



Australian Government
Department of Agriculture, Fisheries and Forestry

BRINGING DOWN
THE AXE
ON **ILLEGAL LOGGING**
**A PRACTICAL
APPROACH**



AN AUSTRALIAN GOVERNMENT
DISCUSSION PAPER

NOVEMBER 2006

WRITTEN SUBMISSIONS ON THE AUSTRALIAN GOVERNMENT
DISCUSSION PAPER ARE INVITED.



Foreword



Illegal logging corrupts the trade in timber-based products and inevitably leads to the destruction of the environment.

It is also a serious impediment to the sustainable management of the world's forest resources.

Therefore, it is in Australia's interests to stop illegal logging – to help protect the viability of our own environmentally-friendly and sustainable timber industry, while also acting as good stewards of the world's environment.

While the Australian Government has implemented policies which mean Australia is a world leader in sustainable forest management, it is difficult to reconcile this world leading management with the significant volumes of illegally sourced timber and timber products that continue to be imported into this country.

With an estimated (over) \$400 million in illegally sourced timber products coming into Australia each year, we have a responsibility to ourselves and to the world environment to do our bit to stop illegal logging.

There are, however, no quick fixes to this problem. This is largely due to the complexities of the many production and supply chain factors, which are often outside the control of governments of importing countries. On the other side of the

equation, developing countries, which are typically the source of illegally logged and exported timber products, sometimes lack the capacity to implement institutional and management changes to tackle illegal logging.

While growing the domestic forestry sector is one way to reduce the amount of illegal timber imports, the reality is that Australia will always need to import timber and timber products of some form or another and a blanket ban would achieve nothing other than deny Australian consumers legally produced product they are entitled to access.

This Australian Government Discussion Paper seeks to provide, in a practical manner, solutions to many of the complexities surrounding the issue.

The Howard Government is determined to exclude illegally sourced forest imports from the Australian market.

Your consideration of this draft policy and your contribution to the development of an effective and practical outcome is encouraged.

Senator the Hon. Eric Abetz

Australian Government Minister
Minister for Fisheries, Forestry and Conservation

November 2006

'Bringing Down the Axe on Illegal Logging – A Practical Approach' is published by the Australian Government.

This Discussion Paper does not represent final Australian Government policy, but is released for public input with a view to finalising an Australian Government policy in 2007.

The Discussion Paper can be downloaded at: <http://www.daff.gov.au/illegallogging>

Written submissions are invited and may be sent to:

Via email: forestry.contact@daff.gov.au

or

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Submissions should be received by close of business 31 January 2007.

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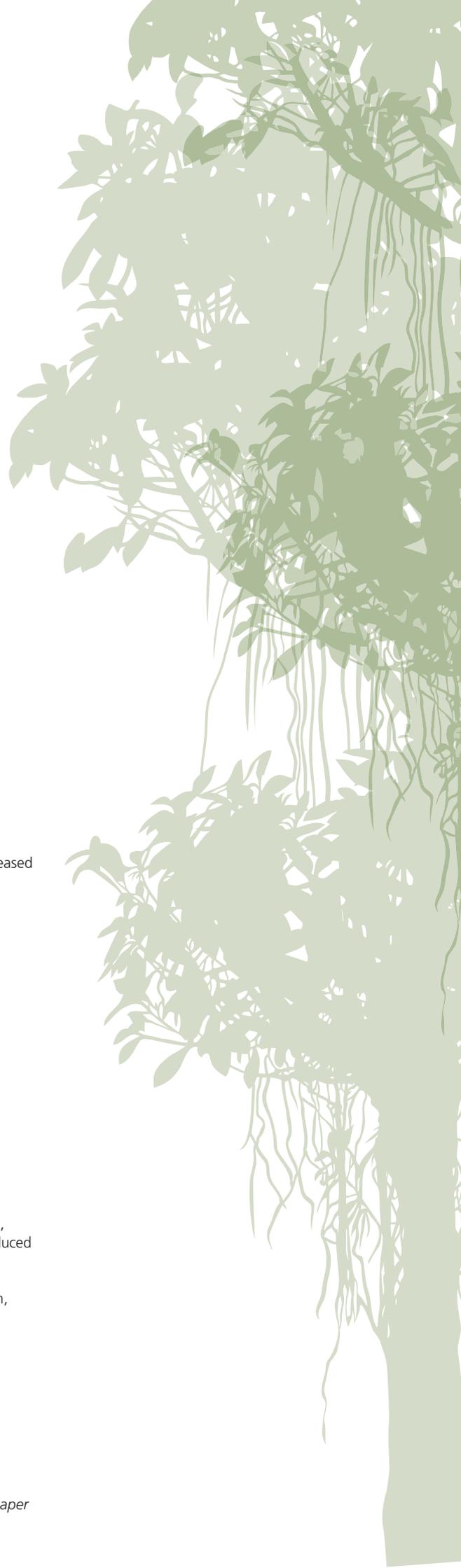


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Executive Summary

In the developing world, illegal logging damages forest ecosystems and cheats governments out of much needed export revenue, as well as depriving local communities of opportunities to improve their quality of life.

