

# MEMBERS' BULLETIN

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### Welcome

This *Members' Bulletin* is intended to keep you up-to-date with ATIF activities. This edition concentrates on continuing supply chain challenges and costs. Also, covered are concerns about possible trade sanctions against Russia that would have a substantial, detrimental impact on expanding Russian timber products imports. As indicated, further advice on the need to comply with the requirements of the *Modern Slavery Act* for 'qualifying' companies is outlined.

### Supply enquiries and compliance

ATIF has been receiving enquiries from aspiring first-time timber product importers who generally do not appear to have any experience in timber product imports, but often do have a background in other product imports. Some indicated that they have prospective suppliers and always want to be given information on compliance requirements.

Such enquiries appear to be motivated by an understanding of the current demand for structural timber products, and supply shortages, plus the perception that there are significant commercial opportunities from such imports. Callers generally appear to demonstrate an inadequate understanding of illegal logging due diligence, and other statutory and building code requirements.

Some softwood timber product imports have given rise to concerns being expressed by ATIF member companies, and others in the timber supply chain and builders that they do not always comply, notably with the requirements of building codes.

ATIF Chairman Nils Koren has affirmed that complaints received about possible non-compliance were taken very seriously by ATIF to protect the overall reputation and credentials of the timber supply chain.

Mr Koren also reiterated that ongoing challenges existing around sourcing additional timber product supplies. He said supply sourcing continues to be exacerbated by the shortage of containers,



shipping space availability, port congestion and industrial action. This was resulting in steeply climbing costs and charges collectively contributing to serious difficulties across the entire supply chain and also for building and construction industries.

ATIF will continue to explore further avenues of supply, particularly of structural softwoods, including interaction with trade associations.

### **Prospective trade sanctions against Russia**

ATIF has written to Hon Dan Tehan MP, Minister for Trade, Tourism and Investment regarding the potential negative impacts on the Australian timber supply chain, and on building and construction activity if trade sanctions are imposed on Russia. At their request ATIF has also provided advise on this matter to the Commonwealth Treasury.

A number of ATIF member companies import timber products from Russia, notably a range of EWPs. Collectively it is estimated that these imports supply somewhere between 40 and 50 per cent of the Australian building market demand. These products include Laminated Veneered Lumber (LVL), including Formwork LVL that is an essential component of all concrete constructions in multi-residential, high-rise, commercial buildings and some civil works, and I-Joist beams.

ATIF estimates that there will be substantial detrimental consequences, notably on the supply of engineered wood products (EWPs) to building and construction projects if trade sanctions are imposed. ATIF estimates that restrictions on timber product imports from Russia will result in a 10-20 per cent reduction on employment across the supply chain. Subsequent delays to building activity are also likely to furtheracerbate supply difficulties and put upward pressure on product and building prices.

ATIF believe that the Australian housing industry will be faced with a significant risk should Russian timber product imports be threatened by trade sanctions. While the complexity and instability of the political scene in Europe is acknowledged, severe trade sanctions against Russia will result in substantial risks to the Australian housing industry.

ATIF respects the moral stance that the Commonwealth Government has assumed in relation to the current Russian-Ukraine situation. This notwithstanding ATIF believes that any sanctions placed on the Russian suppliers in a time of global timber product shortages will adversely affect the Australian economy.

### **Modern Slavery Act 2018**

On 1 January 2019, the *Modern Slavery Act 2018* commenced, introducing a new statutory modern slavery reporting requirement for larger companies operating in Australia. Companies need to report under the Act if they are an Australian entity or carry-on business in Australia and have a minimum annual consolidated revenue of \$100 million.

ATIF members will receive separate advice on the details and reporting requirements in the *Modern Slavery Act 2018* next couple of weeks.

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