



Submission No 20

## **Inquiry into Illegal Logging Prohibition Bill 2011**

**Organisation:** Department of Agriculture, Fisheries and Forestry  
Department of Foreign Affairs and Trade



Australian Government  
Department of Agriculture, Fisheries and Forestry



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**Submission to the  
Joint Standing Committee on Foreign  
Affairs, Defence and Trade's Inquiry  
into the  
Illegal Logging Prohibition Bill 2011**

May 2012

## **Introduction**

The Department of Agriculture, Fisheries and Forestry (DAFF) and the Department of Foreign Affairs and Trade (DFAT) welcome the opportunity to make a submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade on the Illegal Logging Prohibition Bill 2011.

This submission responds to the reference to the Joint Standing Committee on Foreign Affairs, Defence and Trade:

*Concern over the international implications of the Bill which have been expressed by Canada, Indonesia, Malaysia, New Zealand and Papua New Guinea in their submissions to the Senate Rural and Regional Affairs and Transport Legislation Committee Inquiry.*

This submission also provides background on the evolution of the policy and on-going consultation mechanisms.

## **Australia's commitment to good forestry governance and trade outcomes**

*Every two seconds, across the world, an area of forest the size of a football field is clear-cut by illegal loggers ... large-scale illegal operations are carried out by sophisticated criminal networks.<sup>1</sup>*

The importance of introducing this legislation is to: promote global trade in legally logged timber products; contribute to an increase in legal timber production by a larger proportion of overseas timber producers; help reduce deforestation, forest degradation and the harmful environmental, social and economic impacts of illegal logging; and provide greater certainty for businesses and consumers that timber products sold in Australia are from legal sources.

In an effort to stop illegal logging and associated trade, major consumer countries have, or are putting in place, measures to prevent trade in illegally logged timber products. These initiatives are supported by capacity building programs to assist developing countries improve their forest law enforcement and governance. To combat illegal logging and meet the import requirements of consumer countries, timber producing countries, such as Indonesia and Papua New Guinea, and organisations, such as the Association of Southeast Asian Nations (ASEAN), are also developing timber legality verification schemes to demonstrate the legal origins of their timber products. The emergence of these complementary approaches has established a new international policy context for combating illegal logging and associated trade.

At the 2011 Asia-Pacific Economic Cooperation (APEC) Leaders Summit in Honolulu, Prime Minister Julia Gillard joined Stephen Harper, Prime Minister of Canada; Susilo Bambang Yudhoyono, President of Indonesia; Sri Mohd Najib Abdul Razak, Prime Minister of Malaysia; Bill English, Deputy Prime Minister of New Zealand; Peter O'Neill, Prime Minister of Papua New Guinea; Barack Obama, President of the United States; and Hu Jintao,

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<sup>1</sup> The World Bank (2012), Justice for Forests: Improving Criminal Justice Efforts to Combat Illegal Logging.

President of the People's Republic of China, in declaring they would work to implement appropriate measures to prohibit trade in illegally harvested forest products and undertake additional activities in APEC to combat illegal logging and associated trade. A proposal for an "APEC Mechanism to Promote Trade in Legally Harvested Forest Products and Combat Illegal Logging and its Associated Trade" was put forward and supported.

## **Illegal Logging: the case for change**

Illegal logging of timber contributes to environmental degradation and hampers social development by depriving local communities and Governments of the benefits of using their resource. Environmental and social costs worldwide have been estimated at approximately US\$60 Billion per annum.<sup>2</sup> Illegally logged timber also undermines well regulated and sustainable industries by undercutting legally harvested timber products.

It is estimated that approximately 90 per cent of Australia's timber and timber product imports are legal.<sup>3</sup> The legality of these products is sometimes verified by Australian importers and processors using voluntary measures, including a mix of guidelines, codes of conduct and legal timber procurement policies. However, there is limited independent monitoring of the performance of these measures.<sup>4</sup> A report commissioned by DAFF in 2005 estimated that 60 per cent of importers registered with industry associations had policies for the legal verification of the timber they purchased, 14 per cent had no formal policies in place, but had developed relationships with suppliers to provide legal assurances, and 26 per cent had no policies in place.<sup>5</sup>

A number of Australian businesses and industry associations already implement legality assurance measures. Bunnings and large industry associations, such as the Australian Timber Importers Association, have policies and practices in place for sourcing legal timber products. Industry, on the whole, is uncertain, however, as to what constitutes an adequate approach to the verification of the legality of timber products and not all businesses undertake equivalent levels of verification. Some businesses undertake no legality verification and may obtain an unfair market advantage from sourcing cheap, potentially illegal timber that undermines market prices for legally sourced timber.