It promotes corruption, bankrolls regional conflict and discourages legal and sustainable forest practices.

Illegal logging also reduces opportunities for forest industries in countries which have worked hard to ensure their operations are environmentally sustainable, such as here in Australia.

Jaakko Poyry Consulting estimates that around 9 per cent — around \$400 million worth — of the forest products imported into Australia in 2003–04 may have been logged illegally.¹

During the 2004 federal election campaign, the Australian Government made a commitment to:

...work with major Australian timber wholesalers and retailers to examine options, consistent with our international obligations, to encourage wholesalers and retailers to ensure the timbers they sell are sourced from sustainable forest practices.²



¹ Jaakko Poyry Consulting (Asia-Pacific) Pty Ltd, Overview of Illegal Logging (2005), p 12.

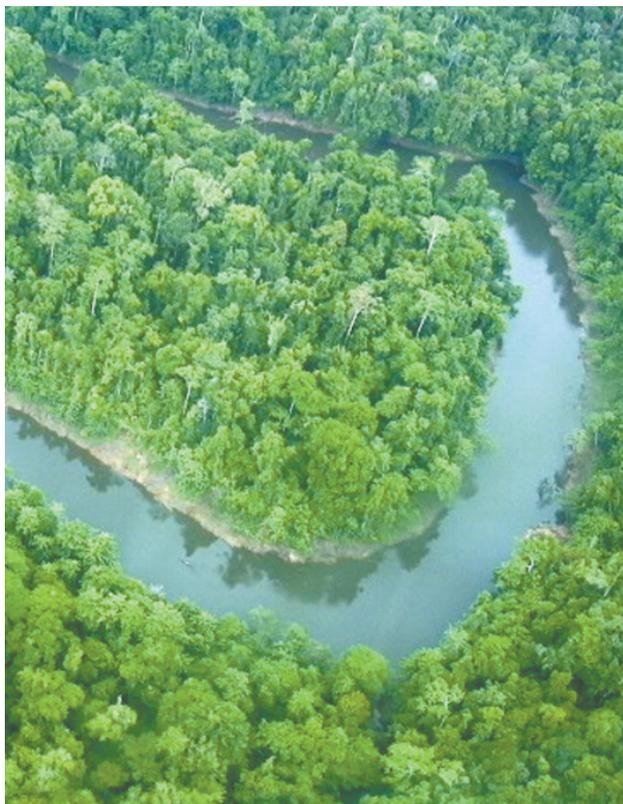
² A Stronger Economy, A Stronger Australia - The Howard Government Election 2004 Policy - *A sustainable future for Tasmania*, Election 2004 Policy, p 7.

More recently, the Australian Minister for Fisheries, Forestry and Conservation, Senator Eric Abetz, said that:

*... in trying to reduce the amount of illegal timber brought into this country, I do not want to infringe unfairly on those who legitimately import timber products ...*³

The challenge, therefore, is to reduce imports of illegally sourced forest products without adversely affecting legitimate imports.

We will also need to take into account the different capacities of producers and suppliers to comply with any new arrangements.



With that in mind, the Australian Government proposes the following measures:

- 1** Raise market and consumer awareness about illegal logging and the Australian Government's policy response.
- 2** Foster and develop the domestic industry, particularly in areas such as high-value timbers and value-added products.
- 3** Work with industry to develop voluntary measures that help to gauge the legality of imported forest products.
- 4** Develop voluntary certification and product chain-of-custody schemes for Australian forest products.
- 5** Develop purchasing guidelines for the private and public sectors.
- 6** Work with other countries to improve forest management practices and increase the supply of legally sourced and certified forest products.
- 7** Increase collaboration with countries in our region to help combat illegal logging.
- 8** Promote policies and strategies at international forums that encourage greater use of legal and sustainable forest management practices, certification and product chain-of-custody schemes.

A summary of the Australian Government's proposed measures and actions to reduce the amount of illegally sourced forest products imported into Australia can be found on pages 12 and 13.

³ Senator the Hon. Eric Abetz, speech to Timber Communities Australia annual conference, 27 May 2006.

1. Background

1.1 The Problem

Illegal logging, and the associated trade in forest products, generally relates to timber harvested, transported, processed and/or sold in contravention of a country's laws.⁴

The harvesting takes place in a number of ways, including:

- gaining access to forests by corrupt dealings;
- extracting timber products without permission or from protected areas; and
- cutting protected species or taking more timber than the agreed limit.

But it doesn't stop there. It is transported, processed and exported illegally — often by smuggling — and falsely declared to avoid taxes and other charges.

1.2 The global situation

The Food and Agriculture Organization's Global Forest Resources Assessment estimates that the rate of global deforestation is about 13 million hectares a year.⁵ Mostly this is the result of forests being converted to agricultural land, but illegal logging still contributes to the problem.⁶

Although the long-term trends suggest that the rate of global deforestation is slowing⁷, we should not for a minute avoid facing the challenge of illegal logging.

