (reduction of environmental impact on forests), seven (forest management planning), eight (monitoring and assessment of forest management impact) and nine (high conservation value forests).[27]

In 2006, the conflict between one of the most experienced auditors and an environmental organizations in Komi, the Silver Taiga Foundation, broke out. The Silver Taiga Foundation accused the auditor of systematic and deliberate misinterpretation of the FSC standards and of non-compliance with the FSC rules for accredited certifiers. In response, the auditor accused the Silver Taiga Foundation in lobbying of the interests of another certifier that they used to work with the Silver Taiga Foundation. The conflict soon turned into a public scandal and threatened to damage the reputation of the FSC's program in Russia. Environmental organizations and the FSC office in Russia supported the Silver Taiga Foundation in the conflict. The ASI arranged a special inspection of the certifier's performance and confirmed serious violations of the FSC auditing procedures by the auditor and non-compliance of companies he certified (interview 30). As a result, at least two companies certified after the assessment of this auditor ran into serious difficulties with environmental organizations and the FSC. The certificate of one of those two was temporarily suspended. Although this conflict was described as an exception, environmental and

[27] "ASI Auditing and Russia", presentation by an ASI representative at the annual meeting of certification bodies operating in Russia in Moscow, April 2007. Document on file with the author

social stakeholders warned that many auditors inadequately assessed and certified companies.

Beside the poor performance of auditors that environmentalists, the FSC and ASI observed that the capacities of environmental and social stakeholders to monitor and control forest certification decreased. First, monitoring and control of forest certification is not a primary task of environmental organizations. For instance, WWF that had been the most active supporter and advocate of forest certification worldwide concentrates on the protection and conservation of biodiversity in two hundred most critical regions that WWF identified as such. Sixteen of these regions are located in Russia, including the Arkhangelsk federal region, the Far East and East Siberia. Although WWF Russia was expected to work primarily in these regions, it also assisted environmental organizations and companies in other regions. WWF International did not always approve such assistance. WWF had to focus on its target areas giving less attention to others (interview 12). Second, the resources and capacities of environmental organizations were quite limited. They were unable to monitor all certifications. The director of the WWF Russia's forest program said:

> *We took care of the first certified companies as if they were our children. We very closely watched them. At that time there were four organizations that did it: WWF, Greenpeace, the Social-Ecological Union and the Biodiversity Conservation Center. And as the certification expanded in Russia, these organizations, including us, lost the physical capacity to keep the track of each certification (interview 12).*

Environmental activists from other organizations also expressed similar concerns and claimed that with the considerable expansion of forest certification they became unable to monitor auditors, certification bodies and producers.

> *I mean before we only had three certified companies and we could control them. We could come and see what was happening here and there. And now don't even hope we could do this. We don't have our own money. We only have grants. … And you know the result is that forest certification flows and control is weak. Only the most odious cases are detected (interview 13).*

The activist from the Silver Taiga Foundation claims that the role of external observers also changed. Initially, observers were able to take part in all assessments. Over time, fewer observers were able to monitor assessments. In the end, independent observers were required to obtain a permission from both certification bodies and companies to be assessed:

> *We notice that observers were always present at the first assessments in Russia, while today the very presence of observers and potential candidates has to be approved by both certifiers and certified companies. If it is approved they like to say: good, now you find your own transportation and accommodation. We have just been in Visinga but we you go just fifty kilometers further – where are observers going to stay? There is nowhere to stay and observers don't come. … So the formally open system becomes closed (interview 34).*[28]

He also claimed that the attitude of auditors to the comments of the reviewers and observers changed. After assessments auditors had to write reports that were reviewed by independent experts not involved in the assessment a specific company (to avoid the conflict of interests). He reported that "earlier if a reviewer wrote something it had to be implemented by an auditor. Today auditors may write anything that is not even convincing and ignore comments. Reviewers' comments had been taken more seriously" (interview 34).

To sum up, although environmental and social stakeholders generally supported the idea of forest certification as a mechanism that helped reward producers managing their forests well, they also emphasized that the performance of certification bodies and auditors was not always satisfactory and that the quality of forest certification has been going down. They explained this tendency as a result of competitive pressures on certifiers, rapidly growing certified areas, inadequate qualification of auditors and the lack of proper monitoring and control of certifiers by the FSC and stakeholders. It was in a way ironic that the competition among certifiers in a relatively competitive market for certification services weakened the effectiveness forest certification as a market-based instrument to identify and reward companies that manage their forests and supply chain responsibly. To remain in the market, certifiers were forced to reduce the cost of certification by decreasing the number of days allocated for an assessment or amount of people in assessment teams, which affected assessment quality thus undermining forest certification impact. Challenged by the ever growing amount of work they had to do for their clients, auditors were unable to maintain or improve their performance. Coupled with the lack of well-trained experienced auditors and insufficient monitoring and control by the

[28] Visinga is a village in the Republic of Komi located eighty-eight kilometers south of the Republic's capital city Syktyvkar.

FSC, ASI and stakeholders, these factors have led to the decreasing quality of forest certification and auditor performance.

In addition, a number of environmentalists claimed that the FSC's standards and procedures and the FSC's global policies contributed to the decreasing or limited effectiveness of forest certification. Forestry experts suggested that because the standards were generic and universal, i.e., applicable for all countries and all types of forests, its requirements provided guidance but did not guarantee that forest management would be sustainable if they are applied (interviews 35 and 15). The head of the Pskov Model Forests describes how this applied to the economic aspects of forest management in the following way:

> *… What is important for us is that forest management plan has to be economically justified and balanced. It has to be comprehensible, predictable and more of an economic instrument. Actually, the FSC does not require it. The FSC standard says that companies should have a plan but having a plan is not enough to make forest management sustainable. On the one hand, I can understand it. It [the standard] has to be implemented in all cases in all countries and the FSC can't formulate stricter requirements. But from my perspective, it is a great weakness of the FSC system (interview 35).*

A number of environmental experts also emphasized that in general the FSC's standards, procedures and requirements could be very broadly interpreted and companies and certifiers often opted to implement only minimal changes that would yet allow them to remain within the FSC's rules. Environmentalists, however, thought that although legitimate, this limited the ability of forest certification to significantly improve forest management in Russia. Greenpeace leading forestry expert and activist claimed the following:

> *Nonetheless, the very fact of the FSC certification (of a company) does not mean that the forests are managed properly, in a strict compliance with international principles and criteria because they can be understood differently. They are vague. But also because auditors do not always strictly assess compliance (…) I mean any unspecific formulation … provides a diapason of potential measures and producers do not what is somewhere in the middle of the diapason but the minimum that creates the least problems for producers. … So are the FSC's standards: You can't definitely say that their implementation in practice results into that forest management becomes what you want it to be, i.e., proper, sustainable and so on. If you follow the spirit of the principles and criteria, then yes. But if you follow their letter and at the very minimal level, then no. Our people follow the letter of the principles and criteria at the most minimal level. I mean*

> *whatever does not have to be done or whatever is inconvenient to do won't be done. Most often so (interview 15).*

In general, forestry and environmental experts agreed that forest certification could be used as tool to encourage and reward producers to improve their practices. Yet, they also emphasized that structural features of the FSC's standards and procedures, such as indeterminacy of standards and auditing procedures, limited the ability of the FSC and its supporters to significantly improve forest management practices in certified companies. Growing competitive market pressures on certifiers, rapidly growing certifier areas and low qualification of auditors had also contributed to the lowering quality of forest certification and limited its potential impact, at least from the perspective of the influential environmental stakeholders, including WWF Russia and Greenpeace Russia.

In response to the growing concerns of environmental and social stakeholders with the decreasing control over certifiers' and producers' performance, the FSC and its accreditation unit ASI designated resources and developed a set of measures aimed at strengthening monitoring and control in the certification program. In 2007-2008, the ASI started practicing spontaneous field audits, also called short notice audits. Short notice audits complemented annual surveillance field audits of certification bodies' performance and were intended to evaluate certifiers and producers on a short notice without much time for preparations. For example, in 2007 the ASI conducted fourteen short notice assessments in China where the situation with forest certification became challenging from the perspective of environmental organizations. The ASI also included Russia into so called high visibility regions and planed to organize additional short notice audits to address the problem of certifiers' and producers' performance (ASI Annual Activity Report 2007, document on file with the author)

The FSC and ASI also organized a number of meetings in Bonn where the FSC international center is located and in major forest regions of the world to discuss the most challenging issues in the development of the FSC forest certification program around the world, including a meeting between certification bodies and major environmental organizations. These meetings resulted in a set of agreements and recommendations addressing the problem of credibility that environmental organizations raised. The ASI in cooperation with national initiatives also organized a number of training courses aimed at improving qualification of auditors and fostering the development of national indicators for the FSC's generic principle and criteria.

The FSC also improved its dispute resolution mechanism and currently reforms its financial and administrative system to increase financial resource inflow and improve its standard-setting and accreditation services. The FSC also intensified its efforts in developing and providing guidance to certifiers, companies and stakeholders how to interpret and implement the FSC's standards and criteria.

In Russia, the FSC national office together with the national working group, the ASI and environmental organizations organized a series of meetings and training courses for auditors and stakeholders. In August 2007, the FSC Russia organized a two-day training seminar for certifiers and auditors addressing the most problematic aspects of forest certification: high conservation value forests, new forest legislation, social aspects of forest certification and environmentally appropriate forest planning and management. These seminars aimed at improving the qualification of auditors and providing guidance to certification bodies and their auditors on the interpretation of standards and, therefore, the harmonization of certifiers' diverging approaches to certification. Although these measures indicate that the FSC took seriously the credibility issues and other challenges raised by stakeholders, it is yet too early to claim what actual effects these measures have had on certifiers' and certified producers' performance and effectiveness of the FSC's forest certification program.

To sum up, the description of the development of forest certification in Russia presented in this section shows that while forest certification successfully took off in Russia in the beginning of the 2000s and quickly gained support of the largest forest companies, its local effects were mixed. Environmental organizations and all parties involved in forest certification went through a significant learning curve and accumulated new knowledge and experience. Companies were able to secure their position in the international markets, improve their reputation and access skills and knowledge of forestry scholars and environmental organizations. Companies improved compliance with national regulations and started to protect better biodiversity and rare species during and after logging and to conserve important forest ecosystems. They improved workers' safety and established cooperation with local communities and indigenous people.

Yet, environmental activists reported that the majority of companies remained at the lowest margin of change and that certification bodies performed at best moderately. The improvement of the actual company performance was only limited. The contradictions between national regulations and FSC requirements complicated

the assessment of compliance. The competition between certification bodies drove the quality of forest certification down. Due to the program's quick expansion, environmental organizations were no longer able to monitor and control the performance of certified companies and certification bodies. The FSC had to respond by introducing additional control measures, on the one hand, and by organizing capacity-building trainings for auditors and companies, on the other hand. The FSC indicated to auditors and certification bodies that the issues of high conservation value forests, the impact of operations on the condition of forests, forest management planning and worker safety should receive more attention and be better controlled. In other words, the translation of standards into practices in a domestic context proved to be selective and lagging behind the adoption of standards.

In the final section of this chapter I review how this was possible in the certification systems, in which companies were expected to become certified only after they met all standard's requirements. I show that actors who translated the standards were able to use the discretion given to them in the system to match the difficult domestic context with abstract standards during the development of national standards and actual auditing of companies.

7.5 Bringing Together Standards and Practices

The translation, of the FSC's generic standards occurred through two intersecting processes. One is the translation of global principles into the national standard for Russia that specified broad principles and criteria into specific local indicators. The second one is the actual interpretation of standards in the course of assessments of forest management and the implementation of standards. Through the overlapping networks and well organized communication channels, standard-makers and auditors were able to share experience and provide feedback to each other and thereby create common understandings what complying with the FSC's principles, criteria and indicators meant in practice.

As a result, the national standards became more concrete, on the one hand, and more realistic and pragmatic, on the other hand. They contained a list of concrete, specific indicators that defined the expectations of both auditors and companies. At the same time, through extensive consultations with auditors, companies and stakeholders and through practical experience with the certification of companies,

standard-makers were able to formulate principles, criteria and indicators that matched the actual skills and available resources that companies seeking certification possessed, as well as pre-existing social rules and mechanisms that regulated forestry practices before forest certification became operational in Russia. It significantly facilitated the expansion of the FSC's forest certification in Russia.

Initially, the standard consisted of broad principles of sustainable forest management in Russia. Very specific, concrete requirements – indicators – of what a company actually had to do to comply with the standard were missing. One of the reasons for this was that the first standards were designed before actual assessments took place in Russia. Designers lacked experience in certification and were unable to design functional standards that would be specific enough to provide companies and auditors with guidance what to do and what to look for. As companies and environmental organizations started experimenting with certifications in the early 2000s, the standard-makers were able to accumulate experience and test their standards. They participated as auditors, experts or observers and helped make the later versions of the standards more concrete:

> *They [the standards] became more concrete in a sense that at first we could write that rare species should be protected. … But the question that companies immediately asked was: What am I supposed to do? Should the rare flower that I found in the forest be protected? Am I supposed to leave it there? What happens if I break it? … And we had to specify what concrete steps a company should take. We had to define what species are rare, what populations should be protected and how they should be protected (interview 25).*

Yet, the indeterminacy of standards could not be eliminated entirely. Even the most comprehensive standards could not cover all unique situations that might emerge in the real life. It could not include a complete list of rare species because it has to be region- or ecosystem-specific. Forests ecosystems are fragile. Forests are extremely diverse. Human knowledge about forests in general and about specific forest types and areas is limited. Standards, therefore, could only provide guidance but they could not precisely prescribe, for instance, how many trees exactly should be left on a logging site after harvesting. With these considerations in mind, standard-makers created a framework standard for Russia that

> *"… does not prescribe how many trees should be left at the site after clearcutting because it depends not only on the region but also on the type of forest. And this would be impudent of someone to say he knows it. This is why we developed a framework standard" (interview 25).*

It was the auditors who decide whether in a specific context, in which a specific company operates, its forest management practices were in compliance with relatively vague requirements of the standards.

Auditors also often perceive standards as guidance rather than as a strict prescription of what companies should do or should have done to qualify for a certificate: "Certification is a process of moving in the right direction" (interview 6). They frame certification not as an outcome but as the beginning of the forest management reform. Together with assessing company's compliance with the standards, auditors often evaluate companies' performance against their intentions, attitudes towards certification and progress that companies demonstrates over time to comply with the standards. Auditors also evaluate the progress and in general companies' practices against the unfavorable and uncertain context, in which they operate. They may take into account the inability of a company to comply with a certain requirement under the circumstances that it cannot control, including contradictions of the FSC standards with the Russian legislation. They may encourage companies to convince local forest service to consider making an exception for certified companies but essentially they do not perceive this kind of non-compliance as an obstacle to certification.

> *It happens sometimes that after we did not find a first-aid kit in one place it is already at the next site. A manager comes to this next site before us and puts it there. Auditors see it. It is obvious. It is not there to help someone in case of an accident but to show it to auditors. … But it also happens that we see that people actually work [to achieve certification]. We do not expect them to do everything perfectly. But we see that they are trying to act as international standards prescribe. … When we see these positive developments, we realize that the system works (interview 6).*

The citation suggests that what counts is the effort and intentions of forest companies to achieve compliance. This does not mean that auditors can certify any company regardless of its performance. This company should prove that it operates legally, that its forest operations do not devastate the forests and that it genuinely committed itself

to responsible forest management. Yet, it does not have to be a perfect compliance to achieve certification.

