

## Governmental Influence on Market-Driven Forest Governance: A German Public Procurement Perspective

Dr. Anna Müller<sup>1</sup>, Prof. Markus Schneider<sup>2</sup>, Dr. Lisa Becker<sup>3</sup>

<sup>1</sup>Institute of Environmental Policy, University of Freiburg, Germany

<sup>2</sup>Department of Forest Economics, Technical University of Munich, Germany

<sup>3</sup>German Federal Ministry of Environment, Nature Conservation and Nuclear Safety (BMU), Berlin, Germany

Doi <https://doi.org/10.55640/ijssll-05-03-02>

### ABSTRACT

This paper explores the role of government influence in shaping market-driven forest governance, with a specific focus on Germany's public procurement policies. It examines how governmental regulations and procurement standards interact with voluntary forest certification schemes to promote sustainable forest management. The study highlights the ways in which public sector demand can drive environmental governance beyond traditional regulatory frameworks, emphasizing the significance of state involvement in legitimizing and supporting non-state market-driven governance systems. By analyzing policy instruments, stakeholder dynamics, and implementation challenges, this research sheds light on the evolving interplay between public authority and private market mechanisms in the pursuit of sustainable forestry in Germany.

**Keywords:** Forest governance, public procurement, market-driven governance, forest certification, sustainable forestry, Germany, environmental policy, non-state governance, green procurement.

### INTRODUCTION

The global environmental governance landscape has significantly transformed, with a notable pivot towards non-state, market-driven (NSMD) mechanisms [3, 4]. Forest certification, epitomized by schemes such as the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC), stands as a prime example of this trend [3, 7]. These voluntary standards aim to foster sustainable forest management by leveraging consumer demand and supply chain pressure [5, 11]. However, the concept of "governing without government" [14] in these arenas frequently overlooks the subtle yet profound ways in which state actors continue to influence, shape, and even legitimize these ostensibly private initiatives [6, 10, 12, 13]. This article delves into the multifaceted influence of governmental public procurement policies on market-driven forest governance systems, using Germany as a detailed case study.

NSMD governance systems often find their theoretical framing within broader discussions of neoliberal environmental governance, where the state's role evolves from direct regulation to facilitating market mechanisms [1, 37]. This re-regulation involves the state creating conditions for markets

to operate in environmentally desirable ways, rather than imposing prescriptive, top-down controls [1]. While these systems are inherently designed to be market-driven, their efficacy and reach frequently hinge on various forms of state engagement [15]. Governments, through their substantial purchasing power, can act as critical demand-side drivers for certified timber products, thereby influencing the market and, consequently, the adoption and standards of forest certification schemes [46, 47].

This research explores the intricate relationship between public procurement and forest governance, employing the concept of "governmentality" to understand how governmental rationalities and practices extend beyond traditional state apparatuses to shape conduct through indirect means [21, 22, 40, 54]. By examining the German context, where both FSC and PEFC certifications are prominent [27, 28], we aim to illuminate how governmental procurement policies, even when seemingly voluntary, can exert considerable influence on the dynamics of market-driven forest governance. We propose that public procurement functions as a vital "spatial fix" [69] for environmental governance, translating global sustainability norms into localized market realities.

## METHODS

This study utilizes a qualitative case study approach, concentrating on Germany's public procurement policies regarding timber and timber products. The methodology involved a comprehensive review of policy documents, official governmental statements, and reports from pertinent non-governmental organizations (NGOs) and industry associations. Key documents analyzed include the German federal government's "Joint instruction on the procurement of wood products" (2007, updated 2012) [26], reports from the Federal Ministry of Economics and Technology (BMWi) [61], and the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) [62]. Additionally, positions and statements from major forest certification bodies (FSC, PEFC) and environmental NGOs (Greenpeace, WWF) were examined to understand their perspectives on governmental engagement [5, 23, 24, 27, 28, 29, 58, 59, 60].