The World Bank estimates that illegal logging costs the global market more than US\$10 billion a year and reduces government revenues by about US\$5 billion a year. Illegal logging undercuts world prices for legally produced forest products by between an estimated 7 and 16 per cent.⁸

Australia: Illegal or suspected illegal forest product imports: 2003–04⁹

	Volume '000 m ³	Value \$m	Suspect Volume %	Suspect Volume '000 m ³	Suspect Value \$m
Sawnwood	871	494	8	72	50
Miscellaneous forest products		584	14	112	83
Wood based panels	327	191	11	37	23
Paper and paperboard	1557	2014	1	11	71
Paper manufactures		369	3	na	11
Recovered paper	22	5	0	0	0
Pulp	377	235	0	0	0
Furniture		1000	22		214
TOTAL		4892*			452*

* Total percentage of suspected illegal forest products by value on the Australian market is 9%.

⁴ Food and Agriculture Organization of the United Nations and International Tropical Timber Organization, *Best practices for improving law compliance in the forest sector 2005*. FAO Forestry Paper 145, FAO, Rome, 2005, p 5.

⁵ Food and Agriculture Organization of the United Nations, *Global Forest Resources Assessment 2005. Progress towards sustainable forest management*, FAO Forestry Paper 147, Rome, 2005, p (xii).

⁶ Ibid, p (xii).

⁷ Ibid, p (xii).

⁸ American Forest and Paper Association, *Illegal logging and global wood markets: the competitive impacts on the US wood products industry*, AFPA, 2004, p 22.

⁹ Jaakko Poyry Consulting (Asia-Pacific) Pty Ltd, *Overview of Illegal Logging*, 2005, p 12.

1.3 The situation in Australia

In 2003–04, an estimated 9 per cent (worth over \$400 million) of the forest products imported into Australia were suspected of being illegally sourced.¹⁰ The main products were wooden furniture, paper and paperboard, plywood, sawn wood and miscellaneous items such as doors and mouldings. Most came from the Asia–Pacific region.



1.4 The Australian Government's policy commitment

Currently there is more than 22.6 million hectares of Australian forests set aside as nature reserves¹¹, significantly reducing the area available for timber production. Although an increasing amount of this shortfall is being replaced by production from plantations, demand for imported sawn timber, miscellaneous wood products, thin plywood, and wooden furniture is likely to remain.¹²

During the 2004 federal election campaign, the Government said that:

*Increasing the protection of Australia's high conservation value forests should not lead to increased demand from overseas for unsustainably harvested rainforest timbers. A re-elected Coalition Government will work with major Australian timber wholesalers and retailers to examine options, consistent with our international obligations, to encourage wholesalers and retailers to ensure the timbers they sell are sourced from sustainable forest practices.*¹³

¹⁰ Ibid, p 12.

¹¹ Bureau of Rural Sciences National Forest Inventory, Australia's State of the Forests Report 2003, BRS, Canberra, 2003, p 44.

¹² Jaakko Poyry Consulting (Asia-Pacific) Pty Ltd, Overview of Illegal Logging, 2005, p (iii).

¹³ A Stronger Economy, A Stronger Australia - The Howard Government Election 2004 Policy - *A sustainable future for Tasmania*, Election 2004 Policy, p 7.

2. Policy context and issues

2.1 Sustainable forest management

Sustainable forest management is a balancing act. It's about maintaining ecological diversity, biological processes and environmental values, while supporting a vibrant timber industry that delivers social and economic benefits to present and future generations.

There is an expectation that all countries producing and trading in forest products have agreed to this objective.

2.2 Certification of forests as sustainably managed

Sustainable forest management can be achieved using internationally recognised certification schemes such as the Australian Forestry Standard (AFS), which is endorsed under the Programme for Endorsement of Forest Certification (PEFC).

As well as providing tangible proof that industry is doing the right thing, schemes such as the AFS also provide a distinct marketing advantage. This advantage should be complemented by chain-of-custody schemes that track and verify products throughout the processing and marketing chain.

But not many of the world's forests have been certified as 'sustainably managed'. The International Tropical Timber Organization (ITTO) estimates that only 4.9 million hectares (5 per cent) in the Asia-Pacific region are certified as being managed sustainably.¹⁴ Nearly 82 million hectares (85 per cent) of natural forests are not being managed sustainably.

Clearly, the region's countries need to work more closely to turn this around.

Certifying a forest as 'sustainably managed', and then

maintaining that certification, is a major commitment. It requires developing, implementing and enforcing holistic management plans.

Some developing countries have forest management plans in place, but implementation often falls well short of the stated goals.

2.3 Availability of forest products from certified forests

Because forest certification schemes are not yet widespread, there is not enough certified product available to meet world demand. However, many uncertified forest products may still have been harvested from legally managed forests.

A lot of uncertified forest products sold in Australia come from countries with high management standards, so we need specific ways of recognising alternative indicators of legally harvested forest products.