The development of legislation that provides a national approach to the verification of the legality of timber products grown in Australia and overseas will address the uncertainty over what constitutes legal timber and will help reduce the importation of illegally logged timber.

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<sup>2</sup> Centre for International Economics (2010), A Final Report to inform a Regulation Impact Statement for the proposed new policy on illegally logged timber, 29 January 2010.

<sup>3</sup> Jaako Poyry Consulting (2005), Overview of Illegal Logging – Prepared for the Australian Government Department of Agriculture, Fisheries and Forestry, September 2005.

<sup>4</sup> Timber Development Association (2009), A generic code of conduct to support procurement of legally logged wood based forest products, December 2009.

<sup>5</sup> Timber Development Association (2006), A Review of the Current Policies and Practices Employed by the Timber and Timber Product Importers to determine the Legality of Supply.

## Evolution of the Bill

Successive Australian Governments have advocated measures to restrict the trade in illegally harvested timber products. In the lead-up to the 2010 Federal election, both the Labor Party and the Coalition included legislative action on illegal logging in policy platforms.

On 23 March 2011, the Minister for Agriculture, Fisheries and Forestry referred an exposure draft of the Illegal Logging Prohibition Bill to a Senate inquiry, which made seven recommended changes. The Committee recommended changes to the Bill which primarily related to the legislative framework and the type of due diligence activities importers and domestic processors would have to undertake. The Government agreed or agreed in principle with all recommendations of the majority report and introduced an amended Bill into the Parliament on 23 November 2011. A subsequent Senate inquiry has recommended the Bill be passed.

### *Due diligence requirements*

The prohibition on all illegally logged imported timber products will commence the day after Royal Assent, along with the related enforcement, seizure and forfeiture provisions of the Bill. A prohibition will also apply domestically to the processing of illegally logged raw logs which will coincide with the import prohibition. These prohibitions are supplemented by a requirement for importers and processors to undertake due diligence, that will be detailed in the regulations. The regulations will be tabled in the Parliament within six months of Royal Assent to give timber importers and processors of domestically sourced raw logs sufficient time to establish and implement their due diligence systems and processes.

In meeting the proposed due diligence requirements outlined in the Bill before the Parliament, it is anticipated that importers and processors will carry out a number of steps including: (a) risk identification; (b) risk assessment; and (c) risk mitigation. The level of risk will determine what action importers and processors will be required to carry out to mitigate that risk. The legislation provides that the due diligence requirements for importing regulated timber products will be satisfied, wholly or partly, by compliance with specified laws, rules or processes, including the following:

- laws, or processes under laws, in force in a State or Territory or another country;
- rules or processes established or accredited by an industry or certifying body;
- established operational processes.

While the Government will not be accrediting, certifying or mandating the use of third party schemes or country initiatives under this legislation, importers and domestic processors can use these schemes as a component of their due diligence toolbox as individual businesses are most able to determine individual business needs. The intention of this approach is to minimise compliance costs while giving, importers and processors the flexibility to meet the requirements in a manner that suits their individual needs.

In practice, in-country legality verification schemes and third party schemes may be used by importers to mitigate risk as part of an importer's due diligence process. The Government anticipates that assurances for legality provided by existing in-country schemes will inform the development of flexible due diligence requirements.

## **Consistency with Australia's International Trade Obligations**

The relationship of the Bill to Australia's international trade policy, including our international trade law obligations, has been carefully considered by the Government when formulating the Bill.

The Australian Government has designed the Bill to ensure that it is applied to imports of timber products in a manner fully consistent with Australia's international trade obligations. This applies both to the World Trade Organization Agreement and to free trade agreements that Australia has reached with countries supplying timber product to Australia.

The Bill complies with principles and disciplines contained in Australia's international trade obligations, including those aimed at ensuring non-discriminatory treatment of products and those governing approaches to trade policies which have clear environmental objectives. The Bill meets these obligations by providing even-handed treatment of suppliers of timber irrespective of their nationality; incorporating clear environmental objectives; minimising the administrative burden that importers will face; and, importantly, having a clear and direct relationship between the environmental objective of the Bill and the detailed operational provisions.