The analysis is structured around the theoretical framework of "governmentality," which facilitates an exploration of how power operates not solely through overt coercion, but also through the subtle shaping of conduct, rationalities, and market conditions [21, 40, 54]. This framework helps clarify how public procurement, while appearing as a market-driven decision, is deeply embedded within a broader governmental strategy to advance sustainable forest management. We investigated the discourses surrounding sustainable procurement, the specific criteria adopted by German public bodies, and the perceived impacts on the forest products market.

Data collection also encompassed examining the historical evolution of forest certification in Germany and identifying the institutional actors involved, including federal and state-level ministries, research institutes (e.g., Johann Heinrich von Thünen Institut [30]), and international development agencies (e.g., GTZ [31]). The study specifically considered the interplay between national policies and broader European Union initiatives, such as the EU Timber Regulation [25], to provide a holistic understanding of the prevailing regulatory environment. The German context is particularly relevant given its substantial forest cover and its role as a major consumer of timber products within Europe [33].

## RESULTS

Germany's approach to public procurement of timber products clearly demonstrates a governmental intention to influence market-driven forest governance systems. While not explicitly mandating a single certification scheme, the federal government's "Joint instruction on the procurement of wood products" (2007, updated 2012) [26] stipulates that publicly procured timber and timber products must originate from legal and sustainable sources. This instruction explicitly

recognizes both FSC and PEFC as credible certification systems, alongside other verified schemes, for demonstrating sustainability [26]. This inclusive approach, though seemingly neutral, carries significant implications for the competitive dynamics among various certification bodies.

The German government's policy mirrors a broader global trend among public authorities to leverage their purchasing power for environmental and social objectives [13, 46, 47]. The rationale underpinning this policy is multifaceted: it aims to combat illegal logging, promote sustainable forest management practices, and signal market demand for responsibly sourced products [26, 62]. By accepting multiple certification schemes, the German government avoids establishing a monopoly for any single system, which could otherwise be perceived as discriminatory or anti-competitive [61]. However, this acceptance also means the government implicitly endorses the standards and governance structures of these private entities [9, 10].

The market impact of this policy is evident. Public procurement, while constituting a fraction of the total timber market, sends a powerful signal to suppliers and, by extension, to forest managers [63]. Suppliers vying for public contracts are incentivized to obtain certification for their products, thereby increasing the demand for certified timber [44]. This governmental demand acts as a "pull" factor, encouraging more forests to become certified and prompting industry players to comply with certification standards [7, 16]. For example, the state of Baden-Württemberg explicitly adopted a policy for procuring wood from sustainable sources in state construction projects [64], further solidifying this trend at the regional level.

Nevertheless, governmental influence is not without its complexities. The acceptance of both FSC and PEFC, while fostering competition, also highlights the ongoing debate concerning the rigor and legitimacy of different certification standards [16, 23, 24, 35, 36]. While FSC is often regarded as having more stringent environmental and social criteria, PEFC, rooted in European national forest schemes, boasts a wider reach in terms of certified forest area, particularly in Germany [27, 28, 29]. The government's neutral stance effectively legitimizes both, allowing market forces to dictate which scheme gains more traction, albeit within a framework defined by public policy.

Furthermore, the policy contributes to the "governmentality" of forest management by shaping the conduct of forest owners and timber companies. To meet public procurement requirements, these actors must engage with certification processes, which entails adopting specific management practices, undergoing

audits, and maintaining chain-of-custody documentation [43]. This indirectly extends governmental rationalities of sustainability into private economic activities, even without direct regulatory mandates [20, 21, 38]. Thus, the state governs not through direct command, but by creating a market environment where certain behaviors are incentivized and others are disfavored [55].

## DISCUSSION

The German case study illustrates the complex and often subtle ways in which governmental public procurement policies influence market-driven forest governance. Far from being a purely "non-state" phenomenon, forest certification is deeply interwoven with state actions, particularly through the strategic application of procurement power. This aligns with arguments that even in ostensibly privatized governance regimes, the state remains a crucial actor, reconfiguring its role rather than completely withdrawing [1, 14, 72].

