

Projects related to the Australian Government's Policy on Illegal Logging

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Australian Government policy commitment

- *To restrict the importation of and trade in illegally logged timber and wood products, and to encourage the sourcing of these products from sustainably managed forests.*
- Multiple approach:
 - Multilateral agreements (ASEAN)
 - Bilateral agreements (China, PNG, Indonesia)
 - Capacity building (illegal logging, SFM and REDD)
 - Domestic policy and regulatory options

Overarching policy framework

- Build capacity within regional governments (eg., Indonesia, PNG) to restrict illegal harvesting
- Develop and support forest management and Chain of Custody certification systems (AFS, LEI, MTCC) for timber products sold in Australia
- Identify illegally logged timber and prevent its import
- Require disclosure
 - Species, country of source, verification method
- Support use of market-based instruments to reduce GHG emissions from deforestation and forest degradation (REDD)

Four activities to support domestic policy

1. Regulation Impact Statement (RIS)
 - Assess economic impacts of different regulatory options
2. Improved estimates of Australia's illegally-logged timber and wood-based product imports
3. Analysis of legality verification systems
4. Code of Conduct for timber and wood-based products

1. RIS process

- **RIS Issues Paper (release in late March)**
- **RIS Options Paper (due soon)**
- **Recommend policy option(s) to DAFF**
- **Recommended regulatory option(s) to Government**

1. RIS Process (cont)

RIS Issues Paper

What is the size of the problem?

- Are estimates of illegally-logged imports credible?
- Extent of illegal logging in Australia?
- Strengths and weaknesses of forestry laws of Australia's trading partners?
- What concept of legality?
 - All laws?
 - Forestry + labour + social laws?
 - Forestry laws?
 - Rights to harvest?

1. RIS Process (cont)

RIS Options Paper (soon)

- Regulatory options?
 - Due diligence (eg., EU legislation)
 - Criminal sanctions (eg., US Lacey Act)
 - Unilateral / Multilateral
- Where should compliance be checked?
 - Point of entry/processing
 - Point of sale
- What enforcement and penalties regime?
- Substitution effects on timber trade flows and sources of wood?
- **How certain can Australia be that implementing illegal logging measures will prevent imports of illegally logged timber and wood-based products?**

2. Volume and value of illegally logged imports

- Improve accuracy and reliability of estimates
- Review credibility of previous estimates
- Examine alternative approaches
- Reconcile with export figures of supplying countries and import data of purchasing countries

3. Comparative analysis of LV schemes

- Analysis of legality verification (LV) schemes in supplier countries:
 - Key elements
 - Effectiveness
- Identify best-practice schemes
- Determine capacity of exporting countries to comply with proof of legality requirements Australia that may prescribe

4. Draft industry generic code of conduct

- Develop cross-sector generic code of conduct
- Cover timber, wood-based, pulp, paper, manufactured wood products
- Applicable to domestic/exports and imports

Summary of activities

- Identify regulatory options
- Describe costs and benefits of implementation
- Describe processes to verify legality of source
- Improve estimates of imports not legally sourced
- Establish compliance and enforcement regime
 - Phased approach (likely)
 - Product/sector categories
 - Verification requirements and assessment procedures
 - Penalty regimes
- Determine capacity building requirements
 - Assist domestic and overseas industry sectors to verify legal source