

International Tropical Timber Agreement

Background

- 3.1 The International Tropical Timber Agreement 2006 succeeds and is largely based upon earlier agreements concluded in 1983 and 1994. The Agreement will govern the work of the International Tropical Timber Organisation (ITTO), a United Nations based organisation that promotes conservation and sustainable management in the use and trade of tropical timber resources.¹
- 3.2 Sixty countries are members of the ITTO, representing about 80 percent of the world's tropical forests and 90 percent of the global timber trade.² Australia has been a member since 1988.
- 3.3 The objectives of the 2006 agreement are:
- To promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests; and
 - To promote the sustainable management of tropical timber³ producing forests.⁴

1 National Interest Analysis (NIA), para 1; Mr Allen Grant, *Transcript of Evidence*, 16 June 2008, p. 17.

2 NIA, para 4.

3 The agreement defines tropical timber as: tropical wood for industrial uses, which grows or is produced in the countries situated between the Tropic of Cancer and the Tropic of Capricorn. The term covers logs, sawnwood, veneer sheets and plywood (Article 2(1)).

- 3.4 A party to the agreement may be either a 'producer member' (an exporter of tropical timber) or 'consumer member' (an importer of tropical timber).⁵ Australia is a consumer member.

Obligations

- 3.5 The Agreement imposes relatively few direct obligations on parties:
- Article 19 sets out financial obligations upon members, including contributions to the Administrative Account and core operational costs. These costs will be shared among members in the proportion of 20 percent for producers and 80 percent for consumers.
 - Article 27.3 imposes obligations to provide statistics and information on timber, its trade and activities aimed at achieving sustainable management of timber producing forests to the International Tropical Timber Council.
 - Members are obliged by Article 29 to use their best endeavours and cooperate to promote the objectives of the agreement and avoid any action contrary thereto.⁶

Reasons for Australia to take treaty action

- 3.6 Ongoing membership of the ITTO is consistent with Australia's sustainable forest management and overseas aid objectives, including the reduction of illegal logging, mitigation of and adaptation to climate change and assisting developing countries to reduce poverty and achieve sustainable development.⁷ As a party to this agreement, Australia would continue to assist regional countries to improve the economic and environmental sustainability of their forest industries.⁸
- 3.7 The Committee was informed that Australia's capacity to pursue issues of critical importance to Australia's forest industries is enhanced in the latest agreement by the introduction of thematic

4 NIA, para 3.

5 Articles 2(4) and 2(5).

6 NIA, paras 12 to 15.

7 NIA, para 6.

8 NIA, para 5.

funding programs. This will enable greater collaboration on issues such as forest law enforcement and governance, and climate change.⁹ It will also enable Australia to get a better direct return on its funds by targeting projects more effectively.¹⁰

- 3.8 Australia is able to use its support for projects to leverage support from other donor countries. Mr Allen Grant of the Department of Agriculture, Fisheries and Forestry (the Department) told the Committee:

Australia gets significant benefits through its membership of the International Tropical Timber Organisation, particularly our ability to leverage additional funding from other countries around the world to direct to particular projects in developing countries, particularly Papua New Guinea and Indonesia, to address the sustainable management of tropical timber.¹¹

...

Australia has put in about \$1 million over the life of the project and we have generated about \$15 million from that funding. By our contributing to projects we were able to generate about \$15 million worth of funding from other donors such as the US, Japan and the European nations.¹²

- 3.9 Australia's commitment to the ITTO is also consistent with its active involvement in other forest policy fora, including the United Nations Forum on Forests, Convention on Biological Diversity, Convention on International Trade in Endangered Species of Wild Fauna and Flora, and Framework Convention on Climate Change. The role of the ITTO is also closely aligned to the activities of the United Nations Food and Agriculture Organization, of which Australia is an active member.¹³

Illegal logging

- 3.10 Noting that the aim of the ITTO is to directly impact on sustainable forest management and, hence, on the reduction of the illegal harvesting of timber, the Committee sought the Department's views