¹⁴ International Tropical Timber Organization, Status of tropical forest management 2005, ITTO:<http://www.itto.or.jp>, p 33.

2.4 The link between sustainable forest management and illegal logging

The Australian Government's ultimate goal is for all forest product imports to come from countries with sustainable management practices. Discouraging illegally sourced imports is an important first step.

To be legal, the harvesting and processing must meet the export country's forest laws and regulations. But this doesn't necessarily mean the products will meet all of Australia's sustainability criteria.

Strengthening the use of existing laws and regulations in exporting countries is a key step to strengthening the link between legality and sustainability.

2.5 Determining the legality of traded forest products

A first and practical step towards ensuring that all forest products are sourced from sustainably managed forests is identifying forest product imports that have been legally produced in their country of origin and separating them from suspected illegal product.

The definition of legality used in this discussion paper is:

Legal forest products are those produced in accordance with the relevant laws of the country of origin.

Products sourced under internationally recognised forest certification schemes must comply with a country's legislation and regulations, and are therefore legal. To ensure that uncertified imported forest products are legal, Australian importers would need to obtain assurances from producers that their exports are produced in compliance with the laws and regulations of the country of origin.

Illegal forestry practices in exporting countries are also being addressed through other measures.

And there is also potential to address related issues, such as corruption in the forestry sector. The Australian Government is finalising an Anti-Corruption for Development Policy which sets the framework for assisting partner governments to target corruption, malpractice and other governance matters, with a focus on the Asia-Pacific region. This policy framework provides scope for Australia to support anti-corruption initiatives in areas which are particularly vulnerable to corrupt practices and behaviour – which could include forestry management.

2.6 Trade policy considerations

During the past 18 months, the Australian Government has consulted widely with stakeholders about illegal logging, how it affects Australia and what actions might be taken. It has been suggested that Australia might introduce legislation to ban imports of illegally sourced forest products.

Any independent action by Australia would have little impact on the global trade in illegally sourced forest products and unfortunately it would also exclude a lot of legally sourced imported forest products. No examples of trade bans on imports of illegally sourced forest products came to light during consultations for this discussion paper.

Australia supports programmes to help other countries develop their capacity to deal with illegal logging and other shared environmental issues. It also supports regional and multilateral agreements and voluntary codes of practice to address these issues.

2.7 Supply chain and product complexity

Forest product supply chains (harvesting, transport, processing and marketing) are complex. Even well-meaning manufacturers can unknowingly use forest products obtained from illegal sources.

Manufactured products come in many forms. The more highly processed the product, the more difficult it is to determine whether it has been made legally.

Final products such as reconstituted wood panels, pulp and paper products, mouldings, parquetry, doors and wooden furniture are mostly made using timber-based mixtures which are very difficult to trace back to their country of origin. For example, furniture manufactured in China or Singapore and imported to Australia may have components that originated in forests in Indonesia, Papua New Guinea and New Zealand.

Supply chain and product complexity will make it difficult to develop and apply practical measures to identify legally imported forest products.

2.8 International initiatives

Illegal logging is an important and complex global issue. International environmental and forestry organisations, forums and countries combat illegal logging in various ways.

Multilateral

The International Tropical Timber Organization (ITTO)¹⁵, the Asia Pacific Forestry Commission (APFC), the Food and Agriculture Organization (FAO)¹⁶ and the World Bank¹⁷ have established international initiatives to tackle illegal logging. They focus on building the capacity of producer countries through technical support and information exchange.

¹⁵ ITTO: <http://www.itto.or.jp>

¹⁶ APFC: <http://www.fao.org/forestry/site/33592/en>

¹⁷ World Bank: <http://www.worldbank.org/>

¹⁸ Asia Forest Law Enforcement and Governance Ministerial Process: http://www.illegal-logging.info/papers/Bali_ministerial_declaration.pdf

¹⁹ EU FLEGT Action Plan 2003: http://ec.europa.eu/comm/development/body/theme/forest/initiative/index_en.htm

²⁰ G8 countries: a group of eight industrialised countries comprising Canada, France, Germany, Italy, Japan, Russia, UK, and the US.

²¹ Gleneagles Communiqué (2005) <http://www.defra.gov.uk/news/2005/051102a.htm>

²² UK Timber Procurement policy: <http://www.proforest.net/cpet>

The Asia Forest Law Enforcement and Governance Ministerial Process was established in 2001 to combat the problem of illegal logging and associated trade at the political level.¹⁸

In May 2003, the European Union (EU) released a Forest Law Enforcement Governance and Trade (FLEGT) Action Plan to combat illegal logging and reduce the trade in associated products. The Action Plan proposes Voluntary Partnership Agreements between exporting and importing countries, covering governance reform and measures to end illegal timber imports into the EU.¹⁹

A 2005 G8²⁰ Ministers' Initiative has commitments to reduce illegal logging, including voluntary agreements between two parties (bilateral agreements) and border control, doing more to support developing countries' own efforts to enforce forest law and improve governance, using government procurement to ensure that governments do not contribute to the problem of illegal logging and reviewing progress on these commitments.²¹

Other countries

Aside from the EU FLEGT Action Plan, consumer and producer countries have recently increased their efforts to address illegal logging and trade in associated products.