Auditors report that they rely on their reason and commons sense to make judgments on the compliance of forest companies. If they realize that companies are unable to change certain practices because they were obliged to it by law, for example to remove key biotopes during logging, they are likely to make exceptions for these companies.

> *We have decent environmental protection legislation but it does not work on the ground, in the forest. We have environmental protection laws and official registers of endangered species. But who enforces them? Who is responsible for it in the country? No one. … So we require it from forest companies. But they know nothing about it. Objectively. And it is not their task. But they have to do it. … This is why this situation exists and forest companies are not the ones to solve it. We can't require the impossible from them. So we use our common sense to make a decision (interview 25).*

Auditors in this situation become responsible for controlling the improvement of companies over time:

> *He [an auditor] sees that a company should have a certain document, for example a forest management plan. But it cannot develop it before certain governmental regulations are in place. … The auditor has to issue a corrective action request but if a company does everything right without this plan the auditor cannot suspend the certificate. If there are no governmental regulations, the auditor has to control for it (interview 14).*

The question is, however, what is the basis of the auditor's control in the situation described in the citation? It can only be auditor's subjective judgment, how ever well informed, because he also lacks any documents or guidelines for the same reason: there is no forest management plan and there are no federal or local regulations in place.

In some cases the FSC's requirements may turn out to contradict each other. Here, auditors again are in the position to judge which requirements would be more important in a specific context. The FSC's requires that intact forests should be preserved and carefully protected. In Russia, a number of large tracts of forests have remained intact but the livelihoods of the local population in the nearby forest settlements depend on logging operations in these forests. Although the makers of the Russian standards carefully specified what companies should do with these forests, it is ultimately the auditors who decide whether what a company does is in compliance

with the FSC standards and which standards – environmental or social – are more important in this case.

Certainly, this discretion that the system gives to auditors when they audit forest management of companies is not unlimited. It is restricted by the FSC's rules and control mechanisms, including annual assessments of certification body performance, required peer reviews and dispute resolution mechanisms. Nonetheless, while remaining within the FSC's rules, auditors are able to maneuver and avoid obstacles that could have otherwise slowed down the process of certification. Auditors do not expect companies to radically reform their forest practices over a short period of time before a certificate can be issued. Rather, certification bodies grant certificates provided that companies demonstrate a reasonable progress towards better forest management over time measured against the difficult context, in which companies operate.

The FSC systems of CARs to a certain degree institutionalized such a stepwise approach to forest certification. Companies do not have to fulfill all requirements that the FSC's standards prescribes. When auditors detect non-compliance with the standards they issue major and minor CARs. If companies have major CARs outstanding they cannot receive certificates. Companies are required to develop a corrective action plan and specify measures they intend to implement to meet the requirements. If auditors find the plan satisfactory they issue a certificate and control the implementation of the plan – and the correction of minor corrective action requests – during annual audits. The system of corrective action requests that the FSC has developed enables companies to be certified before they can actually meet all requirements of the FSC forest certification system.

Informally, however, many of those involved in forest certification in Russia admit that auditors that assess corporate forest management systems and practices often manipulate minor and major corrective action requests and too easily redefine major corrective action requests into minor to make sure companies will receive certificates. Some even claim that not even a single company in Russia should have been ever granted a certificate (interview 47). Auditors that assess companies tolerate non-compliance and often certify basically "good intentions" instead of actual compliance. Although formally certificate can only be issued for actual performance and, therefore, compliance, the accreditation unit of the FSC and Russian national initiative accept that the early certification is crucial to motivate companies to

gradually improve their forestry practices over time provided that auditors actually monitor the improvement:

> *Companies that wanted a certificate and got it in advance – and the FSC actually permits certifying good intentions – have to confirm that they improve within next few years but if they cannot they lose their certificates. … I expect that some companies will lose their certificates. And this is inevitable (interview 25).*

Whether this is actually going to happen is an open question. Between 2000 and 2008, only few certificates were suspended.

The ambiguity of standards and auditing procedures and the stepwise approach favored by the FSC and its supporters helped auditors to certify companies before they could actually perform according to the highest aspirations of the FSC forest certification system. FSC supporters, auditors and companies were able create the requirements that would be, on the one hand, specific enough to be implemented by companies and checked by auditors and, on the other hand, compatible with the capacities for the implementation of the FSC's standards the companies actually possessed.

7.6 Discussion

The discussion of the impact and effectiveness of the FSC in Russia should begin with a question how effective a private voluntary instrument without strong sanctioning mechanisms can be in general. Does it make sense to discuss its effectiveness and the factors facilitating or impeding it at the local level? The recent studies of the effectiveness of forest certification have shown that its macro-effectiveness has not been particularly significant. Marx and Cuypers (2010) show that forest certification so far has not contributed to halting deforestation rates. Gullison (2003) and Rametstein and Simula (2003) argue that while generating some positive impact on individual forest operations practices, forest certification does not improve biodiversity protection at the macro-level and forest management at the landscape level. Indeed, it is hard to expect that forest certification is likely to stop deforestation worldwide if so far approximately 20% of the world's managed forests, or 7% of the world's total forests, have been certified – not only by the FSC but all existing

certification programs (FAO 2007: 94).[29] Moreover, the majority of the certified forests – and approximately 81% of the FSC certified forests – are located in North America and Europe, Canada and Russia being the leaders of the FSC certification (FSC 2011: 2). From this perspective, the selective adoption of forest certification, mainly by companies in countries where deforestation is not a major problem, undermines the effectiveness of forest certification at the macro-level and is undoubtedly more important that any implementation-related problems I discuss in the last sections of this chapter.

Yet, it is not certain how these impacts should be evaluated. The effects of forest certification on deforestation, biodiversity conservation and landscape-level management may be slow-moving but could potentially turn out to be long-term – this makes their evaluation as ineffective less certain (Bartley 2010a: 15). The existing data does allow predicting with certainty the long-term impact of forest certification at the macro-level. Ultimately, forest certification continues to grow rapidly, whereas the FSC develops projects aimed at integrating tropical forestry and in particular small-scale and community forest enterprises (Macqueen 2008).

Moreover, such an approach does not capture the positive (and negative) effects that forest certification induces at the local level. At the same time, the study by Newsom and Hewitt (2005) suggests that almost every company regardless of its location in the world has to improve one or more aspects of its forest management system and practice in order to become certified. In addition, this approach does not capture unintended consequences of forest certification, such as the mitigation of local conflicts, the diffusion of a multi-dimensional conception of forest management, ratcheting up of certification standards and the establishment of forest certification as a multi-stakeholder organizational model for similar programs in other environmental issue-domains, including palm oil, responsible soy certification, fisheries certification programs (Auld, Gulbrandsen and McDermott 2008; Gulbrandsen 2005a; Overdevest 2010; Pattberg 2006; Rametsteiner and Simula 2003).

Following this perspective, I identify in this chapter the impact of forest certification on forest management at the local level. I show that forest certification

[29] The share of the FSC is around 45% (own calculations based on the information of the FSC (source: www.fsc.org) and the Program for the Endorsement of Forest Certification Schemes, the FSC major rival (source: www.pefc.org). Websites were accessed on April 28, 2011.

had a positive impact on on-the-ground practices in environmental and social areas. Positive effects include better biodiversity protection measures on logging sites, better protection for high conservation value forests and specifically old-growth forests and improvements in occupational health and safety. It has also improved the relationship of companies with local and indigenous peoples' communities. Moreover, the data presented in this chapter suggests that forest certification empowers groups that were previously ignored by influential forest companies and whose rights have not been recognized before. For example, forest certification serves as leverage for the Pomors who are not recognized as an indigenous people by the federal government and use forest certification to protect their right to practice traditional forest use. Taking the data presented in the previous chapter, it can be also argued that forest certification helps create new local knowledge on responsible forest management based on global principles, criteria and concepts and spread it among different stakeholder groups, ranging from company managers to local communities (Bartley 2010a: 18).

This chapter also shows that implementation does not follow one single pattern. Not all practices have to be reformed. Not all concepts are entirely new for local actors. Therefore, different patterns of implementation can be identified. If principles and criteria are clear and overlap with domestic regulations and existing practices, they can be directly implemented if necessary, even though the implementation may require redefining existing practices using the language of the standard (reframing). As local actors adapt and implement broad global principles, they can also creatively reinterpret and recombine global ideas and existing practices and – in the cases when no local elements are available – invent new practices. This chapter therefore emphasizes reflexive and creative character of implementation in contrast to approaches that tend to see it in mere technocratic terms. It also demonstrates that local actors can the context into which they are embedded as a resource for implementing alien ideas formulated in distant transnational forums.

At the same time, the pictures shouldn't get too harmonious. The context can also have a restrictive effect on the effectiveness of forest certification. I show the forest sector depends on the existing national forest regulatory system for reliable information on forest resources that has not been provided to companies because of underfunding of the federal and local forest service and forest inventory agencies. Moreover, certain domestic regulations took certain forest functions from companies and allocated them to forest service agencies. As a result, the requirements of forest

certification dealing with these functions cannot be fulfilled by companies. However, the discretion given by the FSC forest certification system to certification bodies and auditors, as well as an informal stepwise approach approved and tolerated by the majority of local actors, enables FSC auditors to close the implementation gaps. In addition, the competition among the certification bodies, the lack of skilled well-trained auditors and the rapidly growing number of companies willing to certify their forest management also undermines the quality of the assessment audits conducted by certification bodies.

To sum up this chapter, the central argument of the chapter is that forest certification has had a positive impact on forest management practices as well as a number of unintended indirect consequences but its impact was restricted by the domestic regulation and imperfect institutional context and by the limitations of the FSC's market-based compliance assessment system.

8 Conclusion

This research intends to provide new insights into the operation and impact of new nonstate market-driven forms of governance, mainly social and environmental certification and labeling. It seeks to open up the black box of the implementation of transnational certification standards in local contexts, or in other words, the translation of transnational standards into specific on-the-ground practices, and to explicate the social processes that shape the outcomes of translation. It addresses the gap in the environmental and certification literature that has so far been paying little attention to what is happening with the transnational standards when they hit the ground. I have conceptualized the emergence, diffusion and implementation of certification and labeling programs as a process of active institution-building that occurs at two levels in transnational governance systems. At the transnational level, transnational standards are set and the organizational structures, procedural rules and enforcement mechanisms are constructed. The enactment and implementation of transnational standards occurs at the domestic level. In this thesis, I have analyzed the processes at both transnational and domestic level and evaluated the local impact and effectiveness of certification and labeling on the bases of an extended case-study of the emergence and operation of forest certification in Russia. In the concluding chapter, I would like to review the main results of my research and describe how it enriches the existing literature on transnational standards and certification and labeling.

8.1 Summary of the Thesis Findings

I begin my empirical analysis by examining the emergence of the FSC and forest certification. Following Bartley's approach (2007b), I show that this process is driven by problem-solving and conflict-settlement efforts of transnational actors and is shaped by the context, into which actors are embedded, i.e., the neoliberal rules favoring free trade and non-discrimination in the market (Bartley 2003) and the political discourse of sustainable use and management of natural resources favoring multi-stakeholder participatory approaches and multiple functions and applications of natural resources (economic, environmental, social and cultural). The emergence of certification and labeling has also been strongly influenced by early naming and shaming campaigns across North America and Europe. Activists called on companies

and consumers to buy “good” wood and avoid “bad” wood. As a result, they also had to provide a system that would enable distinguish “good and “bad” wood, i.e., certification and labeling.

I argue, however, that these attempts to harness markets through changing retailer and consumer behavior not only provided the first impetus to the emergence of forest certification but also shaped its organizational form and its standards. Therefore, I add to the literature on certification and labeling by identifying how the market nature of forest certification also affects the strategic choices of actors involved in the making of a new organization seeking to regulate environmental and social behavior of firms in the global forest sector. I show that the FSC supporters are exposed to the pressure caused by the growing demand of conventional market players, i.e., mainly large national and multinational forest companies in advanced industrial countries, for increasingly more certified wood from accessible sources providing enough timber for a mass production. The forest certification system was thus created in a way that it includes these sources - i.e., not only tropical, but also boreal and temperate forests in all regions of the world – as well as some controversial sources – e.g., plantations – that also provide significant amounts of wood for the global market.

However, the main contribution of the thesis to the existing literature is the analysis of the translation of transnational forest certification standards into local on-the-ground practices based on a detailed case-study of the Russian experience with forest certification. I assume that the local enactment of the certification program and the implementation of transnational certification standards is the second phase of the transnational institution-building, since institutions are effective when they are locally enacted and the rules that have been agreed upon in transnational forums are accepted, appropriated and blended into everyday practices by local implementing actors that are also embedded in their domestic context – institutional, social, political, legal, economic and cultural. It has to be noted here that although rule formulation and rule implementation are analytically different (Streeck and Thelen 2005), these two phases do not necessarily follow each other in a linear way. They may overlap, and feedback loop may emerge.

It has to be noted here that a functionalistic view that equates the existence of an institution with the function it fulfills should be avoided. How effective an institution is in reaching its direct goal, e.g., solving or alleviating the problem that

has driven the emergence of an institution, is only one dimension of institutional effectiveness. It misses important side effects that may emerge even if an institution is not effective, including settling conflicts, creating and redefining authority structures, redefining identities and learning (Pattberg 2006; Young 1999). Moreover, as the some analyses show, institutions (defined as regimes, i.e., set of legitimate rules and enforcement mechanisms (Streeck and Thelen 2005: 12-13)) may persist even if it is not effective (Böhling 2011). In the case of forest certification, effective local implementation of its certification standards was of a vital importance. Since this is a membership organization that depends critically on its stakeholders for its credibility and legitimacy, it had to make sure that it sets a high bar for forest companies that its stakeholders approve. The stakeholder and media critique of the FSC appearing from time to time shows that its performance is constantly monitored and the results are made public (Counsell and Terje Loraas 2002; Der Spiegel 2006; Wright and Carlton 2007). In sum, institutional effectiveness is not the only factor that contributes to institutional persistence, but in the case of forest certification, effective implementation of global rules at the local level has been important.

In addition, for local implementing actors, forest certification emerged as a tool for gaining access to and executing influence over companies' management of their forests. It also enabled them to access external funding and draw attention to the environmental issues that were previously ignored by companies and local and national governments (i.e., old-growth forests and biodiversity protection). In order to make use of this tool, they had to make sure that it is applied properly. In turn, this does not mean that its effectiveness was perfect. As I show in Chapter 7.4, the effectiveness of forest certification at the local level has been limited by two factors: domestic forestry regulations and the market nature of the FSC's compliance assessment system (see below).

What is interesting and theoretically relevant in the study of translation of transnational standards into on-the-ground practices? Why is it worth looking at? The literature on the public policy implementation suggests that the process of implementation of rules in a domestic context and implementing actors play a crucial role in shaping the outcomes of implementation. Implementation is not a mere top-down execution of rules – e.g., orders, laws, directives or standards – whereas implementing actors are not passive recipients of orders (Treib 2006). The vast literature on public policy implementation (Pülzl and Treib 2007) and the

organizational literature on diffusion (Czarniawska and Sevon 1996; Sahlin-Andersson 1996) suggests that when ideas, e.g., rules, organizational elements or practices, travel across settings, borders or levels in multi-level governance systems, they are *edited* and adapted to the local conditions by local actors (Campbell 2004: 79-80; Schneiberg and Bartley 2008: 49-50). The interactions between actors and between actors, their context and transnational ideas shaped the outcomes of translation that cannot be taken for granted or seen as automatically following the initial rules. However, the literature on certification and labeling has so far paid little attention to the implementation and its specific dynamics and patterns and has focused mainly to on the emergence of certification and labeling and certification standard-setting.