The central reference point in the legislation defining timber products' legality or illegality is whether it has been sourced "in contravention of laws in force in the place where the timber was harvested" (Clause 7 of the Bill). That is, whether timber is "illegally logged" within the meaning of the Bill will be solely dependent on whether the timber is illegally logged under the law of the country of harvest. No attempt is being made to formulate or apply Australian standards to the production approach that other countries should take; rather the trading partner's own approach is respected.

The process of consultation undertaken to develop the policy and legislation, as well as providing valuable input to help shape the outcome, is also consistent with the important over-arching WTO principle of transparency.

DAFF has received, and will continue to source, extensive legal advice relating to Australia's international trade law obligations for use as the policy underpinning the Bill and regulations to give effect to the Bill are developed.

## **Legislation Approvals Process**

Prior to its introduction, and as a final check, the Bill was subject to an extensive legislation approvals process which provides that all relevant policy departments provide comment prior to its introduction into the Parliament. This process was carried out in a manner consistent with the practices established in the Legislation Handbook (2011).<sup>6</sup>

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<sup>6</sup> Department of Prime Minister and Cabinet (2011), Legislation Handbook. [http://www.dpmc.gov.au/guidelines/docs/legislation\\_handbook.pdf](http://www.dpmc.gov.au/guidelines/docs/legislation_handbook.pdf).

## Action taken by the United States and European Union

The United States (US) and the European Union (EU) have measures restricting the importation of illegally sourced timber products. The US placed a prohibition on illegally logged timber product imports through the *Lacey Act Amendment 2008*. Substantive provisions of the Act were enacted on 22 May 2008.<sup>7</sup> However, the declaration requirement for timber products is being phased in according to the category of timber product.<sup>8</sup>

The *Lacey Act Amendment 2008* (the Lacey Act) makes it unlawful to trade in any plant that is 'taken, possessed, transported or sold in violation of any US law or regulation, or any foreign law', that protects plants or regulates: the theft or taking of plants; the payment of royalties, taxes or stumpage fees required for the harvest; the governance of export or transshipment of plants.

The European Commission is finalising the *EU Timber Regulation* for prescribing the due diligence requirements for all timber product sellers who first place timber products onto the EU market. Sellers will be required to exercise due diligence through a system of measures and procedures which minimise the risk of placing illegally harvested timber on the EU market. The regulation was established in 2010; however, its application will commence on 3 March 2013. Requirements for implementing the legislation, including detailed rules for due diligence systems, will be drafted in this period.<sup>9</sup>

The *EU Timber Regulation* states that illegally harvested means timber that is harvested in contravention to 'applicable legislation in the country of harvest'. Applicable legislation covers: rights to harvest timber within legally gazetted boundaries; payments for harvest rights, including duties related to timber harvesting; timber harvesting; third parties legal rights; trade and customs.

The *EU Timber Regulation* prohibits 'the placing on the market of illegally harvested timber or timber products derived from such timber'. The regulation is supported by Voluntary Partnership Agreements between the EU and a small number of developing countries. These agreements provide funding for targeted capacity building and the development of a licensing system for legally sourced timber products exported to the EU market.<sup>10</sup>

### *Due diligence*

The Lacey Act requires 'due care' to be exercised in making sure shipments of timber are obtained legally. US importers are asking for more guidance surrounding what constitutes an acceptable level

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<sup>7</sup>United States Department of Agriculture, Animal and Plant Health Inspection Service – Lacey Act, [http://www.aphis.usda.gov/plant\\_health/lacey\\_act/index.shtml](http://www.aphis.usda.gov/plant_health/lacey_act/index.shtml)

<sup>8</sup> US Government Federal Register 2009, US Department of Agriculture - Animal and Plant Health Inspection Service, Implementation of Revised Lacey Act Provisions Vol. 79, No. 169, September 2 2009.

<sup>9</sup> European Commission (2011), Illegal Logging Timber Regulation, [http://ec.europa.eu/environment/forests/timber\\_regulation.htm](http://ec.europa.eu/environment/forests/timber_regulation.htm)

<sup>10</sup> European Commission (2011), Illegal Logging – FLEGT Action Plan, [http://ec.europa.eu/environment/forests/illegal\\_logging.htm](http://ec.europa.eu/environment/forests/illegal_logging.htm)

of 'due care'. The onus of proof rests with the US Government to prove an importer has violated the Act.