Governments in the United Kingdom, New Zealand, Japan and EU member countries (Netherlands, Belgium, Denmark, France and Germany) have developed public procurement policies for purchasing legally and/or sustainably certified products.²²

Individual countries are also tackling illegal logging through forest law enforcement and governance programmes with trading partners.

In 2003 the President of the United States launched his Initiative Against Illegal Logging²³ urging developing countries to combat illegal logging through voluntary collaboration. Strategies include helping countries to establish, strengthen and enforce laws on forest management, and encouraging greater community participation in forest management. The strategies are also helping countries develop monitoring systems and promote good business practices, transparent markets and legal trade.

Producer countries, such as Indonesia, have signed memorandums of understanding (MoU) to address illegal logging with a number of countries, including the UK, Norway and China in 2002 and Japan and Korea in 2003. So far, the MoU between Indonesia and the UK²⁴ is the most developed and stipulates that the parties will work together on regulatory and policy reforms. Indonesia and the European Union are currently negotiating a Voluntary Partnership Agreement based on establishing a legality assurance system to demonstrate that timber exports meet a defined standard of legal production.

The Malaysian Timber Certification Council (MTCC)²⁵ continues to develop Malaysia's certification scheme to gain international recognition and to prove legality of its forest products, largely through the EU's Voluntary Partnership Agreement framework.

Many issues contributing to illegal logging and its associated trade are outside the Australian Government's control. However, Australia will work closely with the international community, particularly in the Asia-Pacific region, to find solutions.

²³ President's Initiative Against Illegal Logging (<http://www.whitehouse.gov/infouc/illegal-logginh/index.html>)

²⁴ Indonesia-UK MoU on illegal logging: <http://dte.gn.apc.org/53MoU.htm>

²⁵ MTCC: <http://www.mtcc.com.my>

²⁶ Asia Forest Law Enforcement and Governance Ministerial Process: http://www.illegal-logging.info/papers/Bali_ministerial_declaration.pdf

2.9 Governance and capacity building in the Asia-Pacific region

The Australian Government will continue to work with timber-exporting countries to improve their level of governance and capacity to produce legal forest products and to implement sustainable forest management. The ultimate aim of this is to ensure that forest products sold in Australia come from sustainably managed forests.

Consumer and producer countries can cooperate on a regional basis to develop a consistent and coordinated approach to illegal logging, sustainable forest management and forest certification schemes.

A single harmonised system offers the benefit of consistency across the region, as well as significant cost efficiencies.

Through regional partnerships such as the Asia Forest Law Enforcement and Governance Ministerial Process²⁶ and the FAO's Asia Pacific Forestry Commission, Australia could tackle regional issues of illegal logging and governance. The Australian Government's commitment to fight corruption will continue within the United Nations (UN) and Organisation for Economic Co-operation and Development (OECD) conventions.

Bilateral agreements and memorandums of understanding between timber-exporting and timber-consuming countries are opportunities for Australia to influence forest management in the region.

3. Summary of proposed domestic and international measures and actions to reduce the amount of illegally-sourced forest products imported into Australia.

PROPOSED DOMESTIC MEASURES AND ACTIONS

MEASURE 1

Raise market and consumer awareness about illegal logging and the Australian Government's policy response.

ACTIONS

The Australian Government will work with industry to develop education programmes for:

- 1.1 Importers and wholesalers – to raise their awareness and understanding of illegal logging, the benefits of purchasing legally and sustainably produced forest products and the actions they can take to tackle the problem; and
- 1.2 Consumers – to raise their awareness and understanding of illegal logging and the benefits of purchasing legally and sustainably produced forest products.

MEASURE 2

Foster and develop the domestic industry, particularly in areas such as high-value timbers and value-added products.

ACTIONS

The Australian Government will continue to support:

- 2.1 Expansion of the plantation sector and value-adding to our existing timber resources;
- 2.2 Innovative processing to transform timber originally grown for woodchips into structural lumber; and
- 2.3 Value-adding in the native forestry sector.

MEASURE 3

Work with industry to develop voluntary measures that help to gauge the legality of imported forest products.

ACTIONS

The Australian Government will work with industry to:

- 3.1 Develop and implement a voluntary code of conduct and procedures to help Australian importers use assurances from exporters to gauge the legality of imported forest products; and
- 3.2 Develop and implement an education programme to help importers and wholesalers understand and implement the voluntary measures.

MEASURE 4

Develop voluntary certification and product chain-of-custody schemes for Australian forest products.

ACTIONS

- 4.1 The Australian Government will work with industry to promote the adoption of forest certification and product chain-of-custody schemes which demonstrate the legality of domestic forest products from the forest to point of sale.
- 4.2 Develop an interim system to demonstrate the legality of domestic forest products from Australian forests that have not been certified or are not managed under Regional Forest Agreements.

