



MEMBERS' BULLETIN

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Welcome

This *Members' Bulletin* is intended to keep you up-to-date with ATIF activities. This edition contains comments on shipping and container trends, illegal logging due diligence compliance and details of a planned meeting with the Minister for Agriculture.

Shipping and container availability a global issue now recovering

A crucial issue in 2020, 2021 and early 2022 has been the drastic rise in shipping costs, which continues to have a damaging impact on international trade. For example, the Indonesian Furniture and Crafts Industry Association (HIMKI) has reported that high container shipment costs have become critical for furniture exporters, pushing many small and medium-sized enterprises into bankruptcy. HIMKI estimates that around 25% of its 2500 member businesses have gone bankrupt.

The cost of shipping has soared during the COVID pandemic. It cost USD 26 000 to ship a 40 ft container from Asia to the US west coast in late 2021, more than three times the price at the corresponding time in 2020. The surge in freight rates is largely the result of a mismatch between soaring demand and reduced supply capacity, plus labour shortages and continued on-and-off-again pandemic restrictions, which disrupt port and transport operations.

The temporary closure of major Chinese ports in 2021 created more pain for the global logistics and cargo industry. A partial shutdown at Shenzhen's Yantian Port for three weeks in late May and June because of COVID outbreaks in Guangdong Province added an additional difficulty. More disruption followed in August, when China closed a key terminal at Ningbo-Zhoushan, the world's third-busiest port, after a port worker tested positive for COVID.



Australian freight forwarders are now reporting an easing of shipping and container costs largely as a direct result of notable reduction in global trade demand associated with inflationary pressures, climbing interest rates and business uncertainty.

Illegal logging due diligence compliance

At its October meeting the ATIF Board noted an emerging more assertive posture by compliance officials within the Department of Agriculture, Fisheries and Forestry (DAFF) in relation to illegal logging regulation and due diligence compliance. Whilst ATIF supports compliance action, it is noted that this has occurred at a time when well established supply chains have been adversely impacted by disruptions to established supply chains and travel restrictions, that have collectively impacted the ability of importers to interrogate existing supply chains and to establish new ones.

ATIF meeting with Federal Minister for Agriculture Murray Watt

in consultation with the Minister for Agriculture's office a meeting has been tentatively scheduled for the first parliamentary sitting session in 2023. A briefing paper for that meeting is in preparation and will include:

1. Future softwood and hardwood timber products supply

Noting that the increase in timber demand has been fuelled by Federal and state government initiatives to support home ownership and building activity. For example, a national housing accord between governments, investors and industry to build affordable homes was announced by the Federal Treasurer on 25 October 2022. The housing accord aim is to build a million new houses over five years with the Federal Government to provide an extra \$350 million to build 10,000 houses on top of existing commitments.

2. Illegal logging compliance

As above, illegal logging compliance action will be covered in the pre meeting briefing paper. Further it will be advised that ATIF does not support an initiative by the Australian Forest Products Association prior to the 2021 election to seek a commitment from Labor Party of \$4 million related to illegal logging compliance research. ATIF considers that some funding would be much better deployed on actions to improve the prospects of future supplies of both softwood and hardwood timber products.

3. Increased imports and softwood timber from Canada

ATIF will stress the value of enhanced effort by DAFF related to the use of the Canadian Sawn Wood Certification Program (CSWCP) approach to also cover kiln dried softwood timber and will encourage a resolution of this matter as soon as possible that is having an adverse impact on the opportunity to expand structural softwood timber imports from Canadian suppliers into Australia.

New ATIF member companies

At its October meeting the ATIF Board approved membership of ATIF for the following companies:

1. ADM Global: www.admglobal.com.au
2. Staxa: www.staxa.com.au
3. Allied Forest Products: www.afp.com.au

Acknowledgement of members' support

The ATIF Board and staff acknowledge the valuable, ongoing support of ATIF member companies. This support is essential to allow ATIF to represent the interests of members to the Federal Government and other stakeholders. The Board notes that the importing and wholesaling sector has made it through a difficult and tremulous year for the industry. And extends all the very best for the upcoming festive season and for a prosperous and less hectic 2023.

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