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IUFRO will encapsulate, and distribute in plain language, brief, topical and policy-relevant highlights of those findings, along with information on where/how to access the full documents. The **IUFRO Spotlight** findings will be distributed in a periodic series of emails as well as blog postings.

## Self Interest Can Conserve Forests

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Legality verification – “Certification Lite”, so to speak – may offer the impetus for a workable system of responsible, sustainable global forest governance that previous efforts have been unable to accomplish. That’s one of several hypotheses put forward in a forthcoming paper by Benjamin Cashore and Michael Stone of Yale University’s School of Forestry and Environmental Studies.

As their research continues, they will determine more specifically how many countries will be able to use this to improve their forest governance. Though, at present, they note that everyone – the world over – gains when forest protection is improved in key countries.

Legality verification is not a panacea but, by offering an opportunity that rewards, rather than putting a strain on, participating firms – a criticism that has been leveled at other more stringent certification systems – it can be a very workable and effective governance method.

It is less onerous than certification in that it weeds illegal forest products out of global supply chains simply by verifying that the timber was legally harvested and that there has been compliance with legislation related to various aspects of forest management. And, the authors postulate, there is the self-interest factor – for both producers and governments – that will add traction to the process.

For producers, certification efforts tend to push costs on to them. Legality verification, on the other hand, promises to increase the payback to producers of legally harvested products who are otherwise forced to compete with lower-cost illegal products that push down prices.

And the authors believe that governments, especially in developing countries, are going to be more likely to support legality verification when the standards focus on activities that they have a pre-existing self-interest to pursue.

In a country where, for example, payments may have been made “under the table” to avoid government regulations, governments that can now point to independent assessments – legality verification – that speak to the legitimacy of their operations, will benefit from this demonstration of their commitment to good forest governance and be viewed as a more attractive trading partner.

However, the authors also see some potential downsides to the legality verification system. In developing countries, when legality compliance is equated to meeting all relevant environmental and social legislation in a given country, it will foster the “Delaware Effect” – a race to the bottom. Standards will be set low intentionally to attract or retain global capital. And, given economic globalization, many scholars see this as an inevitable outcome.

(The Delaware Effect is so-named because of the State of Delaware’s rather lax company law. A disproportionate number of companies have incorporated there, taking advantage of the relaxed standards.)

However, the authors also postulate that, given legality verification’s intertwining of public and private regulations that first require a defined system of global supply chain tracking, the Delaware Effect could become a springboard to a more stringent level of regulations.

That “ratcheting up” – the California Effect, in which highly regulated firms have allied themselves with environmental groups to increase rules and standards on less regulated competitors – could then occur. This, they suggest, could reinforce, rather than detract from, global certification and good forest governance efforts.

All of which helps explain the title of their upcoming paper: ***Does California Need Delaware? Revisiting Vogel’s ‘Trading Up’ Hypothesis Through the Case of Legality Verification***. That paper is currently undergoing editing at *Regulation and Governance*.

The California-Delaware paper is one output from a multi-year analysis Cashore and his associates are undertaking to better understand the potential of legality verification – across various governance levels – to address and promote responsible forest management.

It delves more deeply into some of the questions raised in an earlier publication of theirs that first assessed the emergence of legality verification as a forest issue.

The earlier paper is currently available at: <http://www.sciencedirect.com/science/article/pii/S1389934111001961>

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