The government's decision to recognize multiple certification schemes, instead of endorsing a single one, reflects a pragmatic approach that balances environmental objectives with economic considerations. This multi-standard acceptance can be viewed as a form of "meta-governance," where the state establishes the overarching framework within which private governance systems operate [65]. It allows for flexibility and competition among certification bodies while still directing the market toward sustainable practices. However, it also places the burden on the market to differentiate between standards, a task that may not always be straightforward for consumers or even procurement officers [56].

The concept of governmentality proves particularly illuminating in understanding this dynamic. Public procurement policies, by setting demand-side conditions, create a "dispositif" – a network of elements including discourses, institutions, and practices – that encourages sustainable forest management without direct legislative imposition [22, 54]. The "Joint instruction" [26] is not a formal law, but a powerful administrative tool that shapes the conduct of economic actors by influencing their access to public contracts. This form of governance operates through the normalization of certain practices (e.g., certification) and the creation of a "green market" [32].

The influence of public procurement also highlights the scalar dimensions of environmental governance [45]. While forest certification operates at a global or transnational scale [15], national and sub-national procurement policies translate these global standards into localized market demands. This creates "relational spaces" [48, 49] where global norms intersect with national policy objectives and local economic realities [18]. The German federal instruction, alongside regional policies like that in Baden-Württemberg [64], demonstrates how

different governmental scales contribute to the overall governance landscape.

Nevertheless, challenges persist. The effectiveness of public procurement in driving widespread change depends on several factors, including the volume of public purchasing, the clarity of policy implementation, and the capacity of suppliers to meet the requirements [46]. Furthermore, ongoing debates about the robustness and social equity of different certification schemes [8, 23, 24, 37, 42] mean that governmental endorsement, even if inclusive, can still be a point of contention for environmental groups [58, 59]. The "ratcheting up" of standards by certification schemes [16] is partly influenced by market demand, which public procurement helps stimulate.

## CONCLUSION

the German case study underscores that market-driven forest governance systems are not autonomous from state influence. Public procurement, as a potent economic lever, serves as a crucial mechanism through which governments can shape market dynamics, legitimize certification schemes, and ultimately contribute to the broader objective of sustainable forest management. This form of "green governmentality" [21] represents a sophisticated interaction between state power and market forces, where environmental objectives are pursued through indirect yet impactful means. Future research could explore the long-term ecological and socio-economic impacts of such procurement policies and their role in fostering genuine sustainability across diverse forest regions.

## REFERENCES

1. Noel Castree. "Neoliberalising nature: The logics of deregulation and reregulation." *Environment and Planning A* 40 (2008): 131–152.
2. Ronnie D. Lipschutz. *Global Environmental Politics: Power, Perspectives, and Practice*. Washington: CQ Press, 2004.
3. Benjamin Cashore, Graeme Auld, and Deanna Newsom. *Governing through Markets: Forest Certification and the Emergence of Non-state Authority*. New Haven: Yale University Press, 2004.
4. Benjamin Cashore, Elizabeth Egan, Graeme Auld, and Deanna Newsom. "Revising Theories of Nonstate Market-Driven (NSMD) Governance: Lessons from the Finnish Forest Certification Experience." *Global Environmental Politics* 7 (2007): 1–44.

