

Australian Government takes strong action on illegal timber imports

The Australian Government will introduce legislation that will restrict illegally logged timber imports and require timber suppliers to undertake a process of due diligence by verifying the legal origins of timber products and disclosing species, country of harvest and any certification at the first point of entry of timber products onto the Australian market.

The desired outcome is to reduce the volume of illegal logging. The goals and targets identified to achieve the objectives and outcomes involve:

- identifying illegally logged timber and restricting its import into Australia; and
- requiring disclosure at point of sale of species, country of origin and any certification to make it more difficult to import and sell illegally logged timber products in Australia.

In Australia, around 10 per cent of sawn wood imports are estimated to come from Brack's 'high risk' countries (notably Indonesia and Malaysia). The value of those imports in 2007–08 was \$74 million (ABARE 2009). According to Jaakko Poyry (2005), around 9 percent of Australian imports of forest products and wooden furniture are considered illegal. Those imports were valued to be around \$452 million.

The Department of Agriculture, Fisheries and Forestry is delivering information seminars this month for all interested stakeholders. While the short notice advising the industry of these seminars has caused concern and frustration, those that have not been able to attend the seminars did not miss out on much.

The seminars outlined the approach to the legislation, the ACT is in *bill* format and is still being drafted and scheduled for introduction into Parliament in early 2011. This will be followed by the formation of an industry working group and seminars and consultation meetings which raises the question, *Is the cart being put before the horse?*

The Centre for International Economics Issues paper April 2009 raised many questions regarding the way forward and impact on the industry. These questions remain in place as no further information was delivered on the implementation, compliance process or cost to stakeholders.

The legislation proposed is based on a co-regulation approach, co-regulation typically refers to the situation where industry develops and administers its own arrangements, but government provides legislative backing to enable the arrangements to be enforced. This is known as the 'underpinning' of codes, standards and so on. The seminar briefing identified that a Code of Practice model (TDA 2009) will be developed followed by modules per industry.

Who is this going to impact?

DAFF stated that the legislation is targeted at importers and domestic processors and followed on to say it 'impacts only to those who place timber products onto the Australian market'. How does it address our export market and the international requirement for verification of legality?

They further commented that there were 'many poor certification schemes in the world' which implied that a complete new process needs to be developed. A report commissioned by the Department (URS 2010) found Certification schemes complied in part with the verification of legality, the highest ranked were the FSC and AFS schemes followed by the MTCS, SGS TLTV and SW

schemes. These schemes scored well across all three key elements, in particular verification and governance. Rather than focus on the negative, or implement layers upon layers of processes which businesses have to comply with, the Government needs to recognise there are credible and rigorous schemes and international agreements in place for the traceability and verification of wood products. The Australian Standard for Sustainable Forest Management (AS-4708) has had a legality criteria since it was first implemented in 2003; further revision of these Standards has continued to strengthen this approach. The Programme for the Endorsement of Forest Certification schemes (PEFC) has completed a two year revision process of their International Standard Requirements for certification schemes for Sustainable Forest Management (PEFC ST 1003:2010) was published in November 2010 the meta-standard has introduced a criteria for legality verification;

PEFC ST 1003:2010 Criterion 5.7: Compliance with legal requirements provides the basis for compliance to international requirements for legality at the source applicable to forest management issues including forest management practices; nature and environmental protection; protected and endangered species; property, tenure and land-use rights for indigenous people; health, labour and safety issues; and the payment of royalties and taxes.

The Australian Forestry Standard as a member and endorsed Standard under the PEFC scheme has commenced revision and will be aligned to the same criteria.

The criteria includes, for a country which has signed a FLEGT Voluntary Partnership Agreement (VPA) between the European Union and the producing country, the "legislation applicable to forest management" is defined by the VPA agreement (EU FLEGT). The VPAs complement forest certification and can help public procurement policies deliver a wider set of policies aimed at promoting and supporting long term sustainability of forests.

Verification of legality alone does not support sustainable forest management, if businesses believe, or are only required to, meet the minimum requirement which is to prove legality, environmental issues, deforestation and protection of endangered species will not be met. Businesses in Australia will still have the issues of competing against discounted sourced non-sustainable wood products coming into the market.

The Government had an Election Commitment (2007) in which it stated 'it would support the development of certification schemes', procurement policies globally are introducing the mandatory requirement to only source and use certified product. It would seem sensible, and more cost effective, for the Australian Government to utilise the Standard they were co-founders, and partners in development of, to align the illegal timber verification requirement to an already credible and rigorous forest management and chain of custody scheme.

180 Australian businesses and over 509,500 forest owners globally, through the PEFC scheme, have embraced and implemented sustainable forest management practices that include the base for verification of legality of timber and wood products.

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