Transnational voluntary standards are particularly interesting from this perspective, since they present a significant challenge for those who implement them and for those who enforce them. Like any standards, they are a specific type of rules. Rules represent collectively enforced expectations that prescribe or provide guidance for action and thereby make behavior predictable. Similar to formal authoritative rules (e.g., laws and directives) and in contrast to informal rules (e.g., social norms), standards explicitly describe desirable behavior or desirable characteristics of an object (e.g., a forest or a production site) or a process (e.g., a production process) (Brunsson and Jacobsson 2000).[30] In contrast, practices are defined as specific ways in which production and work are done (Perez-Aleman 2011: 174).

Transnational standards per se are based on broad and relatively vague principles commonly applicable to all types of enterprises in all regions of the world and do not specify explicitly and exactly what practices are in compliance with the standards. Moreover, as the recent studies in the anthropology of international law suggest (Levitt and Merry 2009; Merry 2006a; Merry 2006b), transnational standards may contain concepts and requirements unfamiliar to local implementing actors and making no sense to them. They may find it difficult to establish exactly how they should reform their practice in order to comply with alien requirements that have been

[30] At the same time, standards are different from formal rules, since while describing desirable behavior they do not explicitly rule out undesirable behavior. Moreover, those who make standards do not rely on formal authority to make individuals or organizations observe rules but provide incentives for voluntary compliance, such as recognition, membership or distinction from those who do not follow standards (Brunsson and Jacobsson 2000: 12-13).

formulated in distant transnational forums. Considerable gaps between global requirements and local practice – that follows legal norms and informal patterns – make such translation challenging. Therefore, when habitual practices are challenged and new standards are provided, implementing actors need to specify broad principles and adapt them to a particular domestic legal and social context and then establish how they should modify their practices and what new practices they should introduce.

The second challenge is of a political nature. The socio-legal literature on transnational law (Halliday and Carruthers 2007; 2009) shows that the introduction of transnational standards, as well as rules in general, may challenge the preexisting structures of control and empower actors that try to question habitual practices and rules and introduce new ones. This may cause conflicts over the new standards and the ways they are expected to be implemented by implementing actors and enforced by enforcing actors. Transnational standards are voluntary and cannot therefore be imposed on firms directly. The advocates of new standards have to convince firms to adopt new rules, in this case certification standards. Moreover, even when advocates have enough influence to impose certain rules, implementing actors can undermine successful implementation (e.g., through delay). This requires active interest negotiation, settling conflicts and searching for a compromise. The ways local actors cope with the gaps and contradictions between global standards and local regulations and practices and "join in" with how standards are applied, as well as how they cope with emerging conflicts – in a difficult context of a non-advanced industrial country – is at the core of the part of the thesis that includes Chapters 5 to 7.

I divide the process of implementation at the domestic level into two phases, which do not follow each other linearly and overlap in time but they can be analytically distinguished from each other and both contribute to the emergence of a working local forest certification system. First, several years before companies got interested in certifying their forest management, individual environmental activists and NGOs started promoting forest certification in Russia. They spread the information about the FSC and forest certification, persuaded companies to certify, they organized campaigns and published reports about the problems of the Russian forests and forest sector and framed forest certification as one of the solutions to it. They also developed the national standard and compliance guidelines for Russia, educated professional auditors and consultants for forest certification, mobilized broad support of forest certification among the environmental and social NGOs in

Russia and included forest certification into their projects. In other words, they were creating the organizational and institutional infrastructure that was required for a successful start of forest certification in Russia and its rapid expansion in 2003-2009. These activities occurred mainly in formal intentionally devised settings, such as official meetings, conferences and projects, and were better organized and structured.

The development of the national standard and NGOs' project work related to forest certification played a particularly important role. The National Initiative responsible for the development of the national standard served as a forum for settling conflicts between and within stakeholder groups and as a forum for discussing the contents of the FSC global principles and criteria and the ways they had to be applied in Russia. The NGOs' projects, including model forests, also contributed to understanding how exactly the global standards should be applied in Russia. They created compliance guidance for companies, offered consulting serviced to companies and educated managers and auditors. They also monitored and controlled certification assessments and certified companies, pointed out the problems with compliance and joined in in cases of conflicts between companies and stakeholders. They thus engaged in local conflict settlement and compromise building, on the one hand, and local adaptation of standards that involved sense-making, standard (re-)interpretation and new knowledge and skill building.

The second phase is the implementation of the FSC transnational standards of good forest management, or in other words, the translation of standards into on-the-ground practices in implementation settings, i.e., companies. Companies' operations managers had to implement transnational standards that often appeared alien to them on an everyday basis and often proceeded by trial and error experimenting with both the transnational standard and their common practices. The standards provided managers and external consultants with the targets, often vague and unspecific, but they did not specify how exactly compliance is achieved. It did not prescribe precisely what managers had to do exactly in order to comply with the FSC standard, particularly in the early 2000s when many compliance guidelines that are now widely used by managers and consultants had not been at place. Moreover, the contradictions between national regulations and transnational requirements presented a particular challenge for managers. They had to search for solutions to these contradictions that would enable to follow the standards without being subjected to sanctions by forestry

officials. In contrast to earlier more formal phase, on-the-ground translation was less structured and formal and more spontaneous and occurring on the spot.

I also show that the translation of standards into practices follows different patterns ranging from direct implementation to the invention of new practices, depending on the difference between habitual forest management practices and the availability of locally available building blocks for practices in compliance with transnational standards.

I complete my empirical analysis by analyzing the outcomes of implementation at the local level. I show in Chapter 7 that forest certification has indeed generated environmental and social effects, including better biodiversity protection on logging sites, better protection of high conservation value forests and particularly old-growth forests, improved cooperation between certified logging companies and local communities, as well as indigenous peoples communities, and improvements in worker safety. Yet, its effectiveness has been limited by two major factors: (1) the domestic regulations and unfavorable institutional context and (2) by the market nature of the FSC system and particularly of its compliance assessment system that had a restrictive effect on the FSC impact at the local level. In addition, inadequate qualifications of forest management auditors also decrease the quality of forest management assessment and also have a restrictive effect on the environmental and social change that forest certification could potentially induce.

In the final section of Chapter 7, I address the question how local actors – particularly activists and auditors – close the gaps between the strict standards, difficult local situations and implementation and how they deal with the limited effectiveness of forest certification. I argue that through the process of translation of generic global principles of good forest management into specific domestic standards, including operational indicators adapted to a local natural and social context, and consequently into corporate environmental and social practices, local actors – NGOs and auditors – evaluate not only the forest management of companies seeking forest certification but also the natural and social context, in which they operate and informally adjust the requirements of forest management standards to the context.

Two mechanisms enabled the creative translation of global norms into specific practices of certified companies. One was the inherent ambiguity of the FSC's standards and a certain extent of discretion defined as a freedom of interpretation that auditors, certification bodies and stakeholders are given by the system. The second

mechanism was the informally institutionalized stepwise approach to forest certification. This means that auditors, companies, consultants and stakeholders might use the freedom of interpretation to match the conditions, in which companies operate, their resources and capacities for change and the standards of the FSC. Through the stepwise approach that the FSC formally did not recognize, auditors and stakeholders enabled certified companies to become certified, even when they did not entirely comply with all requirements of the standard. Ambiguous standards and stepwise approach to certification, therefore, also contribute to the rapid growth of certified areas but limit the extent of change that can be expected when all standard requirements are implemented.

These processes were also reinforced by the voluntary and market-driven character of the certification system that I described in the paragraphs above. Since voluntary programs lack serious sanctioning mechanisms. The certificates may be withdrawn but forest certification auditors cannot stop companies from employing unsound forest management practices. Moreover, because of the strong competition, certification bodies are interested in certifying as many companies as possible. Coupled with limited resources that the FSC, ASI and domestic NGOs have for monitoring certifiers' performance, this produces a negative effect on the quality of certification.

This should not be interpreted as if the FSC had absolutely no control over the performance of auditors, stakeholders and companies. The FSC annually inspected the performance of certification bodies and reserved the right to inspect the performance of certified companies on short notice. It also has a complex accreditation system that helps it monitor and control the activity of certification bodies. It also provided guidance to certification bodies and stakeholders how to interpret standards and trained them in compliance assessment skills. Yet, since real-life situations were diverse and could not be fully reflected in standards and rules, local actors always retained some degree of discretion. The FSC's monitoring and control capacities are also limited, since as a nongovernmental organization it lacks sustainable sources of funding. This means that it is unable to trace each case of certification and itself evaluate whether the decisions taken by auditors and certifiers were good enough grant assessed companies the certificates of the FSC.

8.2 Theoretical Implications of the Study of Translation

What is the theoretical relevance of this research? There are several analytically important themes running through the thesis. First, my research explicates a relationship between human action, actors and their context, into which they are embedded. Second, whereas previous research has focused mainly on the structural factors shaping the uptake and effectiveness of transnational standards, my research emphasizes the importance of a specific kind of actors for the translation of rules into practices – translators – and their social skills and organizational capacities. Third, my study also seeks to deconstruct the process of implementation and identify the social processes it involves. Building on the theoretical insights from the sociology and anthropology of law and organizational studies of diffusion and translation, I show that translation involves both political conflict settlement and compromise building, on the one hand, and collective knowledge building and learning, on the other hand. In addition, I also show that implementation follows several different patterns. In this section, I will describe how my address to these themes enriches the literature on certification and labeling and more broadly on transnational standards and other private market-driven forms of governance.

Action, its context and institutional entrepreneurship

The relationship between action and its surroundings, or more broadly agency and structure, has been one of the most debated subjects in the social sciences (Sewell 1992). The broad literature on the organizational neo-institutionalism emphasizes the dependence of action on formal rules, informal conventions and cultural scripts (i.e., institutions in a broad sense) and the importance of repeated and sticky action for the reproduction of social institutions. This view is in sharp opposition to some approaches within the rational choice school of thought that emphasize the significance of the independent strategic action within given constraints. In contrast, my study is consistent with the sociological approaches that emphasize the multi-dimensional nature of agency (Emirbayer and Mische 1998) and allow for both repeated and creative and strategic action embedded into its social, cultural, political and cognitive surrounding (Beckert 2003: 769) and simultaneously constrained and enabled by it. I follow Beckert (1999: 777) who argues that intentional agency and institutional structures are interdependent.

How does this interdependence play out in the process of institution-building? The concept of institutional entrepreneurship introduced by DiMaggio (1988; 1991) enables bringing together strategic action, interests and institutional context. DiMaggio (1988: 14) writes, "[i]nstitutions arise… when organized actors with sufficient resources see in them an opportunity to realize interests that they value highly." How does their surrounding enable and constrain institutional entrepreneurship? My findings show that the larger institutional and discursive context embedding institutional entrepreneurs constraints their institution-building efforts by restricting the alternatives that are available to them. In my study, I have shown following Bartley (2003) that at the transnational level, the neoliberal institutional context has restricted the options that were available to the actors constructing the first forest certification and labeling system. At the local level, I have shown that the local institutional and legal regulations had a restrictive effect on the operation of forest certification in Russia.

At the same time, the context has also had an enabling effect on the building of a new institution of certification and labeling by providing institutional entrepreneurs with previously institutionalized and legitimate building-blocks – e.g., concepts, policies, and organizational models – for the new institution. At the transnational level, the concept of sustainability and multiple functions and uses of forests and multiple groups have stakes in forest – i.e., stakeholders – provided forest certification advocates with the building blocks for their forest certification system (a three-chamber organizational structure, deliberative decision-making, and the social, environmental and economic dimensions of forest use reflected in the FSC's global principles and criteria). At the local level, local actors (e.g., NGOs, companies, consultants and auditors) used global ideas, concepts and experience (e.g., high conservation value forests) and local legal norms and common practices (e.g., especially protected forest area) as a resource to adapt alien transnational standards to their domestic legal and social environment and thus enabled the effective translation of transnational standards into on-the-ground practices.

To sum up, my findings are consistent with the idea that the social, legal, political and cultural context in which actors are situated has an enabling and constraining effect on their action aimed at institution-building. It restricts the repertoires of action available to intentional and strategic actors; at the same time, it provides them with the building blocks for new organizations and rules.

Social movement organizations as institutional entrepreneurs and translators

Not every actor involved in an institution-building process is an institutional entrepreneur. Following DiMaggio's definition, institutional entrepreneurs are well organized actors with sufficient resources with specific interests that they value highly and seek to realize. The literature dealing with the emergence and diffusion of certification and labeling emphasizes the role of the well organized transnational environmental movement seeking to improve environmental conditions and seeing it as an imperative for their activity across borders. I seek to contribute to this literature by focusing on the role of locally embedded social movement organizations with sufficient organizational capacities defined as "social and material resources" (Espach 2009: 131). Both branches of large international NGOs and "indigenous" grassroots NGOs functioned as institutional entrepreneurs at the local level and induced through their activities the emergence and enactment of a national forest certification systems.

I show that the domestic organizational networks of NGOs, their close connections to the transnational environmental movement, their social skills and expertise play a particularly important role in the process of local enactment of systems of private market-driven governance and the translation of transnational standards into local practices. Social skills are defined as abilities of actors to induce cooperation and attract support for their projects (Fligstein 2001b: 105). Locally and transnationally connected NGOs possess knowledge of both global concepts and local practice and navigate between global forums and local settings in a multi-level and multi-sited system of international governance. They can thus provide local implementing actors, i.e., company managers, with the knowledge and skills necessary for implementing transnational standards in their specific context. They can also provide local enforcing actors, i.e., auditors, with knowledge and skills necessary for assessing compliance with the transnational standards. In other words, they play the role *translators* of transnational standards for local implementing and enforcing actors.

Here my findings are consistent with the emerging literature on transnational governance that emphasized the role of actors that possess expertise and social skills and are embedded into both local and transnational self-regulating communities of practice (Djelic and Quack 2008; Djelic and Quack 2010; Merry 2006b; Quack 2007).

The results of my research are also consistent with the findings of Espach (2006; 2009) who demonstrates that the social and material resources of local environmental groups explain the uptake of certification and labeling in a given country.

Table 10 Types of Institutional Work Aimed at Creating Institutions: The Case of Certification

Forms of institutional work	Definition	Examples from a Study of Certification and Labeling
Advocacy	The mobilization of political and regulatory support through direct and deliberate techniques of social suasion	NGOs persuading companies to certify
Constructing identities	Defining the relationship between an actor and the field in which that actor operates	Creating new identities - for companies as responsible producers of wood - for auditors as independent assessors of compliance with FSC standards - for other NGOs, individual activists, workers, and local and indigenous communities as stakeholders in the FSC certification system
Constructing normative networks	Construction of interorganizational connections though which practices become normatively sanctioned and which form the relevant peer group with respect to compliance, monitoring and evaluation	NGOs mobilizing the preexisting networks for promoting forest certification, monitoring and evaluating companies and auditors, acting as stakeholders and developing the national standard
Educating	The educating of actors in skills and knowledge necessary to support new institution	NGOs training companies, auditors and stakeholders
Creating organizational infrastructure	The mobilization of existing organizations and the creation of new organizations that support a new institution or fulfill certain functions within a new institution	NGOs creating certification centers and consulting companies
Creating new knowledge and skills	The creating and spreading of new knowledge and skills necessary for the operation of a new institution	NGOs offering training programs for auditors, managers and stakeholders

Source: Own design based on Lawrence and Suddaby (2006: 221)

The role of environmental NGOs as institutional entrepreneurs is best captured by the concept of institutional work aimed at creating institutions discussed in Section 2.7. In Table 10, I provide the types of work formulated by Lawrence and Suddaby (2006) with several examples from my study of forest certification in Russia. I also add to the

classification of Lawrence and Suddaby (2006) two types of institutional work aimed at the institutionalization of a new certification program: creating an organizational infrastructure and developing new knowledge and skills. NGOs mobilized their domestic networks and attracted funding from international donors in order to create several organizations, including regional certification centers and consulting companies, which persuaded companies to join certification, offered assessment and consulting services, took part in designing the national standard and monitored companies and certifiers. NGOs also developed new knowledge concerning forest management and compliance with FSC standards, as well as the developed skills and trained auditors, managers and stakeholders. New knowledge and skills developed by NGOs are reflected in compliance guidelines and manuals that were published in the 2000s.