MEASURE 5

Develop purchasing guidelines for the private and public sectors.

ACTIONS

The Australian Government will:

- 5.1** Encourage the development and adoption of voluntary private sector procurement policies and guidelines to assure consumers that all products they purchase, both domestically produced and imported, are legally sourced; and
- 5.2** Consider including information about illegal logging in its existing voluntary purchasing guidelines to assist its departments and agencies in purchasing legally sourced forest products.

PROPOSED INTERNATIONAL MEASURES AND ACTIONS

MEASURE 6

Work with other countries to improve forest management practices and increase the supply of legally sourced and certified forest products.

ACTIONS

The Australian Government and industry will work with exporting countries in the Asia–Pacific region to:

- 6.1** Develop bilateral arrangements for legal assurances and related governance processes for their forest products; and
- 6.2** Improve their sustainable forest management practices.

MEASURE 7

Increase collaboration with countries in our region to help combat illegal logging.

ACTIONS

The Australian Government will:

- 7.1** Identify the most effective regional agencies and mechanisms to implement the policy;
- 7.2** Develop stronger and better coordinated policies, strategies and action plans at the regional level (for example, harmonisation of internationally recognised certification schemes to tackle the problem of illegal logging); and
- 7.3** Develop and encourage better targeted policies and systems to coordinate a regional approach to sustainable forest management in relevant regional forums.

MEASURE 8

Promote policies and strategies at international forums that encourage greater use of legal and sustainable forest management practices, certification and product chain-of-custody schemes.

ACTIONS

The Australian Government will:

- 8.1** Identify the best international agencies and mechanisms to coordinate action against illegal logging and its associated trade at the global scale;
- 8.2** Work through selected multilateral forums to achieve global adoption of legal and sustainable forest management practices, forest certification and product chain-of-custody schemes; and
- 8.3** Develop and promote stronger and coordinated policies and strategies in multilateral forums to address illegal logging.

4. Solutions to reduce illegally sourced forest products from the Australian market – a practical approach

The following draft policy framework and solutions deal with the issues discussed earlier in the paper. Some reflect suggestions and options raised during the consultations.

This Discussion Paper does not represent final Australian Government policy, but is released for public review and comment, with a view to finalising an Australian Government policy in 2007.

Because global timber supply chains, production and trade are so complex, development of each component of the policy will require a carefully staged and incremental process.

It is much easier and quicker to achieve policy actions within Australia — where policy can be directly influenced by our government, industry and non-government organisations — than it is to influence regional and international policy. Consequently, the time to implement each policy component will vary.

GOAL:

To reduce the amount of illegally sourced forest products imported into Australia.



WE INVITE SUBMISSIONS ON THIS AUSTRALIAN GOVERNMENT DISCUSSION PAPER AND WILL HOLD FURTHER CONSULTATIONS WITH STAKEHOLDERS.

4.1 Proposed domestic measures and actions

MEASURE 1

Raise market and consumer awareness about illegal logging and the Australian Government's policy response.

ACTIONS

The Australian Government will work with industry to develop education programmes for:

- 1.1 Importers and wholesalers – to raise their awareness and understanding of illegal logging, the benefits of purchasing legally and sustainably produced forest products and the actions they can take to tackle the problem; and
- 1.2 Consumers – to raise their awareness and understanding of illegal logging and the benefits of purchasing legally and sustainably produced forest products.

ISSUES

Some importers and retailers are now developing strategies to deal with illegal logging. Greater awareness and understanding of the issues by industry and consumers is needed to bring about a change in their purchasing preferences.



MEASURE 2

Foster and develop the domestic industry, particularly in areas such as high-value timbers and value-added products.