9 NIA, para 8.

10 Mr Allen Grant, *Transcript of Evidence*, 16 June 2008, p. 19.

11 Mr Allen Grant, *Transcript of Evidence*, 16 June 2008, p. 17.

12 Mr Allen Grant, *Transcript of Evidence*, 16 June 2008, p. 20.

13 NIA, para 10.

on the apparent failure of international efforts to control illegal logging. Mr Grant told the Committee:

Certainly, the management of illegal logging, particularly in Asian and African countries as well as in South American countries, has been difficult and challenging. There is no doubt about that. That does not mean, though, that we should just ignore international organisations that can play a role in that. We think we can make a mark as part of the capacity building education and training networks that we have been developing through our involvement in ITTO, and in the future try to influence and get better governance arrangements around the treatment of illegal logging and illegal harvesting. It is not the only answer but it is part of a broader strategic answer.¹⁴

- 3.11 Australia does not have a formal process of import controls or mandatory reporting by importers, wholesalers or retailers to identify illegally harvested timber entering Australia. The Committee was interested to note however that the Government has announced its intention to implement a process to reduce the amount of illegally harvested timber entering Australia and that it is currently working with industry, importers and distributors, as well as countries such as China, New Zealand and Indonesia on this mechanism.¹⁵

Implementation

- 3.12 Legislation is not required to give effect to Australia's obligations, which can be met through administrative action.¹⁶ The Agreement shall remain in force for ten years unless the Council decides to extend, renegotiate or terminate it in accordance with Article 44. The Council can extend the agreement for an initial period of five years and then for a second period of three years.¹⁷

14 Mr Allen Grant, *Transcript of Evidence*, 16 June 2008, p. 18.

15 Mr Allen Grant, *Transcript of Evidence*, 16 June 2008, p. 18.

16 NIA, para 2.

17 NIA, para 20.

Costs

- 3.13 Australia will be required to pay annual contributions to the Administrative Account, estimated at approximately US\$50,000. This contribution is based on the number of votes held by Australia in a biennial period, which is proportional to the average volume of Australia's net imports of tropical timber during the five-year period commencing six calendar years prior to the distribution of votes.¹⁸

Consultation

- 3.14 The Department consulted with the States and Territories through the Forestry and Forestry Products Committee, which comprises the heads of the Commonwealth, State, Territory and New Zealand forestry agencies, and the Standing Committee on Treaties.
- 3.15 The Department consulted with and received support for the proposed treaty action from Australian industry groups in February 2007 and April 2008.¹⁹ Relevant Commonwealth Ministers and agencies have also supported the agreement.
- 3.16 The Committee notes that there was no consultation with environmental groups, primarily because the treaty is a trade based treaty.²⁰ The Department informed the Committee that conservation aspects are dealt with through other United Nations fora.²¹ The Committee considers, however, that as the objective of this agreement is sustainable trade, consultation with industry groups alone is insufficient and should be extended for any future agreement to include environmental groups.

18 NIA, para 17.

19 These groups included the National Association of Forest Industries, Australian Plantation Products and Paper Industry Council, Timber and Building Materials Association, Australian Timber Importers Federation, Timber Communities Australia, Australian Forest Growers, and Treefarm Investment Managers Australia.

20 Mr Mick George, *Transcript of Evidence*, 16 June 2008, pp. 18-19.

21 Mr Mick George, *Transcript of Evidence*, 16 June 2008, pp. 18, 20-21.

Conclusion and recommendation

- 3.17 While the Committee has some concerns about how far this Agreement will actually contribute to reducing the devastating deforestation occurring in some countries, the Committee recognises the importance of international cooperation to promote sustainable management of tropical forests and address illegal logging and therefore supports this agreement.

Recommendation 5

The Committee recommends that the consultation process undertaken for any future agreement on sustainable trade in tropical timber specifically includes consultation with environmental groups.

Recommendation 6

The Committee supports the *International Tropical Timber Agreement 2006* and recommends that binding treaty action be taken.