The *EU Timber Regulation* requires operators to exercise due diligence when first placing timber or timber products on the EU market. The regulation sets out that any due diligence system must contain: measures and procedures to allow access to information on the operator's supply of timber or timber products placed on the market; risk assessment procedures which analyse and evaluate the risk of illegally harvested timber or timber products derived from such timber being placed on the market; except where risk identified in the course of assessment is negligible, risk mitigation measures and procedures that are adequate and proportionate to effectively minimise that risk. The European Commission will adopt more detailed rules on the due diligence system by 3 March 2013.

*Countries should pass similar domestic legislation (to the Lacey Act) criminalizing the importation of illegal timber and plugging an important gap in international law.<sup>11</sup>*

## Ongoing International Consultation

The Government has undertaken very extensive outreach over a number of years with interested countries in relation to our policy objective of addressing illegal logging imports into Australia. This began well before the actual preparation of the legislation itself. Australia's outreach on our illegal logging policy has been undertaken by Ministers Ludwig and Emerson, officials from the Departments of Foreign Affairs and Trade and Agriculture, Fisheries and Forestry and by Australian Embassy officials in relevant countries. These consultations have taken place since August 2008 (see attached list of consultations). It has also crossed-over with the broader international cooperative efforts aimed at preventing illegal logging that Australia has been involved with, including in conjunction with key regional Governments and major timber product exporters to Australia.

Illegal logging and Australia's legislation have been canvassed in relevant bilateral meetings with our trading partners, including the Australia-China Joint Working Group on Forestry which exists under the Australia-China Agricultural Cooperation Agreement (ACACA), the Australia-Indonesia Working Group on Agriculture, Food and Forestry Cooperation (WGAFFC) and the Forestry and Timber Sub-Working Group of the Malaysia-Australia Agricultural Cooperation Working Group Meeting (MAACWG). New Zealand has publicly committed to investigate the possibility of linking with an Australian scheme to address illegal timber imports. They have also committed to working with Australia to explore opportunities in the Asia Pacific region to discuss the issues of illegal logging and sustainable forest management, and to discuss illegal logging under the umbrella of relevant trade and environment agreements.

In addition to bilateral and multilateral discussions with trading partners, the Department of Agriculture, Fisheries and Forestry welcomes the nomination of commercial interests from Canada and Indonesia to the DAFF-convened Illegal Logging Working Group.

The Government will continue its comprehensive consultations as the regulations are formed. The development of these regulations is already involving close consultation with stakeholders, including

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<sup>11</sup> The World Bank (2012), Justice for Forests: Improving Criminal Justice Efforts to Combat Illegal Logging.



domestic processors, state and territory administrations, and the Governments and commercial interests of Australia's trading partners.

Illegal logging is a matter of ongoing international interest, frequently raised in bilateral and multilateral fora. Australian officials have been active participants in a range of multilateral fora with a view to engaging with our trading partners on illegal logging policy, including: the United Nations Forum on Forests; United Nations Food and Agriculture Organisation – Committee on Forestry; Asia-Pacific Forestry Commission; Asia Forest Partnership; Asia-Pacific Network for Sustainable Forest Management and Rehabilitation; and the International Tropical Timber Organization. Australia was also involved in the Asia-Pacific Regional Dialogue's on Promoting Trade in Legally Harvested Forest Products, conducted in 2009 and 2010 as an initiative by Indonesia and the US.

An APEC Experts Group on Illegal Logging and Associated Trade has recently been established, pursuant to a proposal from Chile, Indonesia and the United States (supported by Australia). Australia was represented at the inaugural meeting in February 2012 in Moscow. Australia also presented details of its illegal logging legislation to the Committee on Trade and Environment of the World Trade Organization on 14 November 2011.

Australia's action on illegal logging is part of a growing number of policy responses globally to combat illegal logging. Australia has received written and verbal support from numerous trading partners commending our efforts on this issue and confirming their willingness to continue consultation on the issue into the future.