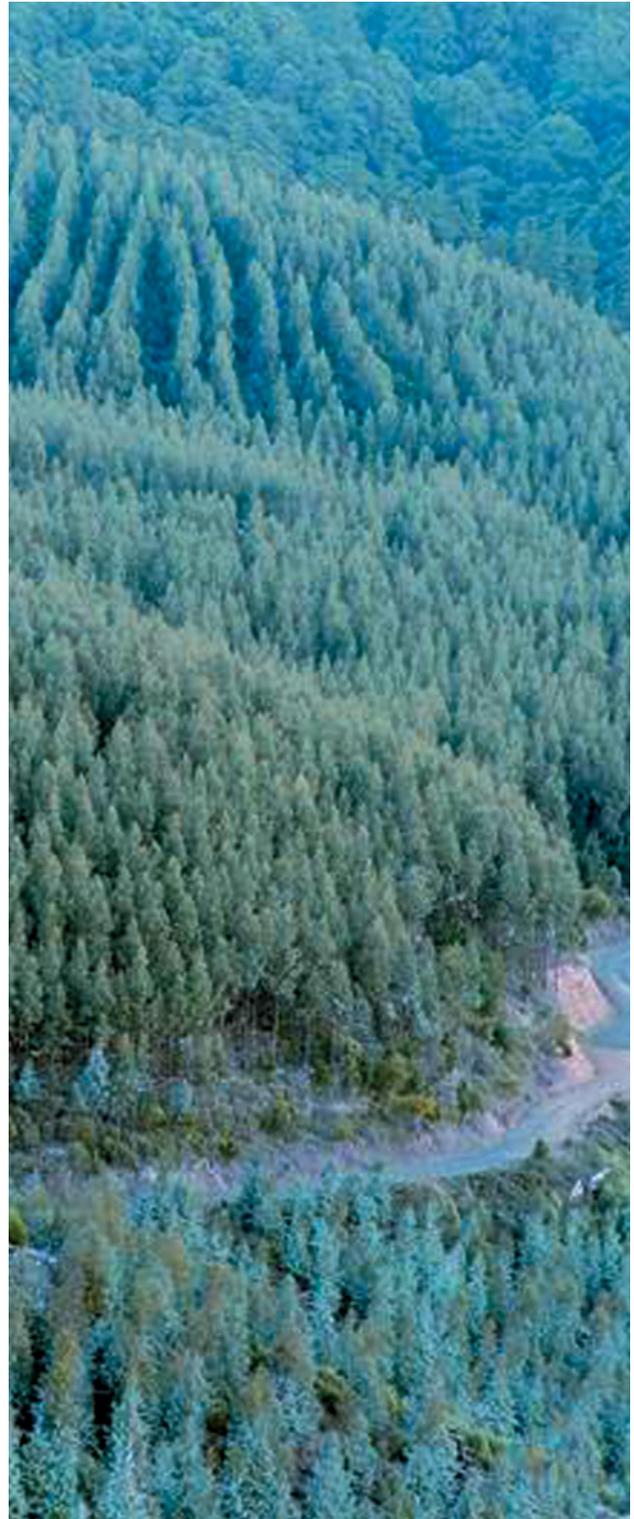
ACTIONS

The Australian Government will continue to support:

- 2.1 Expansion of the plantation sector and value-adding to our existing timber resources;
- 2.2 Innovative processing to transform timber originally grown for woodchips into structural lumber; and
- 2.3 Value-adding in the native forestry sector.

ISSUES

Australia currently has an annual \$2 billion trade deficit in forest products. While it will always be necessary to import some forest products, the possibility of importing illegally sourced timber can be reduced by expanding Australia's forestry industry, particularly in high value forest and forest products, to fill market demand.



MEASURE 3

Work with industry to develop voluntary measures that help to gauge the legality of imported forest products.

ACTIONS

The Australian Government will work with industry to:

- 3.1 Develop and implement a voluntary code of conduct and procedures to help Australian importers use assurances from exporters to gauge the legality of imported forest products; and
- 3.2 Develop and implement an education programme to help importers and wholesalers understand and implement the voluntary measures.

ISSUES

An audit of policies and procedures used by Australian forest product importers to gauge the origin of their imports indicated that about 40 per cent²⁷ of them do not have policies and procedures in place.

This measure aims to develop a voluntary code of conduct and procedures that can be adapted to different businesses, with guidelines for its use made available to all forest product importers and wholesalers.

Assurances from exporters will be important and will need to be made available to Australian importers. Independent monitoring could measure importers' compliance with the voluntary code.

Where exporters are unable to guarantee that their product is legal, direct discussions with exporting countries could encourage governance and accountability (this is further developed in Measure 6).



²⁷Timber Development Association of New South Wales, *A review of the current practices employed by timber and timber product importers to determine the legality of supply*, TDANSW, 2006, p 22.

MEASURE 4

Develop voluntary certification and product chain-of-custody schemes for Australian forest products.

ACTIONS

- 4.1 The Australian Government will work with industry to promote the adoption of forest certification and product chain-of-custody schemes which demonstrate the legality of domestic forest products from the forest to point of sale; and
- 4.2 Develop an interim system to demonstrate the legality of domestic forest products from Australian forests that have not been certified or are not managed under Regional Forest Agreements.

ISSUES

Wider adoption of forest certification and chain-of-custody schemes should be encouraged to help promote legal and sustainable timber production in Australia. Such measures would remove any perceptions of illegality.

For example, the Australian Forest Certification Scheme (AFCS), which is applicable to all forest types, provides an internationally endorsed standard for certifying legal and sustainable forest management in Australia. A product chain-of-custody scheme for forest product certification is now being finalised under the AFCS.

Under the Australian Constitution, State and Territory governments are responsible for managing natural resources, including land and forests. They will have an active role in developing this policy objective to ensure that arrangements will cover the legality of forest products from public and private lands.



MEASURE 5

Develop purchasing guidelines for the private and public sectors.

ACTIONS

The Australian Government will:

- 5.1 Encourage the development and adoption of voluntary private sector procurement policies and guidelines to assure consumers that all products they purchase, both domestically produced and imported, are legally sourced; and
- 5.2 Consider including information about illegal logging in its existing voluntary purchasing guidelines to assist its departments and agencies in purchasing legally sourced forest products.