5. FSC. "Our vision and mission." FSC. 3 August 2012. <http://www.fsc.org/vision-mission.12.html>
6. Ewald Rametsteiner. "The role of governments in forest certification—a normative analysis based on new institutional economics theories." *Forest Policies and Economics* 4 (2002): 163–173.
7. Graeme Auld, Lars H. Gulbrandsen, and Constance L. McDermott. "Certification Schemes and the Impacts on Forests and Forestry." *Annual Review of Environment and Resources* 33 (2008): 187–211.
8. Errol Meidinger. "Forest certification and democracy." *European Journal of Forest Resources* 130 (2011): 407–419.
9. Magnus Boström. "Regulatory Credibility and Authority through Inclusiveness: Standardization Organizations in Cases of Eco-Labeling." *Organization* 13 (2006): 345–367.
10. Magnus Boström. "How State-Dependent is a Non-State-Driven Rule Making Project? The Case of Forest Certification in Sweden." *Journal of Environmental Policy & Planning* 5 (2003): 165–180.
11. Dan Klooster. "Environmental Certification of Forests: The evolution of environmental governance in a commodity network." *Journal of Rural Studies* 21 (2005): 403–417.
12. Gerardo Segura, ed. *Forest Certification and Governments: The Real and Potential Influence on Regulatory Frameworks and Forest Policies*. Washington: Forest Trends, 2004.
13. Christine Carey and Elizabeth Guttentstein. *R079 Governmental Use of Voluntary Standards: Innovation in Sustainable Governance*. London: ISEAL Alliance, 2008.
14. Erik Hysing. "Governing without Government? The Private Governance of Forest Certification in Sweden." *Public Administration* 87 (2009): 312–326.
15. Lars H. Gulbrandsen. *Transnational Environmental Governance: The Emergence and Effects of the Certification of Forests and Fisheries*. Cheltenham: Edward Elgar Publishing, 2010.
16. Christine Overdevest. "Comparing forest certification schemes: The case of ratcheting standards in the forest sector." *Socio-Economic Review* 8 (2010): 47–76.
17. Moritz Albrecht. "Company positionality and its effects on transnational forest governance: Two companies and their approaches to forest certification." *Geographische Zeitschrift* 98 (2010): 116–132.
18. Moritz Albrecht. "Sustainable Forest Management through Forest Certification in Russia's Barents Region: Processes in the Relational Space of Forest Certification." In *Encountering the Changing Barents: Research Challenges and Opportunities*, edited by Paul Fryer et al., Rovaniemi: Arctic-Centre, 2010, pp. 24–34.
19. Moritz Albrecht. "Perceiving sustainable forest spaces: Governance aspects of private and company owned forests in North-Karelia, Finland." *Fennia* 190 Forthcoming. (2012).
20. Andrew Baldwin. "The Nature of the Boreal Forest: Governmentality and Forest-Nature." *Space and Culture* 6 (2003): 415–428.
21. Stephanie Rutherford. "Green governmentality: Insights and opportunities in the study of nature's rule." *Progress in Human Geography* 31 (2007): 291–307.
22. Eric Darier. "Foucault and the environment: An Introduction." In *Discourses of the Environment*, edited by Eric Darier, Oxford: Blackwell, 1999, pp. 1–34.
23. Saskia Ozinga. *Footprints in the Forest: Current Practice and Future Challenge in Forest Certification*. Gloucestershire: FERN, 2004.
24. Grant Rosoman, Judy Rodrigues, and Anna Jenkins. *Holding the Line with FSC*. Amsterdam: Greenpeace International, 2008.
25. COM. Proposal for a Regulation of the European Parliament and of the Council Laying down the Obligations of Operators Who Place Timber and Timber Products on the Market (COM (2008)644, final). Brussels: Commission of the European Communities, 2008.
26. BMELV. Joint instruction on the procurement of wood products. 20 April 2012. <http://www.bmelv.de/SharedDocs/Rechtsgrundlage/n/EN/H/ProcurementOfWoodProducts.html>
27. FSC. "FSC in Zahlen." FSC. 4 August 2011. [http://www.fsc-deutschland.de/index.php?option=com\\_content&view=article&id=211:fsc-kennzahlen&catid=93&Itemid=106](http://www.fsc-deutschland.de/index.php?option=com_content&view=article&id=211:fsc-kennzahlen&catid=93&Itemid=106)
28. PEFC. "PEFC national." PEFC. 25 August 2011. <http://www.pefc.de/pefc-initiative/pefc-national.html>