Australia commends the commitment of trading partners to protect their forests by combating illegal logging and the associated trade. Of note is the work being undertaken in Indonesia on their Timber Legality Assurance System, known as the Sistem Verifikasi Legalitas Kayu (SVLK), in Malaysia on the Malaysian Timber Certification Scheme (MTCS), and in China where a Timber Legality Verification Scheme is being developed.<sup>12</sup>

Canada, New Zealand, Indonesia, the EU and Malaysia, have expressed their support for the Bill's overall objectives to reduce the harmful environmental, social and economic impact of illegal logging<sup>13</sup>. Throughout the drafting process of the Bill, the Government has worked towards alignment with measures being implemented by the US and EU to minimise the impact of the legislation on exporting businesses.

The European Commission recognises that there are clear areas of convergence between the proposed Australian legislation and that adopted by the EU.<sup>14</sup> Canada has also recognised and commended the Australian Government's commitment to develop timber product importation requirements that will complement the requirements already in place or under development in

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<sup>12</sup> Chinese Academy of Forestry (2011). China Timber Legality Verification Scheme.

<sup>13</sup> Submissions made by Canada, New Zealand, and Indonesia to the Senate Rural and Regional Affairs and Transport Committee November 2011; submission # 20, 16 & 19 respectively; Letter to Senator Hon Joe Ludwig from Karel De Gucht member of the European Commission; and transcript from the Malaysian delegation appearance at the Rural and Regional Affairs and Transport Legislation Committee; (Senate- Wednesday, 14 December 2011).

<sup>14</sup> Letter to Senator Hon Joe Ludwig from Karel De Gucht, member of the European Commission.

other jurisdictions, such as the US and the EU.<sup>15</sup> This approach is consistent with the Senate Committee on Rural and Regional Affairs and Transport's recommendation.<sup>16</sup>

Included in this submission is a table which outlines the Departments' responses to the key international issues raised in the submissions to the Senate Committee Inquiry at **Attachment 1** and a flow chart which illustrates the operation of the Bill for importers of timber and timber products at **Attachment 2**.

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<sup>15</sup> Government of Canada submission to Senate Rural and Regional Affairs and Transport Committee November 2011; submission #20

<sup>16</sup> ...'that DAFF ensure that the declaration requirements are consistent, to the fullest extent possible, with those in the United States (US) Lacey Act and the European Union (EU) regulation and others that meet a similar standard', *Government Response to the Senate Committee Report on the Exposure draft and explanatory memorandum of the Illegal Logging Prohibition Bill 2011* Senate Rural and Regional Affairs and Transport Committee November 2011

## Response to Key International Issues

<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Prohibition</b></p>	<p>Submissions to previous inquiries expressed concern that the legal standard applicable to importers in relation to the general prohibition on importing illegally logged timber is unclear.</p>	<p>The legal standard applicable to the prohibition is defined by the Criminal Code.</p> <p><i>A person is reckless with respect to this circumstance if the person is aware of a substantial risk that the thing is, is made from, or includes, illegally logged timber and, having regard to the circumstances known to him, it is unjustifiable to take that risk.</i></p> <p>Importers and processors who <i>intentionally, knowingly or recklessly</i> source illegal timber products are liable for prosecution. The standard is discussed in detail in the Explanatory Memorandum to the Bill and was explained in the second reading speech. The standard is consistent with the <i>Criminal Code Act 1995</i>, which applies across all Commonwealth criminal offences.</p> <p>The standard applies to importers and domestic processors.</p> <p>The prohibition on all illegally logged imported timber products will commence the day after Royal Assent, along with the related enforcement, seizure and forfeiture provisions of the Bill. A prohibition will also apply domestically to the processing of illegally logged raw logs which will coincide with the import prohibition.</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Certification schemes</b></p>	<p>Submitters to previous inquiries have advocated that the Australian regime recognise third-party or nationally mandated certification schemes.</p>	<p>Nationally implemented timber certification schemes, such as those mentioned previously in this submission, and audited third party certification schemes, such as those implemented under the banner of the Programme for the Endorsement of Forest Certification or the Forest Stewardship Council, will be tools that importers and domestic processors can use as part of their individual due diligence checks.</p> <p>The Government is not proposing, however, to accredit or certify specific schemes or country schemes or systems under the legislation.</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Definition</b></p>	<p>Some submitters considered the definition for <i>illegally logged</i> to be too broad.</p>	<p>Illegally logged is defined as: <i>“in relation to timber, means harvested in contravention of laws in force in the place (whether or not in Australia) where the timber was harvested.”</i></p> <p>The definition is non-prescriptive to avoid unintended consequences or omissions. The definition avoids the application of Australian standards in the application of the law by respecting the laws in the country of harvest. This approach provides scope and flexibility for importers and processors of raw logs to undertake appropriate due diligence.</p> <p>The Senate Standing Committee for Rural and Regional Affairs and Transport commended this definition in their report of 27 February 2012 with the following comment:</p> <p><i>“The committee recognises that the Government has explicitly taken a broad approach to the definition of illegally logged, without being prescriptive. The committee commends this approach, noting that a prescriptive definition of illegally logged may have unintended consequences, or may result in some elements of applicable legislation being overlooked or excluded through omission. The committee is also of the view that this approach provides scope and flexibility for importers and processors of raw logs to undertake appropriate due diligence, which may be prescribed by regulations.”</i></p>

