

UNIVERSITI TEKNOLOGI MARA

**THE IMPACTS OF CHAIN OF CUSTODY
CERTIFICATION ON THE MALAYSIAN WOOD-
BASED INDUSTRIES**

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ABSTRACT

The impacts and beliefs towards forest product certification that is also known as the Chain of Custody were determined. This certification granted by Forest Stewardship Council (FSC) was identified and evaluated through personal interviews, distribution of questionnaire and observation of selected population. The population selected was wood-based industries in Malaysia (certified wood-based industry and non-certified wood-based industry). Certified product, “eco-labeling”, green product or environmental friendly products were a developing phenomenon throughout the world today. Chain-of-custody certification is the procedure for tracking certified wood from the certified forest to the end users. Products from a well-managed wood industries were labeled as certified products under the Forest Stewardship Council logo. Products that bear the FSC label are called certified products. The analysis concentrated on raw material (processing), system at the factory, marketing and existence of FSC in Malaysia. The study found that certified factories in Malaysia were short of certified sawn timber supply and also at the same time lacked of certified products supplier. The implementation of FSC certification by certified factory affected their Standard Operation Procedures (SOP) and most of certified wood-based industry in Malaysia mentioned that their sales remain unchanged after their involvement with FSC scheme. Moreover, result for non-certified factories in Malaysia reported that they knew the FSC and its certification. They were aware of the benefits by having Chain of Custody certification but claimed that the fees imposed by the FSC assessor are expensive. Finally, most of non-certified factories in Malaysia believed that Malaysian would be accepting certified wood products in future.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

The impact of deforestation on the sustainability of tropical forest and habitat in areas with high biological diversity is an important factor that lead to the introduction of certification by environmentally focused organization. Nowadays, there are two environmentally focused organizations that are active in the world; Forest Stewardship Council (FSC) and Sustainable Forest Initiatives (SFI).

Certification or eco-labeling is a means of providing consumers within formation of the environmental impacts of a particular product and to provide consumers with guidelines to make choices. These choices will allow customers to be more aware of environmental protection [30]. Certification could be the best policy tool to promote good forest management by slowing deforestation, helping to alleviate poverty, protecting reserved watershed and water-quality, preserving nature, sustaining a continuous supply of forest resources and obtaining economic benefits [33,34]. It is also a tool to overcome or counter the boycotting of the international timber trade by the 'green consumer' [35,36,38]. Timber certification is a system of forest monitoring, timber tracing and wooden product labeling. It can form bridge or link between individual producers and consumers; as a result consumers can be reassured of the environmental pedigree of particular products. Manufacturer is able to tap resource from forests while sustaining them into the future. At the same time, timber certification can be used as a marketing tool while enhancing their market share [31,32].

FSC is one of the recent environmental concerned organizations in the world. It was formed in 1993 with its headquarters located in Oaxaca, Mexico. It is an independent