



Draft Regulatory Impact Statement

Proposed new policy on illegally logged timber

NAFI Submission

30 November 2009

The National Association of Forest Industries (NAFI) broadly supports the findings of the draft Regulatory Impact Statement (RIS), prepared by the Centre for International Economics.

NAFI acknowledges the difficulty in qualifying or quantifying the expected costs to society from Australian Government policy measures to reduce illegal logging. The complexity of the issue and information deficiencies supports the case for a phased approach in Australian Government policy development. For example, the current reliance on broad estimates, such as the 10% value assumed for illegal or dubious sourced wood imports into Australia, underlines the need for more accurate data on the extent of illegal logging practices overseas.

The RIS general equilibrium economic modelling is also unremarkable in terms of the adverse outcomes on the Australian economy from restricted trade. The issue for policy is that draconian trade restrictions and disclosure measures on wood imports would result in perverse outcomes, impacting unnecessarily on Australia's legal and sustainable forest industry and provide little or no solution in abating illegal logging overseas. NAFI supports draft RIS findings that unilateral action by Australia will have limited benefit, doing little if anything to prevent illegal logging practices, while imposing a significant cost burden in forest and wood product industry compliance and Government administration.

A blanket ban on suspected illegal timber imported into Australia could punish legally sourced timber and forest dependant communities from those countries, do little to solve the global problem and serve only to shift dubious trade elsewhere.

NAFI agrees with the draft RIS findings that unilateral timber import restrictions will simply mean a diversion of illegal or dubiously sourced wood products into other markets.

NAFI therefore supports a progressive Australian Government approach that addresses the cause and not the symptoms of illegal logging. A long term vision to address illegal logging should be to establish global capacity for adoption of Sustainable Forest Management (SFM) principles, the same principles that apply to Australia's production forest estate. NAFI supports Australian Government initiatives that build capacity in SFM and forest certification internationally.

The Australian Government SFM capacity building program in 'high risk' countries, such as the Asia Pacific Forest Skills and Capacity Building program, is an example of a Government initiative targeting the cause of illegal logging. Working closely with China as a major 'consumer' country, the Australia/China Agriculture Technical Cooperation (ATC) program is a successful and relevant Australian Government initiative in the area of forest certification.

Multilateral policy development on illegal logging is effective where there is a clear definition of the problem and a common approach to identified solutions. Multilateral policy development is warranted in the future as further information becomes available in conjunction with SFM capacity building. In this respect, NAFI acknowledges Australian Government leadership in SFM capacity building and bilateral forest and wood product trade agreements, particularly in Asia and the Pacific.

NAFI broadly agrees with the draft RIS analysis that further policy development into a mandatory Code of Conduct (CoC) can only be achieved as new information emerges and multilateral policy arrangements develop and mature over time. NAFI urges the Australian Government to continue to invest in research and capacity building projects to build the necessary information base and intergovernmental relationships to move forward in addressing the practice of illegal and unsustainable logging.

The general position of the draft RIS position is to consider, as a first point in Australian Government policy development, a voluntary CoC for responsible wood product purchasing. The recent NSW Timber Development Association project to develop a draft CoC, funded by the Australian Government Department of Agriculture, Fisheries and Forestry, provides an initial framework for such a voluntary CoC for timber importers.

However, NAFI notes that greater transparency in timber import purchasing is no replacement for Australian sustainably grown and processed wood products. Australian grown and produced wood products already meet strict State and Federal compliance measures and are internationally recognised through accredited forest management or chain of custody certification. Certification provides greater consumer confidence in addition to strict legal requirements, and demonstrates that

illegal logging is not a problem of the domestic industry. NAFI recommends as a fundamental policy principle that Australian Government measures to address illegal logging overseas should not place an impost on Australia's sustainable forestry and wood products industry. It is equally important for Governments and industry to promote the economic and environmental benefits of using locally grown and sustainable produced wood products, through timber marketing and related initiatives.

Australia's forest industry is committed to working with other countries on illegal logging issues. For example, NAFI recently completed a forest certification project with China through the ATC program. This project aided China in the development of a national forest certification scheme and helped foster bilateral recognition between Australia and China on forest certification. This project revealed the challenges many countries face in building systems to drive SFM and certification nationally, and the vital importance of Australian Government and industry assistance, at both technical and strategic policy levels. NAFI has also recently participated in the AusAID sponsored Australian Leadership Award Leadership Development Program, by providing policy experience on trade and illegal logging issues with a Ph D student from Vietnam.

NAFI recommends that the Australian Government continue to focus efforts and resources into proactively working with consumer and producer countries, to develop their capacity to deal with illegal logging issues. The flow on effects from bilateral arrangements and capacity building in SFM goes further than just addressing illegal logging, as SFM practices can enhance carbon storage and reduce greenhouse gas emissions, improve environmental outcomes as well as promote sustainable livelihoods for forest dependent communities.

NAFI appreciates the opportunity to comment on the draft RIS and is committed to working with the Australian Government and other key stakeholders on this important trade policy issue.

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