<b>International Trade Obligations</b>	<p>The Bill's consistency with Australia's trade obligations under the World Trade Organisation has been questioned by submitters to previous inquiries.</p>	<p>The Bill is consistent with Australia's international trade obligations under the World Trade Organization and relevant free trade agreements (FTAs). The Government has to-date ensured consistency with these obligations at every stage of the development of the illegal logging policy, and its legislative expression through the Bill.</p> <p>The Bill does not distinguish between timber and timber products on the basis of country of origin but rather on whether or not the source timber has been legally harvested – according to the laws in the country of origin.</p> <p>In terms of the likelihood of a dispute being brought by a trading partner against Australia, a country is not likely to bring a WTO or FTA dispute because of adverse effects being suffered by an industry operating illegally within its jurisdiction.</p> <p>Going forward, the Government will ensure that the implementation of every aspect of this Bill will be carried out in a manner fully consistent with its international trade obligations. The regulations establishing the parameters within which Australian importers of timber products will be required to operate, which are to be developed after enactment of the Bill, will also be designed to be fully consistent with Australia's international trade obligations.</p> <p>The objective of the Bill is not to restrict trade but to reduce the harmful environmental, social and economic impacts of illegal logging by restricting the importation and sale of illegally logged timber products in Australia and the objective of the Bill applies equally to both imported and domestically grown timber.</p>
<b>Economic impact</b>	<p>Submitters to previous inquiries have raised concerns about the economic impact of the legislation on the economies of trading partners.</p>	<p>Illegal logging already has a negative impact on many of our trading partners. It deprives national treasuries and local communities of valuable assets.</p> <p>Australia's efforts will complement international regimes being implemented in two of Australia's biggest timber importing markets – the United States and the European Union. Exporters of timber and timber products will have to comply with similar regimes in two of the biggest timber importing markets and the Australian Government will be working hard to ensure consistency with international frameworks. The Government is also committed to continued engagement on combating illegal logging at a bilateral and multilateral level and in capacity building efforts in supply countries. These actions will further limit any undue economic or administrative burden placed on trading partners by the Bill.</p> <p>Timber legality verification is increasingly part of the global business environment for trading partners and commercial interests, who are already participating in markets with similar legislation.</p> <p>The Bill, if passed, will promote the trade in legally harvested timber and timber products, wherever they are sourced, improving economic, social and environmental outcomes.</p>