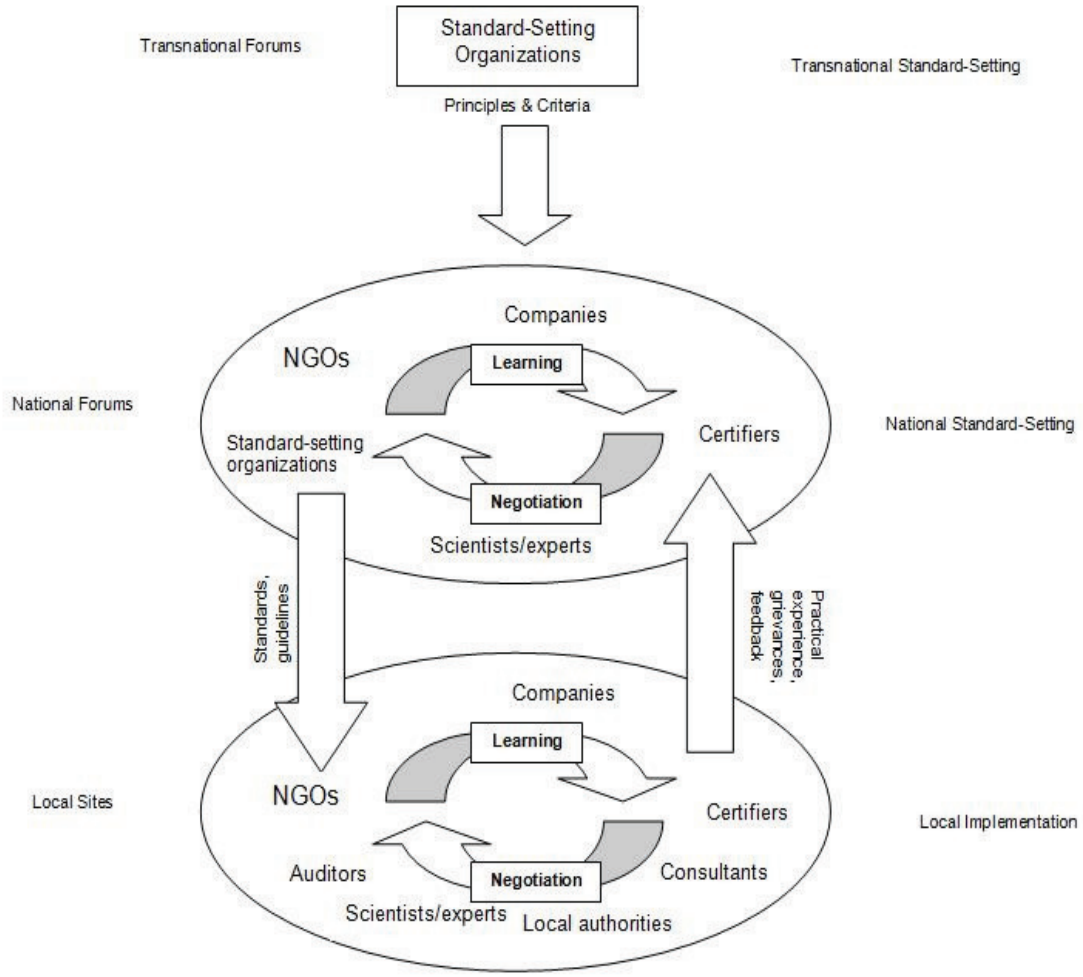
Deconstructing the translation of transnational standards into on-the-ground practices

How do local actors enact and translate transnational standards? In this subsection, I abstract from the concrete details of my case-study and specific activities of local actors (e.g., developing of national standards, project work and consulting) and attempt to identify larger theoretically important social processes that constitute the process of translation beyond its technical implementation dimensions and to show that translation is not a straight-forward but a situated, textured and multi-faceted process.

Following the literature on diffusion/translation (Czarniawska and Sevon 1996) and organizational learning (Perez-Aleman 2011) and the recent literature on transnational law (Halliday and Carruthers 2009; Merry 2006a; Quack 2007), I argue that through engaging in two social processes – negotiation of conflicting stakeholder interests and collective learning – local actors translate broad global principles and criteria of good forest management into nationally applicable standards, develop knowledge about their implementation and actually translate global principles into on-the-ground practices. Through these two processes, local actors are able to over two challenges that I have identified in the beginning of this chapter: political conflicts and interpretative problems caused by the introduction of new rules that challenge preexisting structures of control over forest management practices and contain

unfamiliar concepts and ideas. These processes involve the reflexive adaptation of transnational standards to domestic regulations and practice, collective sense-making, conflict-settlement and problem-solving through the creative recombination of existing and new concepts and practices of forest management (Quack 2007). Thus, interest negotiation and collective learning represent two mechanisms of change that have been previously neglected in the literature on transnational standard-setting (see Figure 2). The former process is concerned with interests; the latter with cognition. These two processes are analytically distinct but occur simultaneously and influence each other. Conflicts may trigger learning. Learning about implementation may, in turn, help settle conflicts between stakeholders, since it may influence actors' perceptions of their own and each others' interests.

Figure 2: Translation in a Multi-Level Standards and Certification System



Source: Own design (see also Malets 2011)

Specifically, interest negotiation occurs at two levels. At the national level, actors representing different interests (e.g. economic, social and environmental) negotiate national indicators for global principles and criteria in formal settings, such as conferences, meetings and seminars. They also develop practical recommendations and compliance guidelines for companies seeking to become certified. At the local level, companies, auditors and stakeholders negotiate specific on-the-ground practices that have to conform to the FSC's global and national standards. Thus, similarly to conflict settlement at the transnational level (Bartley 2007b), at the domestic level, forest certification provides an arena for settling conflicts between and within different stakeholder groups – i.e., environmentalists and industries as well as state authorities – related to the responsible use and management of forests.

The role of collective learning defined as new knowledge and skill building (Perez-Aleman 2011: 174) deserves special attention. This concept of learning enables closing a theoretical gap between transnational standard-setting literature, which assumes that a change in practices will occur after the introduction of a standard (provided there is a gap between standard and practice), and a widespread understanding of practices as sticky and hard to change. The concept of collective learning helps identify ways to change practices. The literature on translation as a main mechanism for the diffusion of ideas, such as practices or organizational forms (Czarniawska and Sevon 1996), specifies one of the ways learning contributes to change: While being imitated, ideas are *edited* and may, therefore, take a different shape across settings depending on local circumstances (Sahlin-Andersson 1996). I suggest that translation may occur in several different modes, ranging from direct implementation to the invention of new practices, but in general I argue that the "editing" of global ideas occurs through a recombination of externally given and locally available concepts and practices that serve as building blocks for new knowledge.

Locally embedded actors – both "indigenous" grass-roots organizations and branches of international organizations – use global and local knowledge reflected in concepts, categories, common practices, national regulations and voluntary standards as building blocks for constructing knowledge related to certification. They combine external, "global" elements (high conservation value forests or old-growth forests) and locally available elements (especially protected forest areas) in different ways in

order to define a way to achieve compliance with certification standards that might differ from national legal requirements. When certification requirements cannot be directly implemented, local practices can be reframed to meet FSC requirements. Local elements may also be combined with new elements that can be either borrowed or invented specifically for a certain country. From this perspective, new forest management practices are not always derived directly from "global ideas" and imposed on forest companies, but are constructed from both external and locally available elements. Negotiation, learning and experimentation play a crucial creative role in turning transnational voluntary standards into local practices.

What the translation approach lacks is an explicit account of the feedback loops that may occur when ideas travel between settings. Drawing on the recursivity framework (Halliday and Carruthers 2007), I argue that implementation and standard-making, at least at the national level, influence each other. The cyclical, multi-stage nature of standard formation, diffusion and implementation is also increasingly emphasized in the standardization literature (Botzem and Dobusch 2010). Standard-making and implementation are connected through a network of advocates – mainly NGO activists – who play different roles in the certification system: They develop national standards, advise companies, train managers, auditors and stakeholders, conduct research in certified forests, monitor certified companies, attend audits and develop compliance guidelines and recommendations for certified companies. They accumulate and generalize practical experience and insert it into the national standard, other official documents and compliance guidelines. In turn, new requirements are reflected in the changes in companies' forest management systems and on-the-ground practices. Standard-making and implementation are recursive: Through the national standard, forest certification advocates shape implementation whereas implementation feeds back into standard-making (cf. Halliday and Carruthers 2007, also see below).

Avenues for new research

The study I present in my thesis opens up new comparative questions. Studies comparing certification standard-setting and implementation across countries, industries and issue-fields (e.g., labor conditions, business security, fisheries, palm oil and soy) would help to test the conclusions presented above and identify other factors that may be important for explaining the implementation of transnational certification

and labeling programs and their degree of their effectiveness. Moreover, my study speaks to another two kinds of literature and may thus open new avenues for further research into the dynamics of transnational economic regulation.

The first literature is the sociological studies of accounting and auditing initiated by Power (1996; 1997). The key element of the FSC's program of forest certification is the third-party system of verification of compliance with the FSC's standards of forest management. The assessment of forest management systems and practices is carried out by professional assessment teams that can produce authoritative judgments on producers' compliance with the FSC's standards. FSC designers created this procedure to imitate financial auditing: "[I]ndependent auditing of companies' forest management practices, similar to the way accountants audit a company's financial transactions, is essential to make claims of sustainability credible" (Jenkins and Smith 1999: 63). It is not surprising that in everyday language forest management assessments, the formal term adopted by the FSC, are called audits. This is consistent with Power's observation that "auditing has become a legitimate part of good management practice in a wide variety of domains" (Power 2003a: 387) and thus contributes to his "auditing explosion" thesis (Power 2003b).

Power shows that auditing is more than verification of compliance, detection of fraud or assessment of organizational effectiveness. Auditing conveys legitimacy to an audited organization and under certain circumstances facilitates the improvement of organizational performance. Auditors are not merely verifiers; they are "agents of change." However, whether this change is substantive or formal is an open question. The expansion of auditing entails the transformation organizational routines into auditable practices (Power 1996). Practices are formalized to be easily checked or assessed by independent auditors. Essentially, external audiences also expect auditing to induce substantive improvements in organizational practices beyond formalization. They expect that auditing can motivate organizations become more efficient or environmentally responsible or improve the quality of their services. Auditing per se is, however, no guarantee that organizational performance will improve.

My case study demonstrates several parallels to financial auditing studied by Power. My findings are consistent with the notion that auditing has become a legitimate part of good management practices and serves a legitimacy-production function. I have emphasized in the chapter dealing with the effects of forest certification in Russia that companies seeking certification did not have to

significantly improve or substantively reform their practices. The focus was rather on the formalization and documentation of their compliance with the FSC standards. Company managers that certified their forest management systems and practices reported that market benefits, including price premium and increased market access, were not significant. Rather, they were motivated not by immediate benefits but by potential losses of market share. Company mangers justified their adoption of forest certification by reputation gains, which they expected to receive with the certification. They hoped that forest certification would mitigate or prevent conflicts with environmental activists and facilitate the endorsement of company practices by environmentalists. Only few company managers suggested that it was necessary to improve or reform their forestry practices. As a result, environmentalists suggested that forest certification becomes an increasingly formalized procedure that has lost its initial transformative aspirations. Yet, more research is necessary to investigate the role of auditors and auditing on the performance of certified companies.

Second, the studies of certification standard-setting and implementation at the transnational and local level may contribute to the studies of recursivity of law. Halliday and Carruthers (2007) develop a theoretical framework for understanding legal change in a global context – the recursivity of law – and apply it to explain the formation and change of domestic corporate insolvency regimes. They connect global norm making and domestic lawmaking and implementation into a cyclical model of recursive law (2007: 1147). In this model, transnational and domestic actors creatively translate global norms into law on the books at the national level and then law on the books into law in practice (national lawmaking). The gap between law on the books and real situations stimulates new rounds of legal reforms and revisions and may resonate at the global level (global norm making). Applying this framework to the study of forest certification may help explain how the local events, conflicts and learning on one setting may affect standard-setting at the transnational level that will in turn affect domestic implementation in other settings across the world. Actors at the transnational level react to conflicts and problems emerging locally during transnational standards implementation by revising existing standards, and providing new rules and compliance guidelines, which in turn become obligatory for other companies within a certification a certification system.

8.3 The Effectiveness of Certification as Private Market-Driven Regulation

The analysis presented in my thesis suggests that the capacity of market-driven forms of governance to produce change is quite limited. Its market nature facilitates their very existence (they cannot be prohibited as barriers to free trade) but restricts its transformative potential. Initially, the designers of the FSC hoped that forest certification would create a fair trade in tropical timber, i.e., would provide a market and price advantages to small-scale and community operations in tropical countries to encourage them not to clear but conserve and manage their forest. When the demand for certified products emerged, it turned out that it was mainly large industries and retailers in Europe and North America that became interested in forest certification. They source wood in considerable quantities and not from small-scale and community forest operations in tropical countries. Small-scaled producers could not ever satisfy it. Moreover, forest legislation, policy and practices were poor in tropical countries and the costs of certification turned out to be too high for small operations. The forests were, therefore, mainly certified in relatively safe countries of North America and Europe. In tropical counties the majority of certified forests are plantations. Their environmental value and impact is disputed. The FSC promised to take action to broaden its activity in tropical and other developing counties and started a pilot project aimed at created a dual FSC-Fair Trade certification program (Macqueen 2008), but it is yet to early to evaluate its impact and effectiveness.

Moreover, it can be argued that the impact of voluntary forms of governance remains precarious and uncertain, since it is most accessible and less costly for companies that already practice good forest management consistent with international principles and criteria. Those who remain beyond the demand of the market and cannot benefit from certification and for those whose compliance costs are higher than potential – real or perceived – gains escape certification and labeling. Such a selective acceptance of forest certification can be explained by its focus on more conventional market producers, as discussed above, and seriously questions its potential effectiveness. The recent studies that attempt to evaluate the macro-effectiveness of forest certifications have shown that forest certification could not halt deforestation and biodiversity loss and cannot effectively protect forests at a large-scale landscape

level (Gullison 2003; Marx and Cuypers 2010): Deforestation rates and landscape-level management are beyond the scope of forest certification.

Yet, it is possible to evaluate the impact of forest certification at least at the level of forest enterprises that certified their forest management. Does forest certification produce the expected environmental and social change in certified companies? The analysis of the FSC's impact on Russian forest companies is one of the goals of the thesis. I argue that forest certification as private voluntary standard-based program has produced positive change, but it has been limited by a number of factors I address below.