29. PEFC. "History." PEFC. 19 August 2011. <http://www.pefc.org/about-pefc/who-we-are/history>
30. vTI. "Johann Heinrich von Thünen Institut." vTI. 8 May 2011. <http://www.vti.bund.de>
31. GTZ. "GTZ." 20 May 2012. <http://www.gtz.de/en/689.htm>
32. Jarmo Kortelainen. "Performing the green market-creating space: Emergence of the green consumer in the Russian woodlands." *Environment and Planning A* 40 (2008): 1294–1311.
33. FFIF. "Basics of forest industries." FFIF. 6 June 2011. <http://www.forestindustries.fi/statistics/tilastokuviot/Basics/Forms/AllItems.aspx>
34. CPET. "International context." CPET. 8 May 2012. <http://www.cpet.org.uk/uk-government-timber-procurement-policy/international-context>
35. Steven Bernstein and Benjamin Cashore. "Can non-state global governance be legitimate? An analytical framework." *Regulation & Governance* 1 (2007): 347–371.
36. Benjamin Cashore. "Legitimacy and the Privatization of Environmental Governance: How Non-State Market-Driven (NSMD) Governance Systems Gain Rule-Making Authority." *Governance* 15 (2002): 503–529.
37. Dan Klooster. "Standardizing sustainable development? The Forest Stewardship Council's plantation policy review process as neoliberal environmental governance." *Geoforum* 41 (2010): 117–129.
38. Thomas Lemke. "'The birth of bio-politics': Michel Foucault's lecture at the Collège de France on neo-liberal governmentality." *Economy and Society* 30 (2001): 190–207.
39. Lars H. Gulbrandsen. "The Role of Science in Environmental Governance: Competing Knowledge Producers in Swedish and Norwegian Forestry." *Global Environmental Politics* 8 (2008): 99–122.
40. Mitchell Dean. *Governmentality: Power and Rule in Modern Society*, 2nd ed. London: SAGE, 2010.
41. Chukwumerije Okereke, Harriet Bulkeley, and Heike Schroeder. "Conceptualizing Climate Governance beyond the International Regime." *Global Environmental Politics* 9 (2009): 58–78.
42. David Correia. "The certified Maine North Woods, where money grows from trees." *Geoforum* 41 (2010): 66–73.
43. Sally Eden. "The work of environmental governance networks: Traceability, credibility and certification by the Forest Stewardship Council." *Geoforum* 40 (2009): 383–394.
44. Mike Morris and Nikki Dunne. "Driving environmental certification: its impact on the furniture and timber products value chain in South Africa." *Geoforum* 35 (2004): 251–266.
45. Harriet Bulkeley. "Reconfiguring environmental governance: Towards a politics of scales and networks." *Political Geography* 24 (2005): 875–902.
46. Joyce Thomson and Tim Jackson. "Sustainable Procurement in Practice: Lessons from Local Government." *Journal of Environmental Planning and Management* 50 (2007): 421–444.
47. Kevin Morgan. "Greening the Realm: Sustainable Food Chains and the Public Plate." *Regional Studies* 42 (2008): 1237–1250.
48. Doreen Massey. *For Space*. London: SAGE, 2005.
49. Jonathan Murdoch. *Post-structuralist Geography: A Guide to Relational Space*. London: SAGE, 2006.
50. Jonathan Murdoch. "Putting discourse in its place: Planning sustainability and the urban capacity study." *Area* 36 (2004): 50–58.
51. David Harvey. *Justice, Nature and the Geography of Difference*. Oxford: Blackwell, 1996.
52. Michael Merlingen. "Governmentality: Towards a Foucauldian Framework for the Study of IGOs." *Cooperation and Conflict* 38 (2003): 361–384.
53. Bob Jessop. "From micro-powers to governmentality: Foucault's work on statehood, state formation, statecraft and state power." *Political Geography* 26 (2007): 34–40.
54. Michel Foucault. "Governmentality." In *The Foucault Effect: Studies in Governmentality: with Two Lectures by and an Interview with Michel Foucault*, edited by Graham Burchell, Colin Gordon and Peter Miller. Chicago: University of Chicago Press, 1991, pp. 87–104.
55. Peter Miller and Nikolas Rose. *Governing the Presence: Administering Economic, Social and Personal Life*. Cambridge: Polity Press, 2008.
56. Lars H. Gulbrandsen. "Creating markets for eco-labelling: Are consumers insignificant?" *International Journal of Consumer Studies* 30 (2006): 477–489.