Regulations	<p>Submitters have expressed reservations about the level and extent of details to be included in regulations including the:</p> <ul style="list-style-type: none"> <li>• the timing of the commencement</li> <li>• the due diligence principles; and</li> <li>• the scope of the regulated timber products.</li> </ul>	<p>The Government will continue its productive discussions with domestic producers, importers, trading partners, international suppliers and other interested stakeholders through an Illegal Logging Working Group convened by the Department of Agriculture, Fisheries and Forestry. Membership of that group already includes commercial representatives from Canada and Indonesia.</p> <p><i>Commencement</i> The Bill provides for regulations, which are subject to Parliamentary Scrutiny, to commence two years after the Bill receives Royal Assent. The regulations will be tabled in the Parliament within six months of Royal Assent to give timber importers and processors of domestically sourced raw logs sufficient time to establish and implement their due diligence systems and processes.</p> <p><i>Due Diligence</i> Australia is a net importer of forest products and values the relationship with its international trading partners; this Bill will facilitate the trade of legally logged timber. The Australian regulations will be closely aligned with the measures being implemented by the US and EU. Importers required to comply with due diligence arrangements will be able to implement due diligence that responds to the risks associated with a given product.</p> <p><i>Regulated Products</i> The Commonwealth will formulate a list of timber products which will be subject to regulation for the purpose of minimising the risk of imports containing illegally logged timber. The US and EU have already identified the products to be regulated under their respective systems. Australia will be looking closely at the processes used by those countries in determining the products to be regulated under the Bill in addition to undertaking further economic analysis of the coverage, value and volume of timber products imported into Australia and an analysis of their risk profile using appropriate criteria and indicators analysis to ensure the products to be regulated meet the policy objectives and fit with Australia's trade profile.</p>	
	<b><i>International consultation - Policy and Policy development process</i></b>		
Consultation*	Indonesia	14 <sup>th</sup> meeting of the Australia- Indonesia Working Group on Agriculture, Food and Forestry Cooperation (WAFFC)	August 2008
	New Zealand	Officials level teleconference	October 2008
	Indonesia	9 <sup>th</sup> Australia-Indonesia Ministerial Forum	November 2008
	Malaysia	Ministry of Plantation Industries and Commodities Malaysia-Australia Agricultural Cooperation Working Group, Forestry and Timber Sub Working Group meeting, 4 <sup>th</sup> meeting	December 2008
	International Forum	United Nations members (8th United Nations Forum on Forests)	January 2009
	Indonesia	First Ad Hoc meeting under Working Group on Agriculture, Food and forestry Cooperation	25 February 2009
	International Forum	UN Food and Agriculture Organisation members - 19 <sup>th</sup> FAO Committee on Forestry	March 2009
	PNG	Australia-PNG Ministerial Forum	June 2009
	Republic of Korea	5 <sup>th</sup> Korea-Australia Forestry Cooperative Committee	July 2009
	PNG	Industry Consultation with PNGFIA	19-20 October 2009
	Indonesia	Industry Consultation with Forestry industry	22-23 October 2009

Consultation*	China	Departmental visit to China, counterparts in the Ministry of Agriculture and the State Forestry Administration	19 August 2009
	China	Memorandum of Understanding between the Government of the People's Republic of China and Australia on combating illegal logging and associated trade in support of sustainable forest management	October 2009
	New Zealand	Officials level meeting	February 2010
	Indonesia	Ministerial level meeting with Mr Zulkifli Hasan, Minister for Forestry	March 2010
	Malaysia	Ministry of Plantation Industries and Commodities Malaysia-Australia Agricultural Cooperation Working Group, Forestry and Timber Sub Working Group meeting, 5 <sup>th</sup> meeting	April 2010
	Indonesia	15 <sup>th</sup> meeting of the Australia- Indonesia Working Group on Agriculture, Food and Forestry Cooperation (WAFFC)	June 2010
	China	State Forestry Administration - (Australia-China Joint Working Group on Forestry, under the Australia-China Agricultural Cooperation Agreement)	September 2010
	Malaysia	Officials level teleconference	October 2010
	Media Release	Minister Ludwig announced Australia's new Illegal Logging Policy	9 December 2010
	International Forum	United Nations members - (9th United Nations Forum on Forests)	January 2011
	Malaysia	Officials level teleconference	March 2011
	Malaysia	Ministry of Plantation Industries and Commodities Malaysia-Australia Agricultural Cooperation Working Group, Forestry and Timber Sub Working Group meeting, 6 <sup>th</sup> meeting	March 2011
	Canada	Meeting with Canadian High commission	21 March 2011
	<b><i>International Consultation - Legislation</i></b>		
	Indonesia	Minister Ludwig met with Forestry Minister Hasan and foreshadowed consultations on the Bill	March 2011
	European Commission (EC)	Video Conference - (Officials – level meeting)	May 2011
	Indonesia	Director-General of Trade - (Officials-level meeting)	11 July 2011
	Malaysia	Malaysian Minister for Plantation Industries and Commodities	August 2011
	Papua New Guinea	Papua New Guinea Forestry Authority - 2nd meeting of the Australia-PNG Forestry Cooperation	26 August 2011
	Malaysia	Officials level teleconference	September 2011
International Forum	APEC Member nations (Senior Officials Meeting, including ministers, First APEC meeting of Ministers Responsible for Forestry)	5-7 September 2011	
Malaysia	Mr Dompok, Malaysian Minister for Plantation Commodities	August 2011	