My research shows that in counties where forest certification seems to work well, it yielded several positive effects on on-the-ground practices and the relationships between environmental groups and forest industries. Yet, environmentalists became concerned with the decreasing capacity of the FSC to monitor and control the performance of certifiers and certified producers. The media drew attention to a number of controversial certifications approved by the FSC. In many cases, environmentalists and observers were disturbed that market forces overruled the initial intentions of the FSC: The demand for certified timber drove the expansion of certified forests and supply chains that the FSC with its limited resources was no longer able to control.

The findings presented in the thesis suggest that effectiveness of voluntary programs crucially depends on the involvement of local social movements with considerable social skills defined by Fligstein (2001b) as an ability to induce cooperation in others. Highly motivated well-organized social movement activists are able to achieve significant results even with limited resources. With their local knowledge and skills, they are able to mobilize constituencies, reframe and spread "global" knowledge and build organizational infrastructure for emerging programs, even under unfavorable local conditions (see the two subsections above). This is consistent with the studies that point to the need to intensify capacity-building efforts, which international organizations and nongovernmental organizations increasingly favor over strict enforcement (Tallberg 2002).

The effectiveness of transnational private regulation also depends crucially on the structure of international markets for wood products. The analysis shows that companies that could lose access to markets or were reputation-conscious were most susceptible to pressures by environmental organizations and buyers. If countries or

groups of producers are excluded from the market, they remain unaffected by the programs based on market incentives. Although direct market benefits play only a minor role in companies' decisions to become certified, the even potential danger of losing access to the market is crucial. Firms seeking to protect their reputation against environmental campaigns are also likely to pursue certification. Although the link between reputation and profits is not systematic (Vogel 2005, ch. 2), even the potential existence of this link may motivate firms to participate in the programs. It is, therefore, politically important to build and support the markets that would provide incentives to improve reputation or to secure market access though the participation in voluntary programs.

The actual demand for certified products and consumer willingness to pay a green premium for certified timber is also likely to improve the effectiveness of voluntary programs. As a study of the U.S. consumer market indicates, while between 1995 and 2000 the consumer awareness of forest certification grew, self-reported purchases of certified products and the average willingness to pay a premium declined (Ozanne and Vlosky 2003). The authors argue that consumers are confused by a great variety of available labels and programs and increasingly question their efficacy and credibility. Increasing awareness of consumers and further promotion of certified products in the market might, therefore, become a crucially important factor facilitating the effectiveness of various voluntary programs.

The credibility and efficacy of programs is also determined crucially by the control that organizations running voluntary programs exercise over the performance of certifiers and certified firms. Global rules of social and environmental responsibility are only successful when they are effectively and convincingly translated into local practices. Fast growth of programs may undermine the capacity of private organizations similar to the FSC to control certification bodies and certified companies. Moreover, as the findings presented in Chapter 7 suggest, the competitive struggles that emerge between certification bodies for new clients creates a race to the bottom in the implementation of standards and lead to the decline of certification quality. The FSC has to improve its capacity to control the quality of auditors' performance as the system expands, since the competition between certifiers may undermine the very idea of independent and objective verification of compliance.

The implication of these findings is that it may not be enough to "let the markets regulate themselves" to achieve the best outcomes in the implementation of

private standards. If markets are left to regulate themselves on their own, they may weaken the transformative capacity of private regulatory programs by triggering race to the bottom among its participants or by focusing on the firms that already perform well and exclude those beyond its reach. At the same time, markets may be potentially more effective than traditional command-and-control means because they are more flexible and responsive and are able to conduct signals like increased demand for certain types of products. This suggests that markets have to built, supported and effectively regulated.

Another factor that facilitates the effectiveness of voluntary regulatory programs is the availability of extensive domestic regulatory framework. For one thing, it is easier to promote forest management planning among firms that know what it is, even though the way they do it may be seen as ineffective or inappropriate. It is easier to verify that company logs forests on the land it owns or leases from the state if the borders of forest plots are mapped and there are no conflicts over tenure rights. If these basic criteria are fulfilled, critical issues like biodiversity protection and worker rights move into the focus of voluntary programs. Moreover, even if the supporters of regulatory programs perceive existing laws and regulations as outdated, disintegrated and ineffective, they are able to employ existing conceptual apparatus in the process of translation of global rules into local practices. Through the process of negotiation and interpretation of both abstract global rules and familiar local rules and practices, they are able to reframe local practices to fit global rules. They are also able also adapt and reformulate generic global rules to make them fit local frames of reference, i.e., to make them familiar to local firms and stakeholders. In this case, the improvement of existing practices can be partly redefined as improving compliance with domestic regulations that are consistent with global standards. The last point suggests that nonstate organizations actually become private enforcers of domestic regulations.

Yet, the development of forest certification in Russia also suggests that the lack of proper legislation and institutional preconditions for the long-term management of natural resources is a problem that cannot be solved by private means only. Even if environmental organizations succeed in certifying and improving the practices of the largest and the most visible companies, the rest will continue managing their forests irresponsibly. Moreover, as long as the requirements of voluntary programs clash with domestic regulations, companies will be inclined to

follow rules imposed by the state. As my findings suggest, certifiers will be likely to tolerate non-compliance because it is "beyond the scope of control" of certified companies. Ultimately, if the state provides environmentally, socially and economically balanced and well-enforced governance, private regulation becomes obsolete. This may suggest that building capacity of national governments, enhancing their enforcement capacity and reforming legislation are better ways to improve environmental condition. The question is then whether the task of achieving "good" public governance is feasible. As Chapter 4 suggests, while this is desirable, it may in fact be no less problematic than creating effective private regulation.

8.4 A Final Remark

To conclude the thesis on the impact of private regulation, it has been extensively argued that private regulation can be more effective and desirable than public regulation, since it relies on markets that can efficiently relocate resources and encourage companies to change their practices without state coercion. Moreover, neoliberal rules that structure transnational governance limit the policy repertoire of states and interstate organizations: They are no longer able to practice tariffs or bans to protect their market from irresponsibly produced goods. Since rules and standards proposed by private actors are voluntary and market-driven, they do not contradict WTO rules and are a preferred mode of governance of environmental and social conditions. In addition, they are democratic, transparent and consensus-based, which makes them legitimate alternatives to public regulation. They spread the knowledge, produces discursive and normative changes that are believed to facilitate the growth of environmental and social responsibility of producers and consumers. These are the arguments often invoked in favor of private regulation.

In contrast, the skeptics have argued that voluntary market-based modes of governance have only a limited outreach and do not tackle the actual causes of environmental degradation and low social, labor and human rights standards. Some critics have argued that such programs as certification can help companies greenwash their unsustainable practices. In the debate on forest certification, it has been argued that forest certification is viable only in developed industrial countries with well-enforced elaborated legislation and institutionalized norms of sustainable behavior of producers and consumers. Developing countries with important tropical forests

remain beyond the reach of the FSC. Small-scale producers and community operations also cannot participate and benefit from forest certification, since the majority cannot access international markets dominated by large industrial forest companies with considerable demand. Their supply cannot match it. Finally, the main causes of deforestation and forest degradation in tropical and other developing countries is the poverty of forest populations that clear forests for agriculture and the activity of transnational corporations that clear forests for industrial plantations. In passing, the FSC certifies plantations under certain conditions, which has been under sever critique for years. Several environmental organizations consider endorsing plantations through the FSC certificates unacceptable.

Public regulation has also proved to be ineffective in tackling a large number of global forest-related problems. States and international organizations were unable to find effective legally-binding solutions to growing deforestation, forest degradation, indigenous population displacement and increasing poverty. This suggests that the truth about the private means of global governance of environmental and social conditions is as always somewhere in the middle. Private forms of regulation are neither alternatives nor functional equivalents to public regulation and the substitution of public regulation with private regulation may be a dangerous journey. One solution could be that public and private regulatory projects have to be cooperative, responsive and mutually reinforcing. The participation of private organizations in public decision-making, whether national or transnational, will increase legitimacy and credibility of political outcomes and foster fruitful exchange and social learning between parties. This requires strong political will, which, as the history of the global forest convention shows, is yet not there. Whether such cooperative relationships are attainable and viable in the long run remains to be seen.

Appendixes

Appendix 1 List of Interviews

	Organization	Position	Date and Place
1	Deutsche Gesellschaft für Technische Zusammenarbeit	Head of the Forest Certification unit in the Programme Office for Social and Environmental Standards	September 05, 2006 Eschborn, Germany
2	Segezha Pulp and Paper Mill	Director of the Forest Department	October 10, 2006 Segezha, Russia
3	Segezha Pulp and Paper Mill	Deputy Director of the Forest Department	October 10, 2006 Segezha, Russia
4	Segezha Pulp and Paper Mill	Deputy Director of the Marketing Department	October 11, 2006 Segezha, Russia
5	Segezha Pulp and Paper Mill	Deputy Director of the Forest Department	October 16, 2006 Segezha, Russia
6	SGS Vostok Ltd	Leading auditor, Head of forest certification unit of SGS Qualifor South Africa for Russia	October 23, 2006 St. Petersburg, Russia
7	Ilim Group	Senior Officer for Technology and Organization of Timber Supply	October 26, 2006 St. Petersburg, Russia
8	FSC International Office	Head of the Policy and Standards Unit	December 13, 2006 Bonn Germany
9	The Rainforest Foundation UK	Director, FSC founding member	December 15, 2006 London, UK (telephone)
10	FSC International Office	Chain-of-Custody Program Manager in the Policy and Standards Unit	December 20, 2006 Bonn Germany
11	FSC International Office	Regional Offices Liaisons Manager and member of FSC national initiative for Germany	January 5, 2007 Bonn Germany
12	WWF Russia	Head of the Forest Program	January 11, 2007 Moscow, Russia
13	Greenpeace Russia	Head of Nuclear Campaign, member of FSC national initiative coordination council and former FSC contact person for Russia	January 11, 2007 Moscow, Russia
14	FSC Russian national office	Director	January 12, 2007 Moscow, Russia
15	Greenpeace Russia	Head of Forest Campaign, forestry expert	January 12, 2007 Moscow, Russia
16	Northern Research Institute for	Director and leading auditor by GFA	January 17, 2007 Arkhangelsk, Russia

	Forestry (the Federal Office for Forestry of the Russian Federation Ministry for Natural Resources) and GFA		
17	JSC Onega Sawmills (Onezhski LDK)	Deputy Director General for Ecology	January 18, 2007 Onega, Russia
18	WWF Russia, Program Office in Arkhangelsk	Head of Office	January 19, 2007 Arkhangelsk, Russia
19	OOO NEPCon	Director and leading auditor	January 19, 2007 Arkhangelsk, Russia
20	Management Company OOO Titan-Lesprom	Officer for Certification	January 19, 2007 Arkhangelsk, Russia
21	OOO Titan	Director for Economic Affairs and Finance	January 19, 2007 Arkhangelsk, Russia
22	Department for Industrial Forestry Sector of Arkhangelsk Government	Head of Certification Department	January 22, 2007 Arkhangelsk, Russia
23	Arkhangelski State Technical University, Department of Forestry	Head of Forestation Evaluation Chair, auditor by GFA, consultant in forest certification, head of FSC regional working group for Arkhangelsk	January 22, 2007 Arkhangelsk, Russia
24	Formerly Segezha Pulp and Paper Mill, Moscow Office	Now informal advisor, formerly (up to 1993) deputy minister for forestry	January 23, 2007, Moscow, Russia
25	Center for Biodiversity Conservation and FSC national initiative for Russia	Director and head of national initiative	January 24, 2007 Moscow, Russia
26	Ilim Group	Director for Cooperation with Public and Local Authorities	January 30, 2007 St. Petersburg, Russia
27	Stora Enso Oyj, Wood Supply Russia	Environmental Manager	February 2, 2007 St. Petersburg, Russia
28	OOO Lestest, representative of Control Union	Director	February 2, 2007 Novgorod, Russia
29	Center for voluntary	Director	February 5, 2007

	forest certification, research and development company NIOKR		Syktyvkar, Russia
30	Regional nonprofit fund Silver Taiga	Coordinator for Forest and Economic Projects	February 5 (and 7) 2007 Syktyvkar, Russia
31	Forest Committee of Federal Agency of Forestry in the Republic of Komi	Deputy Head	February 6, 2007 Syktyvkar, Russia
32	Mondi Pulp and Paper Mill	Officer for Environmental Management and Forest Certification	February 6, 2007 Syktyvkar, Russia
33	Sysolsky Forest Management Office of the Federal Agency of Forestry in the Republic of Komi	Director	February 7, 2007 Visinga, Russia
34	Regional nonprofit fund Silver Taiga	Coordinator for Forest and Economic Projects	February 7, 2007 Syktyvkar, Russia
35	Research Institute of Forestry, Pskov Model Forest	Scientific Director	February 12, 2007 St. Petersburg, Russia
36	OOO EuroPartner, certification body	Forest Certification Program Director	February 12, 2007 St. Petersburg, Russia
37	FSC International Office	Social Strategy Program Manager	March 28, 2007 Bonn, Germany
38	FSC International Office	Executive Director	April 16, 2007 Bonn, Germany
39	FSC National Initiative Germany (FSC Arbeitsgruppe Deutschland)	Executive Director	April 30, 2007 Freiburg, Germany
40	WWF Germany	Forest Policy	June 15, 2007 Frankfurt am Main, Germany
41	WWF Germany	Forest Policy / Business Cooperation	June 15, 2007 Frankfurt am Main, Germany
42	Eigenbetrieb Kreisforsten Herzogtum Lauenburg	Executive Director	June 20, 2007 Farchau bei Ratzerburg, Frankfurt am Main
43	Stadtwald Lübeck	Executive Director	July 16, 2007 Lübeck, Germany
44	Hornbach Baumarkt AG	Head of Quality Assurance and Environmental Issues	September 03, 2007 Bornheim bei Landau, Germany

45	Amur Branch of WWF Russia	Certification Coordinator	October 15, 2007 Vladivostok, Russia
46	BROC Bureau of Regional Outreach Campaigns	Director	October 29, 2007 Vladivostok, Russia
47	Accreditation Services International	Accreditation Program Manager	December 12, 2007 Bonn, Germany

Appendix 2 Map of the Russian Federation

Source: Oldfield (2005)

Note: *Oblast*, republic, *krai* and autonomous *okrug* are federal units, or administrative divisions, of the Russian Federation

Map of the Russian Federation

References

Abbott, Kenneth W., and Duncan Snidal. 2000. "Hard and Soft Law in International Governance." *International Organization* 54:421-456.

—. 2001. "International 'Standards' and International Governance." *Journal of European Public Policy* 8:345-370.

Aksenov, Dmitry, Dmitry Dobrynin, Maxim Dubinin, Alexey Egorov, Alexander Isaev, Mikhail Karpachevskiy, Lars Laestadius, Petr Potapov, Andrey Purekhovskiy, Svetlana Turubanova, and Alexey Yaroshenko. 2002. *Atlas of Russia's Intact Forest Landscapes*. Moscow: Global Forest Watch Russia.

Arts, Bas. 1998. *The Political Influence of Global NGOs. Case Studies on the Climate and Biodiversity Conventions*. Utrecht: International Books.

Aspers, Patrik. 2006. "Ethics in Global Garment Market Chains." Pp. 287-307 in *The Moralization of Markets*, edited by Nico Stehr, Christoph Henning, and Bernd Weiler. London: Transaction Press.

—. 2008. "Order in Garment Markets." *Acta Sociologica* 51:187-202.

Auld, Graeme, Lars H. Gulbrandsen, and Constance L. McDermott. 2008. "Certification Schemes and the Impacts on Forests and Forestry." *Annual Review of Environment and Resources* 33:187-211.