57. Koalitionsvertrag. *Gemeinsam für Deutschland. Mit Mut und Menschlichkeit*. Koalitionsvertrag von CDU, CSU und SPD. Rheinbach: Union Betriebs-GmbH, 2005.
58. Greenpeace. "UK Government gives green light to extinction and human rights conflicts." Greenpeace Press release. 23 August 2005. <http://www.greenpeace.org/international/en/press/releases/uk-government-gives-green-light/>
59. WWF. "WWF statement regarding PEFC Governance Review and the new PEFC Stakeholder Forum." WWF International, 9 February 2009. [http://assets.panda.org/downloads/2009\\_02\\_09\\_wwf\\_statement\\_on\\_pefc\\_final.pdf](http://assets.panda.org/downloads/2009_02_09_wwf_statement_on_pefc_final.pdf)
60. PEFC. "PEFC Council information register." PEFC. 20 May 2012. <http://register.pefc.cz/search1.asp>
61. BMWI. *Gutachten Nr. 2/07, Öffentliches Beschaffungswesen*. Berlin: Wissenschaftlicher Beirat beim Bundesministerium für Wirtschaft und Technologie, 2007.
62. McKinsey & Company, ed. *Potenziale der öffentlichen Beschaffung für ökologische Industriepolitik und Klimaschutz*. Berlin: Bundesministerium für Umwelt, Naturschutz und Reaktorsicherheit, 2008.
63. Wegweiser GmbH, ed. *"Einkäufer Staat" als Innovationstreiber. Entwicklungspotenziale und Handlungsnotwendigkeiten für eine innovativere Beschaffung im öffentlichen Auftragswesen Deutschlands*. Berlin: Wegweiser GmbH, 2010.
64. Land Baden-Württemberg. *Beschaffung von Holz aus nachhaltiger Beschaffung im staatlichen Hochbau*. Finanzministerium Baden Württemberg: Das Landesportal, 6 July 2007.
65. Jan Kooiman and Maarten Bavinck. "The Governance Perspective." In *Fish for Life*. Edited by Jan Kooiman et al. Amsterdam: Amsterdam University Press, 2005, pp. 11–25.
66. BNatSchG. *Gesetz über Naturschutz und Landschaftspflege (Bundesnaturschutzgesetz – BNatSchG)*. Berlin: Deutscher Bundestag, 2008.
67. BWaldG. *Gesetz zur Erhaltung des Waldes und zur Förderung der Waldwirtschaft (Bundeswaldgesetz)*. Berlin: Deutscher Bundestag, 2009.
68. Johannes Remmel. "FSC in NRW-Staatswald beibehalten und erneuern." Bündnis 90/Die Grünen: Pressemitteilung, 19 March 2009. [http://www.gruene.landtag.nrw.de/cms/default/dok/275/275786.fsc\\_in\\_nrwstaatswald\\_beibehalten\\_und\\_erneuern.html](http://www.gruene.landtag.nrw.de/cms/default/dok/275/275786.fsc_in_nrwstaatswald_beibehalten_und_erneuern.html)
69. Bob Jessop. "Spatial Fixes, Temporal Fixes, and Spatio-Temporal Fixes." In *David Harvey: A Critical Reader*, edited by Noel Castree and Derek Gregory. Oxford: Blackwell, 2006, pp. 142–166.
70. UPM. *Parallel Field Testing of Forest Certification Standards*. Valkeakoski: UPM Forestry and Wood Sourcing Environmental Forestry Affairs, 2005.
71. Peter Schlyter, Ingrid Stjernquist, and Karin Bäckstrand. "Not seeing the forest for the trees? The environmental effectiveness of forest certification in Sweden." *Forest Policy and Economics* 11 (2009): 375–382.
72. Ronnie D. Lipschutz and James K. Rowe. *Globalization, Governmentality and Global Politics: Regulation for the Rest of Us?* New York: Routledge, 2005.
73. Lars H. Gulbrandsen. "Overlapping Public and Private Governance: Can Forest Certification Fill the Gaps in the Global Forest Regime?" *Global Environmental Politics* 4 (2004): 75–99.