Consultation*	Malaysia	Officials level teleconference	October 2011
	International Forum	FAO member nations - FAO Committee on Forestry, 20 <sup>th</sup> meeting	4-8 October 2010
	China	Minister for the State Forestry Administration Zhibang met with Minister Ludwig who foreshadowed Australia's drafting of a Bill.	20 October 2011
	Indonesia	Ministry of Forestry - Australia- Indonesia Working Group on Agriculture, Food and Forestry Cooperation (WAFFC), meeting 16	27-28 October 2011
	High-level forum on Timber and Timber Products	EU, Malaysian Ministers for Plantation Industries and Commodities and for Natural Resources, Head of Missions for Australia, Germany, Japan, Netherlands, EU, New Zealand, UK and US Deputy Ambassador.	13 September 2011 and 17 November 2011
	International Conference	47 <sup>th</sup> Session of the International Tropical Timber Council	14-19 November 2011
	Indonesia	Australian Embassy officials met with Indonesian Trade officials covering due diligence and certification issues in relation to the Bill	November 2011
	New Zealand	Australian High Commission officials briefed NZ Ministry for Foreign Affairs and Trade on the Bill.	November 2011
	International Forum	Asia-Pacific FAO members - 24 <sup>th</sup> Asia-Pacific Forestry Commission	November 2011
	International Forum	World Trade Organization Committee on Trade and Environment	14 November 2011
	Korea	Korea Forest Service, 6 <sup>th</sup> meeting of the Korea-Australia Forestry Cooperative Committee	December 2011
	Indonesia	Directorate of Trade Defence and Directorate General of Foreign Trade, Indonesian Ministry of Trade - Officials-level meeting	13 December 2011,
	Indonesia	Deputy Australian Ambassador to Indonesia	20 December 2011
	Malaysia	Minister of International Trade and Industry 16th Malaysia –Australia Joint Trade Committee Meeting (meeting with Dr Emerson)	31 January 2012
	China	Placement of State Forestry Administration official in DAFF's Forestry Branch.	Feb-March 2012
	United States	Teleconference - Officials-level meeting	February 2012
	International Forum	APEC Member nations (senior officials) -Experts Group on Illegal Logging and Associated Trade	February 2012
	Indonesia	Minister Ludwig and Dr Emerson visited Indonesia, met with ministerial counterparts	March 2012
	Malaysia	Ministry of Plantation Industries and Commodities Malaysia-Australia Agricultural Cooperation Working Group, Forestry and Timber Sub Working Group meeting, 7 <sup>th</sup> meeting	April 2012
	Indonesia	Australian Embassy met with Indonesian Trade Ministry and clarified aspects of Bill and its future development	4 April 2012
Working Group	7 <sup>th</sup> Malaysia-Australia Cooperative Working Group (MAACWG)	16-17 April 2012	

<b>Consultation*</b>	Malaysia	Teleconference - Ministry of Foreign Affairs; Diplomatic Notes to Ministries of International Trade and Plantation Industries and Commodities	27 April 2012
	<b>Meetings with Embassy, High Commission and Consulate Officials</b>		
	EC	Officials-level meeting	March 2011
	EC	Officials-level meeting	February 2012
	Brazil	Officials-level meeting	March 2012
	Chile	Officials-level meeting	March 2012
	Malaysia	Officials-level meeting	March 2012
	Papua New Guinea	Officials-level meeting	March 2012
	China	Officials-level meeting	March 2012
	United States	Officials-level meeting	March 2012
	New Zealand	Officials-level meeting	March 2012
	Canada	Officials-level meeting	March 2012
	<b>Other</b>		
	Industry Consultation	Australian Ambassador to Indonesian meeting with Solaris Paper and Asia Pulp Paper	11 February 2011
	Industry Consultation	Australian High Commissioner to Malaysia meeting with Sarawak Timber Association	25 October 2011
	Informal update by email	Representatives of Governments (officials level): Canada, US, EU, UK, NZ, Indonesia, Malaysia including the Malaysian Timber Industry Board, PNG, Japan, Korea, China; NGOs : FAO, The Forest Trust, Malaysian Timber Council	Group email November 2011
Joint letters of advice on the Bill from Ministers Emerson & Ludwig	Ministers For Trade and Forestry of EU (Commissioners), US, NZ, Indonesia, Japan, Canada, Korea, Malaysia, China, Papua New Guinea and the Solomon Islands.	February - March 2012	

\* The list of consultation provided is not exhaustive. It is intended to provide an indication of the type and range of consultation that has been undertaken.