Bardini, Thierry. 1994. "A Translation Analysis of the Green Revolution in Bali." *Science, Technology and Human Values* 19:152-168.

Bartley, Tim. 2003. "Certifying Forests and Factories: States, Social Movements, and the Rise of Private Regulation in the Apparel and Forest Product Field." *Politics & Society* 31:433-464.

—. 2007a. "How Foundations Shape Social Movements: The Construction of an Organizational Field and the Rise of Forest Certification." *Social Problems* 54: 229-255.

—. 2007b. "Institutional Emergence in an Era of Globalization: The Rise of Transnational Private Regulation of Labor and Environmental Conditions." *American Journal of Sociology* 113:297-351.

—. 2010a. *Certification as a Mode of Social Regulation. Working Paper No. 8*. Jerusalem: Jerusalem Forum on Regulation and Governance, The Herbew University.

—. 2010b. "Transnational Private Regulation in Practice: The Limits of Forest and Labor Standards Certification in Indonesia." *Business and Politics* 12: Issue 3, Article 7.

Battilana, Julie, Bernard Leca, and Eva Boxenbaum. 2009. "How Actors Change Institutions: Towards a Theory of Institutional Entrepreneurship." *The Academy of Management Annals* 3:65-107.

Beckert, Jens. 1999. "Agency, Entrepreneurship, and Institutional Change. The Role of Strategic Choice and Institutionalized Practices in Organizations." *Organization Studies* 20:777-799.

—. 2003. "Economic Sociology and Embeddedness: How Shall We Conceptualize Economic Action." *Journal of Economic Issues* 37:769-787.

—. 2007. *The Social Order of Markets. MPIfG Discussion Paper 07/15*. Cologne: Max Planck Institute for the Study of Societies.

Bernstein, Steven. 2000. "Ideas, Social Structure and the Compromise of Liberal Environmentalism." *European Journal of International Relations* 6:464-512.

—. 2001. *The Compromise of Liberal Environmentalism*. New York: Columbia University Press.

Bernstein, Steven, and Benjamin Cashore. 2004. "Non-State Global Governance: Is Forest Certification a Legitimate Alternative to a Global Forest Convention?" Pp. 33-66 in *Hard Choices, Soft Law: Voluntary Standards in Global Trade, Environment and Social Governance*, edited by John J. Kirton and Michael J. Trebilcock. Aldershot: Ashgate Press.

Bobrov, Rem. 2001. *Dom u Zolotogo Pruda (in Russian: The House by the Golden Pond)*. St. Petersburg: St. Petersburg Research Institute for Forestry.

Böhling, Kathrin. 2011. *Emergence of Stakeholder Governance in the United Nations: An Outcome of Institutional Work*. Paper prepared for the 6th Organization Studies Summer Workshop "Bringing Public Organization and Organizing Back in".

Botzem, Sebastian, and Leonhard Dobusch. 2010. *Standardization Cycles: A Process Perspective on the Formation and Diffusion of Transnational Standards.* Unpublished Manuscript: Social Science Research Center Berlin and Freie Universität Berlin.

Brukhanov, Alexander, Andrei Ptichnikov, Anatoly Kotlobay, and Alexander Voropayev. 2003. *The Russian-Danish Trade in Wood Products and Illegal Logging in Russia*. Moscow: WWF Russia.

Brunsson, Nils, and Bengt Jacobsson. 2000. *A World of Standards*. Oxford: Oxford University Press.

Bryant, Dirk, Daniel Nielsen, and Laura Tangley. 1997. *The Last Frontier Forests: Ecosystems and Economies on the Edge?* Washington, D.C.: World Resources Institute.

Callon, Michel. 1986. "Some Elements of a Sociology of Translation: Domestication of the Scallops and the Fishermen of St. Brieuc Bay." Pp. 196-233 in *Power, Action and Belief: A New Sociology of Knowledge?*, edited by John Law. London: Routledge and Kegan Paul.

Campbell, John L. 2004. *Institutional Change and Globalization*. Princeton: Princeton University Press.

Cashore, Benjamin, Graeme Auld, and Deanna Newsom. 2004. *Governing Through Markets: Forest Certification and the Emergence of Non-State Authority*. New Haven: Yale University Press.

Cashore, Benjamin, Elizabeth Egan, Graeme Auld, and Deanna Newsom. 2007. "Revising Theories of Nonstate Market-Driven (NSMD) Governance: Lessons from the Finnish Forest Certification Experience." *Global Environmental Politics* 7:1-44.

Cashore, Benjamin, Fred Gale, Errol Meidinger, and Deanna Newsom. 2006a. "Forest Certification in Developing and Transitioning Countries: Part of a Sustainable Future?" *Environment* 48:6-25.

Cashore, Benjamin, Fred Gale, Errol Meidinger, and Deanna Newson (Eds.). 2006b. *Confronting Sustainability: Forest Certification in Developing and Transitioning Societies*. New Haven: Yale School of Forestry and Environmental Studies.

Chayes, Abram, and Antonia Handler Chayes. 1995. *The New Sovereignty: Compliance with International Regulatory Agreements*. Cambridge: Harvard University Press.

Chorev, Nitsan. 2005. "The Institutional Project of Neo-Liberal Globalism: The Case of the WTO." *Theory and Society* 34:317-355.

Clapp, Jennifer. 2005. "The Privatization of Global Environmental Governance: ISO 14000 and the Developing World." Pp. 223-248 in *The Business of Global Environmental Governance*, edited by David L. Levy and Peter J. Newell. Cambridge: MIT Press.

Counsell, Simon, and Kim Terje Loraas. 2002. "Trading in Credibility: The Myth and Reality of Forest Stewardship Council. Report with Case Studies." London: The Rainforest Foundation UK.

Crossley, Rachel. 1996. "The World Bank and Forestry." Pp. 232-237 in *Certification of Forest Products: Issues and Perspectives*, edited by Virgilio M. Viana, Jamison Ervin, Richard Z. Donovan, Chris Elliot, and Henry Gholz. Washington, D.C.: Island Press.

Cutler, A. Claire, Virginia Haufler, and Tony Porter (Eds.). 1999. *Private Authority and International Affairs*. Albany: State University of New York Press.

Czarniawska, Barbara, and Bernward Joerges. 1996. "Travel of Ideas." in *Translating Organizational Change*, edited by Barbara Czarniawska and Guje Sevon. Berlin: Walter de Gruyter.

Czarniawska, Barbara, and Guje Sevon (Eds.). 1996. *Translating Organizational Change*. Berlin: Walter de Gruyter.

Dalton, Russel J. 2005. "The Greening of the Globe? Cross-national Levels of Environmental Group Membership." *Environmental Politics* 14:441-459.

Dauvergne, Peter. 2005. "The Environmental Challenge to Loggers in the Asia-Pacific: Corporate Practices in Informal Regimes of Governance." Pp. 169-196 in *The Business of Global Environmental Governance*, edited by David L. Levy and Peter J. Newell. Cambridge: The MIT Press.

Der Spiegel. 2006. "Zweifel am Ökoholz." Pp. 167.

DiMaggio, Paul J. 1988. "Interest and Agency in Institutional Theory." Pp. 3-22 in *Institutional Patterns and Organizations: Culture and Environment*, edited by Lynne G. Zucker. Cambridge: Ballinger Publishing Company.

—. 1991. "Constructing an Organizational Field as a Professional Project: U.S. Art Museums, 1920-1940." Pp. 267-292 in *The New Institutionalism in Organizational Analysis*, edited by Walter W. Powell and Paul J. DiMaggio. Chicago: The University of Chicago Press.

Djelic, Marie-Laure. 1998. *Exporting the American Model: The Postwar Transformation of European Business*. Oxford: Oxford University Press.

Djelic, Marie-Laure, and Sigrid Quack (Eds.). 2003a. *Globalization and Institutions: Redefining the Rules of Economic Game*. Cheltenham: Edward Elgar.

—. 2003b. "Theoretical Building Blocks for a Research Agenda Linking Globalization and Institutions." Pp. 15-34 in *Globalization and Institutions: Redefining the Rules of Economic Game*, edited by Marie-Laure Djelic and Sigrid Quack. Cheltenham: Edward Elgar.

—. 2008. "Institutions and Transnationalization." Pp. 299-323 in *The SAGE Handbook of Organizational Institutionalism*, edited by Royston Greenwood, Christine Oliver, Roy Suddaby, and Kerstin Sahlin. Los Angeles: Sage.

— (Eds.). 2010. *Transnational Communities: Shaping Global Economic Governance*. Cambridge: Cambridge University Press.

Djelic, Marie-Laure, and Kerstin Sahlin-Andersson. 2006a. "Introduction: A World of Governance - The Rise of Transnational Regulation." Pp. 1-28 in *Transnational Governance: Institutional Dynamics of Regulation*, edited by Marie-Laure Djelic and Kerstin Sahlin-Andersson. Cambridge: Cambridge University Press.

— (Eds.). 2006b. *Transnational Governance: Institutional Dynamics of Regulation*. Cambridge: Cambridge University Press.

Dmitriev, Vladimir. 2006. "Printsipialno Vazhnye Statyi, Predlozhennye Nepravitelstvennymi Ekologicheskimi Organizatsiyami, Kotorye ne Naschli Mesta v Proekte Novogo Lesnogo Kodeksa Rossiyskoy Federatsii (in Russian Crucially Important Articles Suggested by the Nongovernmental Environmental Organizations that Were Not Included into the Draft of the New Forest Code of the Russian Federation)." *Ustoichivoe Lesopolosovanie (in Russian Sustainable Forest Use)* 4 (12):8-12.

—. 2007. "Kommentariy k Novomu Lesnomu Kodeksu (In Russian Comments to the New Forest Code)." *Ustoichivoe Lesopolosovanie (in Russian Sustainable Forest Use)* 1 (13):2-13.

Dudley, Nigel. 1992. *Forests in Trouble: A Review of the Status of the Temperate Forests Worldwide*. Gland: WWF International.

Dudley, Nigel, Jean-Paul Jeanrenaud, and Francis Sullivan. 1995. *Bad Harvest? The Timber Trade and the Degradation of the World's Forests*. London: Earthscan.

Duina, Francesco G., and Frank Blithe. 1999. "Nation-States and Common Markets: The Institutional Conditions for Acceptance." *Review of International Political Economy* 6:494-530.

Elliott, Chris. 2005. "From the Tropical Timber Boycott to Forest Certification." Pp. 79-90 in *Forest Certification: An Innovative Instrument in the Service of Sustainable Development?*, edited by Dieter Burger, Jürgen Hess, and Barbara Lang. Eschborn: Deutsche Gesellschaft für Technische Zusammenarbeit.

Emirbayer, Mustafa, and Ann Mische. 1998. "What is Agency?" *American Journal of Sociology* 103:962-1023.

Espach, Ralph. 2006. "When is Sustainable Forestry Sustainable? The Forest Stewardship Council in Argentina and Brazil." *Global Environmental Politics* 6:55-84.

Espach, Ralph H. 2009. *Private Environmental Regimes in Developing Countries: Globally Sown, Locally Grown*. New York: Palgrave Macmillan.

Falkner, Gerda, Miriam Hartlapp, and Oliver Treib. 2007. "Worlds of Compliance: Why Leading Approaches to EU Implementation Are Only "Sometimes-True Theories"." *European Journal of Political Research* 46:395-416.

Falkner, Gerda, Oliver Treib, Miriam Hartlapp, and Simone Leiber. 2005. *Complying with Europe: EU Harmonisation and Soft Law in Member States*. Cambridge: Cambridge University Press.

FAO. 2005. *Global Forest Resources Assessment 2005: The Progress towards Sustainable Forest Management*. Rome: Food and Agriculture Organization of the United Nations.

—. 2007. *State of the World's Forests 2007*. Rome: Food and Agriculture Organization of the United Nations.

Federal Customs Service of Russia. 2008. *Russia's Imports of the Major Types of Goods*. Moscow: The Federal Customs Service of the Russian Federation.

Federal Forest Service Agency of Russia. 2007. "Dannye o Lensnyh Uchastkah, Peredannyh v Arendu po Sostoyaniyu na 01 Dekabrya 2007 Goda (In Russian: Data on the Leased Forest Slots as of December 1, 2007)." Moscow: Federal Forest Service Agency.

Finnish Forest Industries Federation. 2008. *Basics on Forest Industry. Statistics*. http://www.forestindustries.fi/tilastopalvelu/TilastokuviotVanhat/Basics/Forms/AllItems.aspx (accessed on January 29, 2009).

Fischer, Carolyn, Francisco Aguilar, Puja Jawahar, and Roger Sedjo. 2005. "Forest Certification: Toward Common Standards? Discussion Paper 05-10 for the Foreign Investment Advisory Service of the World Bank Group." Washington, D.C.: Resources for the Future.

Fligstein, Neil. 1996. "Markets as Politics: A Political-Cultural Approach to Market Institutions." *American Sociological Review* 61:656-673.

—. 2001a. *The Architecture of Markets: An Economic Sociology of Twenty-First Century Capitalist Societies*. Princeton: Princeton University Press.

—. 2001b. "Social Skill and the Theory of Fields." *Sociological Theory* 19:105-125.

—. 2005. "The Political Economy and Economic Sociology of International Economic Arrangements." Pp. 183-204 in *The Handbook of Economic Sociology*, edited by Neil J. Smelser and Richard Swedberg. Princeton: Princeton University Press.

Fligstein, Neil, and Alec Stone Sweet. 2002. "Constructing Markets and Politics: An Institutionalist Account of European Integration." *American Journal of Sociology* 107:476-511.

FSC-Russia. 2008. *Forest Management Certificates (as of October 2008)*. Moscow: The Forest Stewardship Council Russia.

FSC. 1996. *FSC Principles and Criteria for Forest Stewardship*. Bonn: Forest Stewardship Council.

—. 2005. "FSC News: Estimated Size of FSC Global Market Revised to US$5 Billion. April 25, 2005." Bonn: The Forest Stewardship Council (see also FSC Canada. 2005. Annual Report 2004-2005. Toronto: The Forest Stewardship Council Canada, p. 5).

—. 2008a. "FSC Certificates: Facts and Figures." Bonn: Forest Stewardship Council.

—. 2008b. *FSC News Plus Notes (May)*. Bonn: Forest Stewardship Council.

—. 2008c. *FSC News Plus Notes (September)*. Bonn: Forest Stewardship Council.

—. 2008d. "Russian National Forest Stewardship Council Standard. FSC Code: FSC-STD-RUS-01." Moscow: Russian FSC National Initiative.

—. 2011. *Global FSC Certificates: Type and Distribution (April 2011)*. Bonn: The Forest Stewardship Council.

Gale, Fred. 1998. *The Tropical Timber Trade Regime*. New York: St. Martin.

Garcia-Johnson, Ronie. 2000. *Exporting Environmentalism: U.S. Multinational Chemical Corporations in Brazil and Mexico*. Cambridge: The MIT Press.

Greenpeace. 2007. *Consuming Canada's Boreal Forest: The Chain of Destruction from Logging Companies to Consumers*. Toronto: Greenpeace Canada.

Gronow, Antti. 2008. "The Over- or the Undersocialized Conception of Man? Practice Theory and the Problem of Intersubjectivity." *Sociology* 42:243-259.

Gulbrandsen, Lars H. 2005a. "The Effectiveness of Non-State Governance Schemes: A Comparative Study of Forest Certification in Norway and Sweden." *International Environmental Agreements: Politics, Law and Economics* 5:125-149.

—. 2005b. "Sustainable Forestry in Sweden: The Effect of Competition among Private Certification Schemes." *The Journal of Environment and Development* 14:338-355.