ISSUES

In some countries the public and private sectors are increasingly using procurement policies for legal forest products to prevent purchase of illegal products. As large consumers of forest products, the Australian Government and state, territory and local governments have an important role to play.

The private sector should also be able to assure consumers that they are purchasing legally compliant products. Private sector initiatives to develop such an industry-wide procurement policy would support the Australian Government's policy on illegal logging. Some Australian firms now require that forest products they sell must come from well managed and legally operating forests.



4.2 Proposed international measures and actions

MEASURE 6

Work with other countries to improve forest management practices and increase the supply of legally sourced and certified forest products.

ACTIONS

The Australian Government and industry will work with exporting countries in the Asia-Pacific region to:

- 6.1 Develop bilateral arrangements for legal assurances and related governance processes for their forest products; and
- 6.2 Improve their sustainable forest management practices.



ISSUES

Illegal logging and associated trade in forest products needs to be addressed through global, bilateral and regional processes as well as at the domestic level to be effective.

The Australian Government and industry can work bilaterally with trading partners to increase their capacity for appropriate and credible assurance processes. These countries have systems and processes — developed to varying degrees — for establishing the legality and sustainability of their forest product exports.

This kind of work is necessary to give stakeholders confidence in assurances that forest product imports are legally compliant and that the issues underpinning legal and sustainable forest operations are being adequately addressed.

Bilateral engagement could include actions to promote the capacity of countries to validate the legality of forest product exports and improve forest law enforcement, governance and sustainable forest management systems. It could support the implementation of internationally accredited certification and chain-of-custody schemes to demonstrate the legality of their exports. Australian aid and research agencies are actively involved in governance and capacity building activities in the Asia-Pacific region.

MEASURE 7

Increase collaboration with countries in our region to help combat illegal logging.

ACTIONS

The Australian Government will:

- 7.1 Identify the most effective regional agencies and mechanisms to implement the policy;
- 7.2 Develop stronger and better coordinated policies, strategies and action plans at the regional level (for example, harmonisation of internationally recognised certification schemes to tackle the problem of illegal logging); and
- 7.3 Develop and encourage better targeted policies and systems to coordinate a regional approach to sustainable forest management in relevant regional forums.



ISSUES

While working at the bilateral level, Australia could take a lead in regional forums to develop more effective actions to combat illegal logging and to promote sustainable forest management. This would complement domestic and bilateral policy objectives and provide a more strategic and cohesive approach to the problem.

Some regional forums already provide different approaches and mechanisms to address illegal logging and sustainable forest management in the region. These include the Asia Pacific Forestry Commission, Asia Forest Partnership, Secretariat of the Pacific Community, the Asia Forest Law Enforcement and Governance Ministerial Process and the Pacific Islands Forum.

Greater coordination at a sub-regional level would increase the success of regional and national programmes. A number of these programmes have been enacted in South-East Asian producer countries to address illegal logging and its associated trade (refer to section 2.9), but more effort is needed to implement these and new programmes to support Pacific Island nations.

Through its aid programme in the region, Australia is already working with a number of countries with acute governance problems and where, for example, new anti-corruption elements could be built into existing programmes or new activities.

MEASURE 8

Promote policies and strategies at international forums that encourage greater use of legal and sustainable forest management practices, certification and product chain-of-custody schemes.

ACTIONS

The Australian Government will:

- 8.1 Identify the best international agencies and mechanisms to coordinate action against illegal logging and its associated trade at the global scale;
- 8.2 Work through selected multilateral forums to achieve global adoption of legal and sustainable forest management practices, forest certification and product chain-of-custody schemes; and
- 8.3 Develop and promote stronger and coordinated policies and strategies in selected multilateral forums to address illegal logging.

ISSUES

As well as working regionally, Australia's policy on illegal logging could work effectively in multilateral forums. It could encourage an internationally coordinated approach to the adoption of legal and sustainable forest management practices, forest certification and product chain-of-custody schemes.

Multilateral forums include the United Nations Forum on Forests; the Food and Agricultural Organization and the International Tropical Timber Organization.

Multilateral, regional and bilateral measures should be complementary. Better coordination and consistency in their development and implementation should result in better outcomes at lower cost.

Australia is well regarded in international circles for its contribution towards multilateral forestry issues. Consistent with its domestic, bilateral and regional policy objectives, Australia has an opportunity to encourage relevant multilateral forums to achieve policy outcomes at lower cost to industry and government.



5. Written submissions and further consultation

The above discussion and proposed domestic and international measures and actions reflect the Australian Government's current thinking on the most practical ways to address the issue of illegal logging.

We welcome further community input and consultation to help shape the final policy approach.

You can download the Australian Government Discussion Paper at:

<http://www.daff.gov.au/illegallogging>

The Australian Government expects to release its final policy on illegal logging in the first half of next year (2007).

Please send submissions by close of business 31 January 2007 to:

Via email: forestry.contact@daff.gov.au

or

By post: C/o Manager
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