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**Welcome**

This members' news bulletin is intended to keep you, as a member up-to-date with ATIF activities. This issue reports on major areas of effort since the last *Members' Bulletin* in July 2009. Since the last bulletin several email-based *Members' Updates* have been circulated to keep members more immediately informed about topical issues and ongoing activities. Recipients are being added to *Members' Updates* distribution list as requested by ATIF member companies.

**Recent ATIF Board meeting**

The October meeting of the ATIF Board was held in Adelaide. This was the first time the Board had met in Adelaide since ATIF had been restructured and strengthened in 2007.

South Australian timber importing members of ATIF joined with Board members for a discussion and lunch prior to the Board meeting.

Chairman Norm Long said much of the Board meeting was devoted to considering the various projects underway to progress the Federal Government's illegal logging policy. "We have and will continue to be directly involved in the various tasks presently underway to assist the Government to deliver on its policy goals."

Mr Long advised that at the meeting the Board also discussed initiatives related to timber import tariffs, industry communications, timber product marketing and other matters of particular interest to the timber importing sector.

**Draft regulatory impact statement on illegal logging options**

ATIF considers the draft regulatory impact statement (RIS) on illegal logging options prepared for the Federal Government by the Centre for International Economics to be a useful piece of economic analysis. The draft RIS outlines a range of practical directions that will help inform future industry and government actions designed to assist the Federal Minister for Agriculture, Fisheries and Forestry Tony Burke to attain his objective of eliminating illegal logging activity.

Based on the economic cost benefit modeling and analysis undertaken, the RIS made it clear that there would be an overall net cost to Australian consumers from any unilateral



action to restrict timber imports using regulatory mechanisms. However, the report is clear that there are some worthwhile opportunities for the Federal Government to make a meaningful impact on restricting illegal logging. These include continuing present capacity building programs, particularly in perceived high risk countries, and further advancing bilateral and multilateral agreements that Minister Burke has been successfully negotiating over the past twelve months.

The draft RIS concludes that because of Australia's very small share of international trade in potentially illegal timber products, plus the capacity of producers to divert such products to less discerning markets, there would be no net benefit to Australian consumers, and regulatory measures run the risk of elevating prices making timber less competitive relative to other building materials.

A copy of the RIS and a separate RIS briefing were distributed to ATIF members in the *Members' Update* of 9 November 2009.

### **Australia and China sign illegal logging agreement**

The Minister for Agriculture, Fisheries and Forestry, Tony Burke advises that the Government has signed an historic agreement with China that will see the two countries working closely together to tackle illegal logging. He said the Memorandum of Understanding represented significant progress on the Government's election commitment to restrict the importation of illegally logged timber.

Under the agreement, the governments will work together to identify a mechanism to certify and verify the legal origin of wood products. "China is the world's largest importer of industrial logs, and a significant exporter of processed timber. This is another step forward in the fight against illegal logging," said Minister Burke.

"I welcome the Chinese Government's cooperation which follows agreements already signed with Papua New Guinea and Indonesia.

The Memorandum of Understanding was signed in Sydney on 30 October by officials in the presence of the Deputy Prime Minister Julia Gillard and China's Executive Vice Premier Dr Li Keqiang during a visit by Dr Li to discuss enhancing trade and economic ties between Australia and our largest trading partner.

### **Progress of other projects underway to assist policy development**

Other projects underway to inform the Government's policy on illegal logging should be completed with a couple of weeks. These projects include the drafting of a generic industry code of conduct; a report on the methodology for estimating the value of illegally logged timber products being imported into Australia, and the identification and assessment of timber legality assurance schemes in operation. The findings of these projects will be conveyed to ATIF members at the earliest opportunity.

### **Other news**

- ▶ The ATIF is developing a research project for Forest and Wood Australia that will include a number of objectives, including reviewing the basis of current timber and wood-based product tariff regimes; identifying the reasons for and apparent anomalies in present tariff changes, and examining recent trends in relation to trade liberalisation and tariff removal or relaxation. The project may assist future initiatives to reduce or eliminate tariffs on imported timber products.
- ▶ Thanks to those companies who have already paid their ATIF membership fees for the 2010 year. These funds assist ATIF in maintaining its efforts on behalf of the timber importing sector.

*This newsletter has been prepared by ATIF Technical Manager John Halkett*