Gullison, Raymond E., Peter C. Frumhoff, Josep G. Canadell, Christopher B. Field, Daniel C. Nepstad, Katharine Hayhoe, Roni Avissar, Lisa M. Curran, Pierre Friedlingstein, Chris D. Jones, and Carlos Nobre. 2007. "Tropical Forests and Climate Policy." *Science* 316:985-986.

Gullison, Raymund E. 2003. "Does forest certification conserve biodiversity?" *Onyx* 37:153-165.

Haas, Peter M., Robert O. Keohane, and Marc A. Levy (Eds.). 1993. *Institutions for the Earth: Sources of Effective International Environmental Protection*. Cambridge: The MIT Press.

Hall, Rodney Bruce, and Thomas J. Bierstecker (Eds.). 2002. *The Emergence of Private Authority in Global Governance*. Cambridge: Cambridge University Press.

Halliday, Terence C., and Bruce G. Carruthers. 2007. "The Recursivity of Law: Global Norm Making and National Lawmaking in the Globalization of Corporate Insolvency Regimes." *American Journal of Sociology* 112:1135-1202.

—. 2009. *Bankrupt: Global Lawmaking and Systemic Financial Crisis*. Stanford: Stanford University Press.

Haufler, Virginia. 2003. "Globalization and Industry Self-Regulation." Pp. 226-252 in *Governance in a Global Economy: Political Authority in Transition*, edited by Miles Kahler and David A. Lake. Princeton: Princeton University Press.

Henry, Laura A. 2010. *Red to Green: Environmental Activism in Post-Soviet Era*. Ithaca: Cornell University Press.

Henry, Laura A., and Vladimir Douhovnikoff. 2008. "Environmental Issues in Russia." *Annual Review of Environment and Resources* 33:437-460.

Hirst, Paul. 2000. "The Global Economy: Myths or Reality?" Pp. 107-124 in *The Ends of Globalization: Bringing Society Back In*, edited by Don Kalb. Lanham: Rowan and Littlefeld.

Hirst, Paul, and Grahame Thompson. 1999. *Globalization in Question: The International Economy and the Possibilities of Governance*. Cambridge: Polity Press.

Hobson, Keith A., Erin L. Bayne, and Steve L. van Wilgenburg. 2002. "Large-Scale Conversion of Forest to Agriculture in the Boreal Plains of Saskatchewan " *Conservation Biology* 16:1530-1541.

Houghton, Richard A. 2005. "Tropical Deforestation as Source of Greenhouse Gas Emissions." Pp. 13-21 in *Tropical Deforestation and Climate Change*, edited by Paolo Moutinho and Stephan Schwartzman. Belem and Washington, D.C.: Amazon Institute for Environmental Research and Environmental Defense.

Humphreys, David. 1996. *Forest Politics: The Evolution of International Cooperation*. London: Earthscan.

—. 2006. *The Logjam: Deforestation and the Crisis of Global Governance*. London: Earthscan.

Ilim Pulp Group. n.d. "Ilim Pulp Business Profile."

IMFN. 2006. *Model Forests Profiles 2005*. Ottawa: International Model Forest Network.

Jacobson, Harold K., and Edith Brown Weiss. 1995. "Strengthening Compliance with International Environmental Accords." *Global Governance: A Review of Multilateral and International Organizations* 1:119-148.

Jenkins, Michael B., and Emily T. Smith. 1999. *The Business of Sustainable Forestry: Strategies for an Industry in Transition*. Washington, D.C.: Island Press.

Jennings, Steve, Ruth Nussbaum, Neil Judd, and Tom Evans. 2003. *High Conservation Value Forests Toolkit*. Oxford: ProForest.

Kahler, Miles, and David A. Lake. 2003a. "Globalization and Governance." Pp. 1-30 in *Governance in a Global Economy: Political Authority in Transition*, edited by Miles Kahler and David A. Lake. Princeton: Princeton University Press.

— (Eds.). 2003b. *Governance in a Global Economy: Political Authority in Transition*. Princeton: Princeton University Press.

Keck, Margaret, and Kathryn Sikkink. 1998. *Activists beyond Borders: Transnational Advocacy Networks in International Politics*. Ithaca: Cornell University Press.

King, Andrew A., and Michael J. Lenox. 2000. "Industry Self-Regulation Without Sanctions: The Chemical Industry's Responsible Care Program." *Academy of Management Journal* 43:698-716.

Knill, Christoph, and Andrea Lenschow. 2000a. "Do New Brooms Really Sweep Cleaner? Implementation of New Instruments in EU Environmental Policy." in *Implementing EU Environmental Policy: New Directions and Old Problems*, edited by Christoph Knill and Andrea Lenschow. Manchester: Manchester University Press.

—. 2000b. "On Deficient Implementation and Deficient Theories: The Need for an Institutional Perspective in Implementation Research." Pp. 9-35 in *Implementing EU Environmental Policy: New Directions and Old Problems*, edited by Christoph Knill and Andrea Lenschow. Manchester: Manchester University Press.

Knize, Anatoliy, and Boris Romanyuk. 2005. *O Dvukh Tochkakh Zreniya na Rossiskiy Les i Lesnoe Khozyaistvo (in Russian: On Two Points of View on Russian Forest and Forestry)*. Pskov: WWF Russia and Pskov Model Forest Project.

Komarova, Tatyana. 2007. "Rannyaya Peredacha (In Russian: Early Transfer)." in *Kommersant*.

Kotlobay, Anatoly, Olga Lopina, Yuriy Kharchenkov, Alexander Brukhanov, Andrei Shchegolev, and Denis Smirnov. 2006. *Otsenka Obyemov Drevesiny Somnitelnogo Proiskhozhdeniya i Analiz Praktiki Vnedreniya Sistem Otslezhivaniya Proiskhozhdeniya Drevesiny v Ryade Mnogolesnyh Regionov Severo-Zapada, Sibiri i Dalnego Vostoka Rossii (in Russian The Estimation of the Volumes of Timber of Uncertain Origin and the Analysis of the Operation of Systems of Timber Tracing in Several Regions of the Russian North-West, Siberia and the Far East)*. Moscow: WWF Russia.

Kotlobay, Anatoly, and Andrei Ptichnikov. 2002. *Illegal Logging in the Southern Part of the Russian Far East: Problem Analysis and Proposed Solutions*. Moscow: WWF Russia.

Kotlobay, Anatoly, Andrei Ptichnikov, Alexander Voropayev, Ulf Sonntag, and Johannes Zahnen. 2004. *Illegal Logging in Northwestern Russia and Export of Timber Products to Germany*. Moscow: WWF Russia.

Kriesi, Hanspeter, Edgar Grande, Romain Lachat, Martin Dolezal, Simon Bornschier, and Frey Timotheos. 2008. "Globalization and Its Impact on National Spaces of Competition." Pp. 3-22 in *West European Politics in the Age of Globalization*, edited by Hanspeter Kriesi, Edgar Grande, Romain Lachat, Martin Dolezal, Simon Bornschier, and Frey Timotheos. Cambridge: Cambridge Univesity Press.

Lanly, J. P., and J. Clément. 1979. "Present and Future Forest and Plantation Areas in the Tropics." *Unasylva* 31:12-20.

Latour, Bruno. 1986. "The Power of Association." Pp. 264-280 in *Power, Action and Belief: A New Sociology of Knowledge?*, edited by John Law. London: Routledge and Kegan Paul.

Lawrence, Thomas B., and Roy Suddaby. 2006. "Institutions and Institutional Work." Pp. 215-254 in *The Sage Handbook of Organizational Studies*, edited by Stewart R. Clegg, Synthia Hardy, Thomas B. Lawrence, and Walter R. Nord. London: Sage Publications.

Levitt, Peggy, and Sally Merry. 2009. "Vernacularization on the Ground: Local Uses of Global Women's Rights in Peru, India, China and the United States." *Global Networks* 9:441-461.

Levy, Marc A., Robert O. Keohane, and Peter M. Haas. 1993. "Improving the Effectiveness of International Environmental Institutions." Pp. 397-426 in *Institutions for the Earth: Sources of Effective International Environmental Protection*, edited by Peter M. Haas, Robert O. Keohane, and Marc A. Levy. Cambridge: The MIT Press.

Linton, April, Cindy Chiayuan Liou, and Kelly Ann Shaw. 2004. "A Taste of Trade Justice: Marketing Global Social Responsibility via Fair Trade Coffee." *Globalizations* 1:223-246.

Lipschutz, Ronnie D. 2001. "Why Is There No International Forestry Law? An Examination of International Forestry Regulation, Both Public and Private." *UCLA Journal of Environmental Law and Policy* 19:155-182.

Lipschutz, Ronnie D. with James K. Rowe. 2005. *Globalization, Governmentality and Global Politics: Regulation for the Rest of Us?* London: Routledge.

Luyssaert, Sebastiaan, E.-Detlef Schulze, Annett Börner, Alexander Knohl, Dominik Hessenmöller, Beverly E. Law, and Philippe Ciais. 2008. "Old-Growth Forests as Global Carbon Sinks." *Nature* 455:213-215.

Macqueen, Duncan (Ed.). 2008. *Distinguishing Community Forest Products in the Market: Industrial Demand for a Mechanism that Brings Together Forest Certification and Fair Trade*. Edinburgh: International Institute for Environment and Development.

Malets, Olga. 2011. *From Transnational Voluntary Standards to Local Practices: A Case Study of Forest Certification in Russia. MPIfG Discussion Paper (forthcoming)*. Köln: Max Planck Institute for the Study of Societies.

Mäntyranta, Hannes. 2002. *Forest Certification: An Idea That Became an Absolute*. Vammalan Kirjapaino Oy: KustannusosakeyhtiöMetsälehti.

Marin, Bernd, and Renate Mayntz (Eds.). 1991. *Policy Networks: Empirical Evidence and Theoretical Considerations*. Frankfurt am Main: Campus Verlag.

Marx, Axel, and Dieter Cuypers. 2010. "Forest Certification as a Global Environmental Governance Tool: What is the Macro-Effectiveness of the Forest Stewardship Council?" *Regulation and Governance* 4:408-434.

Mastenbroek, Ellen, and Michael Kaeding. 2006. "Beyond the Goodness of Fit: A Prefernce-Based Account of Europenization." Pp. 19-42 in *European Research Reloaded: Cooperation and Integration among Europeanized States*, edited by Ronald Holzhacker and Markus Haverland. Dordrecht: Springer.

Mattli, Walter. 2003. "Public and Private Governance in Setting International Standards." Pp. 199-225 in *Governance in a Global Economy: Political Authority in Transition*, edited by Miles Kahler and David A. Lake. Princeton: Princeton University Press.

Mattli, Walter, and Tim Büthe. 2003. "Setting International Standards: Technical Rationality or Primacy of Power?" *World Politics* 56:1-42.

Mayntz, Renate. 2010. *Legitimacy and Compliance in Transnational Governance. MPIfG Working Paper 10/5*. Cologne: Max Planck Institute for the Studies of Societies.

McDermott, Constance, Benjamin Cashore, and Peter Kanowski. 2008. "Linking Nature across Cultures: a Global Comparison of Forest Policies from the Macro to Micro Level." in *Paper Presented at the International Symposium for Society and Resource Management*. University of Vermont.

McDermott, Constance L., Benjamin Cashore, and Peter Kanowski. 2010. *Global Environmental Forest Policies: An International Comparison*. London: Earthscan.

McNichol, Jason. 2006. "Transnational NGO Certification Programs as New Regulatory Forms: Lessons from Forestry Sector." Pp. 349-374 in *Transnational Governance: Institutional Dynamics of Regulation*, edited by Marie-Laure Djelic and Kerstin Sahlin-Andersson. Cambridge: Cambridge University Press.

Meidinger, Errol E., Chris Elliott, and Gerhard Oesten. 2003. "The Fundamentals of Forest Certification." Pp. 3-25 in *Social and Political Dimensions of Forest Certification*, edited by Errol E. Meidinger, Chris Elliott, and Gerhard Oesten. Remagen-Oberwinter: Forstbuch.

Mendelsohn, Robert, and Michael Balick. 1995. "The Value of Undiscovered Pharmaceuticals in Tropical Forests." *Economic Botany* 49.

Merry, Sally Engle. 2006a. *Human Rights and Gender Violence: Translating International Law into Local Justice*. Chicago: the University of Chicago Press.

—. 2006b. "Transnational Human Rights and Local Activism: Mapping the Middle." *American Anthropologist* 108:38-51.

Meyer, John W., John Boli, and George M. Thomas. 1987. "Ontology and Rationalization in the Western Cultural Account." in *Institutional Structure: Constituting State, Society, and the Individual*, edited by George M. Thomas, John W. Meyer, Francisco O. Ramirez, and John Boli. Newbury Park: Sage Publications.

Meyer, John W., David John Frank, Ann Hironaka, Evan Schofer, and Nancy Brandon Tuma. 1997. "The Structuring of a World Environmental Regime, 1870-1990." *International Organization* 51:623-651.

Meyer, John W., and Brian Rowan. 1977. "Institutionalized Organizations: Formal Structure as Myth and Ceremony." *American Journal of Sociology* 83:340-363.

Miles, Edward L., Arild Underdal, Steinar Andresen, Jorgen Wettestad, Jon Birger Skjaerseth, and Elaine M. Carlin. 2002. *Environmental Regime Effectiveness: Confronting Theory with Evidence*. Cambridge: The MIT Press.

Mirovitskaya, Natalya. 1998. "The Environmental Movement in the Former Soviet Union." Pp. 30-66 in *Environment and Society in Eastern Europe*, edited by Andrew Tickle and Ian Welsh. Harlow: Longman.

Murphy, Craig N. 1994. *International Organizations and Industrial Change: Global Governance since 1850*. Cambridge: Polity Press.

Myers, Norman. 1980. *Conservation of the Tropical Moist Forests*. Washington, D. C.: National Academy of Sciences.

—. 1984. *The Primary Source: Tropical Forests and Our Future*. New York: W. W. Norton and Co.

—. 1996. "The World's Forests: Problems and Potentials." *Environmental Conservation* 23:156-168.

Newsom, Deanna, Volker Bahn, and Benjamin Cashore. 2006. "Does Forest Certification Matter? An Analysis of Operational-Level Changes Required During the SmartWood Certification Process in the United States." *Forest Policy and Economics* 9:197-208.

Newsom, Deanna, and Daphne Hewitt. 2005. *The Global Impacts of SmartWood Certification*: TREES Program, Rainforest Alliance.

North, Douglass 1990. *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.

Oldfield, Jonathan D. 2005. *Russian Nature: Exploring the Environmental Consequences of Societal Change*. Aldershot: Ashgate.

Ovchinnikov, Aleksey. 2009. "Forest Certification and the Pomors (in Russian: Lesnaya Sertifikatsiya i Pomory)." Pp. 123-130 in *Recommondations on Social Aspects of the Forest Certification Program of the Forest Stewardship Council (in Russian: Rekommendatsii po Sozialnym Aspektam Sertifikatsii po Skheme Lesnogo Popechitelskogo Soveta)*, edited by Maria Tysiachniouk. Vologda: Poligrafist.

Ovchinnikov, Veniamin. 1980. *Rovesniki Pyatiletok (In Russian Coevals of Five-Year Plans)*. Arkhangelsk: Severo-Zapadnoe Knizhnoe Izdatelstvo.

Overdevest, Christine. 2010. "Comparing Forest Certification Schemes: the Case of Ratcheting Standards in the Forest Sector." *Socio-Economic Review* 8:47-76.

