



Member Guidelines



Stopping the supply of
illegally logged forest
products to Australia

Context

A3P is the peak body for Australia's plantation products and paper industry, representing each of the three industry sectors—plantation growing, sawmilling and paper manufacturing.

A3P member companies create and sell more than \$4 billion of product each year and employ more than 13,500 people in plantation operations, sawmills and paper manufacturing plants, mainly in rural and regional areas. The companies produce 12 million tonnes of wood annually and process it into products including three million tonnes of pulp and paper and more than two million cubic metres of sawn timber.

In addition to the domestic production of paper and plantation products, some A3P members import forest products, either as in input to their own production such as pulp for a paper mill or as final products for marketing, including from their own operations overseas.

While some A3P members import forest products, all members of the plantation products and paper industry compete in markets that are impacted by the supply of illegally logged products. An A3P position must therefore cover both importers of forest products and domestic producers who compete in the same market as imported products.

A3P welcomes the Australian Government's commitment to work with major forest product importers, wholesalers and retailers to examine options consistent with international obligations to encourage sourcing of forest products from sustainable forest practices. Forest products sourced from illegal logging currently compete in the marketplace against Australian products legally sourced from sustainably managed forests.

The issue

Jaakko Poyry Consulting, in a recent report for the Australian Government, estimates that "illegal logging influences approximately A\$400 million of Australia's forest products and wooden furniture imports which is approximately nine per cent of the total for these imports". The report identifies the key problem areas as Indonesia, Malaysia, and possibly China. The products most affected are wooden furniture, paper and paperboard, wood-based panels, sawnwood, doors and mouldings.

WWF define illegal logging as:

"when timber is harvested or traded in violation of relevant national or sub-national laws or where access to forest resources or trade in forest products is authorized through corrupt practices."

This definition of the problem, like many, has three key elements:

- Illegal harvesting. Timber is cut or removed without the required license or in breach of a harvesting license or law. This includes timber that is stolen.
- Illegal trading. Timber, or a product containing timber, is bought, sold, exported, or imported and processed in breach of the laws, including laws implemented under the Convention on International Trade in Endangered Species (CITES).
- Corruption. Authorisation to harvest or trade logs or timber products is secured through corrupt application of laws or administrative procedures.



A3P's response: recommended process

In acknowledgment of the threat posed by illegal logging to environmental values, traditional lifestyles and local property rights, A3P recommends that its members and other participants in the wood and paper industry implement the following process within their company.

Certification to a credible sustainable forest management standard, such as the Programme for Endorsement of Forest Certification schemes (PEFC) or Forest Stewardship Council (FSC), is sufficient to demonstrate legality of harvesting. In instances where the source has not attained sustainable forest management certification, legality could still be demonstrated through the chain-of-custody requirements of a credible certification scheme such as PEFC's Avoidance of Controversial Sources or FSC's Standard for Controlled Wood. A number of international processes have assessed the suitability of various schemes for demonstrating legal origin.

For importers:

- 1 Identify suppliers that have attained certification to a credible sustainable forest management standard or where timber is sourced under the chain-of-custody requirements of a credible certification scheme.
- 2 Survey other suppliers regarding their resource access, regulatory environment, management systems and internal controls. The survey should attempt to cover all components of 'legality' including:
 - harvesting rights
 - licences and permissions—including start and finish dates
 - licensing of contractors and forest operators
 - forest tenure including protected areas
 - size and species limits
 - limits to harvesting levels and intensity
 - legality of processing facilities
 - payment of royalties/prices
 - payment of government charges.
- 3 Undertake a risk assessment of the likelihood of illegal material entering the supply chain based on the results of the surveys, scenario analysis and other material including country assessments undertaken by independent groups.
- 4 Based on the assessed risk, apply a verification process to gain assurance of the legality of supply. For example, the 'known licensed source' approach outlined by WWF could be applied to low risk sources while high risk sources could be assessed using the 'verified legal timber' approach.

Known licensed source: Basic legal compliance check

 - The purchaser knows where the timber was grown and can identify the harvesting entity.
 - The harvesting entity has a legal right to harvest (has a harvesting permit and authorisation from the forest owner).
 - The chain of custody is unbroken.

Verified legal timber: Full legal compliance check

 - Timber was legally harvested.
 - Charges were paid.
 - Timber was legally traded (including compliance with CITES laws).
 - Third-party audit of legal compliance was conducted and chain of custody verified.
- 5 Seek appropriate changes to supply arrangements, information and/or documentation based on the results of the verification process.
- 6 Seek ongoing improvements in chain of custody documentation.

For Australian forest managers:

Attain certification under a credible sustainable forest management standard.

OR

- 1 Maintain records regarding all components of the legality of forest product supply:
 - Harvesting rights
 - Licences and permissions – including start and finish dates
 - Licensing of contractors and forest operators
 - Forest tenure including protected areas
 - Size and species limits
 - Limits to harvesting levels and intensity
 - Legality of processing facilities
 - Payment of royalties/prices
 - Payment of Government charges
- 2 Provide information on legality of supply to customers when requested.

Propose that significant customers should address legality of forest product supply throughout their supply chain.

For Australian processors:

Source logs and fibre certified under a credible sustainable forest management standard or under the chain-of-custody requirements of a credible certification scheme.

OR

- 1 Request all suppliers of logs and fibre to maintain records regarding all components of the legality of supply.
- 2 Provide information on legality of supply to customers when requested.

Propose that significant customers should address legality of forest product supply throughout their supply chain.

Monitoring and review

A3P will work with governments and NGOs to develop policies that support the approach outlined in this document and monitor the level of imports of forest products from 'suspect' sources.

The process outlined in this document will be reviewed and updated reflecting changes in the regulatory environment and/or changes in the level of 'suspect' imports.