Ozanne, Lucie K., and Richard P. Vlosky. 2003. "Certification from the U.S. Consumer Perspective: A Comparison from 1995 to 2000." *Forest Product Journal* 53 (3):13-20.

Ozinga, Saskia. 2004. *Footprints in the Forests: Current Practice and Future Challenges in Forest Certification*. Utrecht: FERN.

Parson, Edward A. 1993. "Protecting the Ozone Layer." Pp. 27-73 in *Institutions for the Earth: Sources of Effective International Environmental Protection*, edited by Peter M. Haas, Robert O. Keohane, and Marc A. Levy. Cambridge: The MIT Press.

Pattberg, Philipp. 2005a. "The Forest Stewardship Council: Risk and Potential of Private Forest Governance." *The Journal of Environment and Development* 14:356-374.

—. 2005b. "The Institutionalization of Private Governance: How Business and Nonprofit Organizations Agree on Transnational Rules." *Governance: An International Journal of Policy, Administration and Institutions* 18:589-610.

—. 2006. "The Influence of Global Business Regulation: Beyond Good Corporate Conduct." *Business and Society Review* 111:241-268.

Pautov, Yuriy, Andrei Ptichnikov, Rudolf Sungurov, and Vladimir Chuprov. 2000. *Kak Vyiti na Rynok FSC? Prakticheskoye Posobie po Dobrovolnoy Lesnoy Sertifikatsii (in Russian How to Access FSC Marekts? A Guide to Voluntary Forest Certification*. Moscow: WWF Russia.

Perez-Aleman, Paola. 2011. "Collective Learning in Global Diffusion: Spreading Quality Standards in a Developing Country Cluster." *Organization Science* 22:173-189.

Pisarenko, Anatoliy, and Vladimir Strakhov. 2004. *Lesnoe Khozyaistvo Rossi: Ot Polzovaniya k Upravleniyu (in Russian Forestry in Russia: From Forest Use to Forest Management)*. Moscow: Yurisprudentsiya.

Potoski, Matthew, and Aseem Prakash. 2005. "Green Clubs and Voluntary Governance: ISO 14001 and Firms' Regulatory Compliance." *American Journal of Political Science* 49:235-248.

Power, Michael. 1996. "Making Things Auditable." *Accounting, Organizations and Society* 21:289-315.

—. 1997. *The Audit Society: Rituals of Verification*. Oxford: Oxford University Press.

—. 2003a. "Auditing and the Production of Legitimacy." *Accounting, Organizations and Society* 28:379-394.

—. 2003b. "Evaluating the Audit Explosion." *Law & Policy* 25:185-202.

Prakash, Aseem, and Matthew Potoski. 2006. "Racing to the Bottom? Trade, Environmental Governance, and ISO 14001." *American Journal of Political Science* 50:350-364.

Pressman, Jeffrey L., and Aaron Wildavsky. 1973. *Implementation: How Great Expectations in Washington are Dashed in Oakland; or Why It's Amazing that Federal Programs Work at All. This Being a Saga of the Economic Development Administration as Told by Two Sympathetic Observers Who Seek to Build Morals on a Foundation of Ruined Hopes.* Berkley: University of California Press.

Ptichnikov, Andrei V. 2000. *Lesa Rossii: Nezavisimaya Lesnaya Sertifikatsiya i Ustoichivoye Upravlenie (In Russian The Forests of Russia: Independent Certification and Sustainable Management)*. Moscow: WWF Russia.

Pülzl, Helga, and Oliver Treib. 2007. "Implementing Public Policy." Pp. 89-107 in *Handbook of Public Policy Analysis: Theory, Politics, and Methods*, edited by Frank Fischer, Gerald J. Miller, and Mara S. Sidney. Boca Raton: CRC Press.

Quack, Sigrid. 2007. "Legal Professionals and Transnational Law-Making: A Case of Disturbed Agency." *Organization* 14:643-666.

Rametsteiner, Ewald, and Markku Simula. 2003. "Forest Certification - an Instrument to Promote Sustainable Forest Management?" *Journal of Environmental Management* 67:87-98.

Rao, Hayagreeva. 1998. "Caveat Emptor: The Construction of Nonprofit Consumer Watchdog Organizations." *American Journal of Sociology* 103:912-961.

Roshchupkin, Valeriy. 2008. *Lesnye Resursy Rossii: Vystuplenie na Mazhvedomsvennoy Komissii po Protivodeystviyu Nelegalnomu Oborotu Drevesiny (In Russian The Forest Resources of Russia: A Report For the Interdepartmental Commission on "The Counteraction to the Illegal Timber Trade"*. Moscow: Federal Forest Service Agency.

Sahlin-Andersson, Kerstin. 1996. "Imitating by Editing Success: The Construction of Organizational Fields." Pp. 69-92 in *Translating Organizational Change*, edited by Barbara Czarniawska and Guje Sevon. Berlin: Walter de Gruyter.

Scharpf, Fritz W. 1996. "Negative and Positive Integration in the Political Economy of European Welfare States." Pp. 15-39 in *Governance in the European Union*, edited by Gary Marks, Fritz W. Scharpf, Philippe C. Schmitter, and Wolfgang Streeck. London: Sage Publications.

—. 1999. *Governing in Europe: Effective and Democratic?* Oxford: Oxford University Press.

Schatzki, Theodore R. 1997. "Practices and Actions: A Wittgensteinian Critique of Bourdieu and Giddens." *Philosophy of the Social Sciences* 27:283-308.

Schneiberg, Marc, and Tim Bartley. 2008. "Organization, Regulation and Economic Behavior: Regulatory Dynamics and Forms from the 19th to 21st Century." *Annual Review of Law and Social Science* 4:31-61.

Scott, W. Richard. 2001. *Institutions and Organizations, Second Edition*. Thousand Oaks, CA: Sage.

Sewell, William H., Jr. 1992. "A Theory of Structure: Duality, Agency and Transformation." *American Journal of Sociology* 98:1-29.

Sharipova, Alina. 2008. "Razdelenie Zakonom (In Russian Divided by Law)." in *Kommersant*.

Shvarts, Evgeniy. 2004. ""Detskaya Bolesn Levisny" pri Stroitelstve Kapitalisma: Hoteli kak Luchshe, No... Slishkom Bystro i Sekretno (In Russian "An Infantile Disorder of Leftism" in Building Capitalism: They Wanted to Do Good but... too Fast and too Secretly" " *Ustoichivoe Lesopolosovanie (in Russian Sustainable Forest Use)* 2 (4):8-13.

—. 2006. "Lesnoy Kodeks: Nevypolnennye Obeschaniya i Upushchennye Vozmozhnosti (In Russian The Forest Code: Unfulfilled Promises and Missed Opportunities)." *Ustoichivoe Lesopolosovanie (in Russian Sustainable Forest Use)* 4 (12):2-7.

Snow, David A., E. Burke Rochford, Jr. , Steven K. Worden, and Robert D. Benford. 1986. "Frame Alignment Processes, Micromobilization, and Movement Participation." *American Sociological Review* 51:464-481.

Sommer, A. 1976. "At Attempt at an Assessment of the World's Tropical Forests." *Unasylva* 28:5-25.

Strange, Susan. 1996. *The Retreat of the State: The Diffusion of Power in the World Economy*. Cambridge: Cambridge University Press.

Streeck, Wolfgang, and Kathleen Thelen. 2005. "Introduction: Institutional Change in Advanced Political Economies." Pp. 1-39 in *Beyond Continuity: Institutional Change in Advanced Political Economies*, edited by Wolfgang Streeck and Kathleen Thelen. Oxford: Oxford University Press.

Suchman, Mark C. 1995. "Managing Legitimacy: Strategic and Institutional Approaches." *Academy of Management Review* 20:571-610.

Swidler, Ann. 1986. "Culture in Action: Symbols and Strategies." *American Sociological Review* 51:273-286.

Synnott, Timothy. 2005. *Some Notes on the Early Years of FSC*. Bonn: Forest Stewardship Council.

Tallberg, Jonas. 2002. "Path to Compliance: Enformcent, Management, and the European Union." *International Organization* 53:609-643.

Taylor, Peter Leigh. 2005a. "A Fair Trade Approach to Community Forest Certification? A Framework for Discussion." *Journal of Rural Studies* 21:433-447.

—. 2005b. "In the Market But Not of It: Fair Trade Coffee and Forest Stewardship Council Certification as Market-Based Social Change." *World Development* 33:129-147.

The World Bank. 1997. *Russia: Forest Policy During Transition*. Washington, D.C.: The World Bank.

Tollefson, Chris, Fred Gale, and David Haley. 2008. *Setting the Standard: Certification, Governance, and the Forest Stewardship Council*. Vancouver: University of British Columbia Press.

Treib, Oliver. 2006. "Implementing and Complying with EU Governance Outputs." *Living Reviews in European Governance* 1.

Tysiachniouk, Maria. 2006. "Forest Certification in Russia." Pp. 261-295 in *Confronting Sustainability: Forest Certification in Developing and Transitioning Societies*, edited by Benjamin Cashore, Fred Gale, Errol Meidinger, and Deanna Newson. New Haven: Yale School of Forestry and Environmental Studies.

Tysiachniouk, Maria, Oleg Konyushatov, Antonina Kulyasova, Ivan Kulyasov, and Ilya Teslya. 2009. *Recommendations on Social Aspects of the Forest Certification Program of the Forest Stewardship Council (in Russian: Rekommendatsii po Sozialnym Aspektam Sertifikatsii po Skheme Lesnogo Popechitelskogo Soveta)*. Vologda: Poligrafist.

Tysiachniouk, Maria, and Jonathan Reisman. 2004. "Co-Managing the Taiga: Russian Forests and the Challenge of International Environmentalism." Pp. 157-175 in *Politics of Forests: Northern Forest-Industrial Regimes in the Age of Globalization*, edited by Ari Aukusti Lehtinen, Jakob Donner-Amnell, and Bjornar Saether. London: Ashgate.

UNICE, and FAO. 2006. *Forest Product Annual Market Review 2005-2006. Geneva Timber and Forest Study Paper 21*. Geneva: United Nations Economic Commission for Europe and Food and Agricultures Organization of the United Nations.

Upton, Christopher, and Stephen Bass. 1995. *The Forest Certification Handbook*. London: Earthscan.

Vogel, David. 2005. *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility*. New York: Brookings Institution Press.

—. 2008. "Private Global Business Regulation." *Annual Review of Political Science* 11:261-282.

Weiner, Douglas R. 1999. *A Little Corner of Freedom: Russian Nature Protection from Stalin to Gorbachev*. Berkley: University of California Press.

Werle, Raymund, and Eric J. Inversen. 2006. "Promoting Legitimacy in Technical Standardization." *Science, Technology & Innovation Studies* 2:19-39.

Wright, Tom, and Jim Carlton. 2007. "FSC's 'Green' Label for Wood Products Gets Growing Pains." Pp. B1 in *The Wall Street Journal*.

Wrong, Dennis H. 1961. "The Oversocialized Conception of Man in Modern Sociology." *American Sociological Review* 26:183-193.

WWF. 2006. *Russian-Chinese Timber Trade and Illegal Logging in Siberia and the Far East (in Russian)*. Moscow: WWF Russia.

Yanow, Dvora. 1996. *How Does a Policy Mean? Interpreting Policy and Organizational Actions*. Washington, DC: Georgetown University Press.

Yaroshenko, Alexey. 2008. *Novoye Lesnoe Zakonodatelstvo: Chem Ono Grozit Lesam i Lesnomu Hozyaistvu (in Russian New Forest Legislation: How It Threatens Forests and Forestry). Public Lecture by the Forest Projects Director in Greenpeace Russia on February 4, 2008*. Moscow: Greenpeace Russia.

Young, Oran R. 1994. *International Governance: Protecting the Environment in a Stateless Society*. Ithaca: Cornell University Press.

— (Ed.). 1999. *The Effectiveness of International Environmental Regimes: Causal Connections and Behavioral Mechanisms*. Cambridge: The MIT Press.

Zeitlin, Jonathan. 2011. "Pragmatic Transnationalism: Governance Across Borders in the Global Economy (Presidential Address at the SASE Annual Meeting 2010, Philadelphia, USA)." *Socio-Economic Review* 9:187-206.

Lebenslauf

Olga Malets, geboren am 16. Oktober 1979 in Gatchina, Russland

Abschlüsse

2004	Master in Sociology and Social Anthropology, Central European University, Budapest
2003	Diplom-Volkswirtin, Staatliche Universität St. Petersburg

Studium

2006-2009	Promotionsstudium, Universität zu Köln
2003-2004	Masterstudium, Central European University, Budapest
2001-2002	Auslandsaufenthalt, Universität Bielefeld
1998-2003	Diplomstudium Wirtschaftssoziologie, Staatliche Universität St. Petersburg

Schulausbildung

1990-1998	Lyzeum No. 3 (allg. Hochschulreife), Gatchina
1995-1996	Auslandsaufenthalt in den USA, Besuch der Westminster Senior High School, Maryland

Berufserfahrung

2005-2009	Stipendiatin am Max-Planck-Institut für Gesellschaftsforschung, Köln
2001-2005	Forschungsassistentin am Center for Institutional and Comparative Research, St. Petersburg

Köln, den 31. Januar 2009

Erklärung nach §6 der Promotionsordnung der Wirtschafts- und Sozialwissenschaftlichen Fakultät der Universität zu Köln 09.02.2005

Ich erkläre hiermit, dass ich die vorgelegte Arbeit ohne Hilfe Dritter und ohne Benutzung anderer als der angegebenen Hilfsmittel angefertigt habe. Die aus anderen Quellen direkt oder indirekt übernommenen Aussagen, Daten und Konzepte sind unter Angabe der Quelle gekennzeichnet. Bei der Auswahl und Auswertung folgenden Materials haben mir die nachstehend aufgeführten Personen in der jeweils beschriebenen Weise entgeltlich/unentgeltlich geholfen: ---.

Weitere Personen waren an der inhaltlich-materiellen Erstellung der vorliegenden Arbeit nicht beteiligt. Insbesondere habe ich hierfür nicht die entgeltliche Hilfe von Vermittlungs- bzw. Beratungsdiensten in Anspruch genommen. Niemand hat von mir unmittelbar oder mittelbar geldwerte Leistungen für Arbeiten erhalten, die im Zusammenhang mit dem Inhalt der vorgelegten Dissertation stehen. Die Arbeit wurde bisher weder im In- noch im Ausland in gleicher oder ähnlicher Form einer anderen Prüfungsbehörde vorgelegt. Ich versichere, dass ich nach bestem Wissen die reine Wahrheit gesagt und nichts verschwiegen habe.

Köln, den 31. Januar 2009

The International Max Planck Research School on the Social and Political Constitution of the Economy (IMPRS-SPCE) is a joint international PhD Program of the Max Planck Institute for the Study of Societies (MPIfG) and the Faculty of Management, Economics and Social Sciences of the University of Cologne. Its research explores the relationship between the modern economy and its social and political foundations. Building on a long tradition in sociology and political science, the school aims to combine and develop the approaches of new ecconomic sociology, comparative political economy, organization studies, and history. The Studies on the Social and Political Constitution of the Economy are a doctoral thesis series featuring dissertations by PhD students who have successfully completed the graduate training program of the IMPRS-SPCE.

MAX-PLANCK-INSTITUT FÜR GESELLSCHAFTSFORSCHUNG
MAX PLANCK INSTITUTE FOR THE STUDY OF SOCIETIES

Universität zu Köln