

Canadian High Commission



Canada

Haut Commissariat du Canada

Commonwealth Avenue
Canberra ACT 2600

6 May 2011

Ms Jeanette Radcliffe
Committee Secretary
Senate Standing Committees on Rural Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Ms Radcliffe,

The Canadian Government notes that on 23 March 2011, the Minister for Agriculture, Fisheries and Forestry, the Hon. Joe Ludwig, referred the draft Illegal Logging Prohibition Bill 2011 to the Parliament of the Commonwealth of Australia's Senate Standing Committee on Rural Affairs and Transport for public inquiry.

We appreciate the opportunity to provide written comments to the Senate Standing Committee on Rural Affairs and Transport as it undertakes its review. Attached to this letter are the Canadian Government's comments on the draft legislation.

The Canadian Government is happy to provide further information or explanation of its views if the Senate Standing Committee on Rural Affairs and Transport has any specific questions. If you have any queries please contact Mr David Ingham, Trade Commissioner, Canadian High Commission on 6270 4034 or at david.ingham@international.gc.ca in the first instance.

Sincerely,

Michael Small
High Commissioner

**Attachment: Comments from the Government of Canada
on Australia's Draft Illegal Logging Prohibition Bill 2011**

The Government of Canada appreciates the opportunity to provide written comments to the Parliament of the Commonwealth of Australia's Senate Standing Committee on Rural Affairs and Transport as it undertakes to review its draft Illegal Logging Prohibition Bill 2011.

Canada supports the Bill's objective to reduce the harmful environmental, social and economic impacts of illegal logging. However, since Australia is an important market for Canadian forest products (A\$105.5 million in 2010), Canada is concerned that the Illegal Logging Prohibition Bill may impose unnecessary burdens and costs affecting the competitiveness of our exports. As such, Canada respectfully requests that Australia's Illegal Logging Prohibition Bill achieve its objective in the least trade restrictive manner possible.

In particular, Canada is concerned that the Bill may lead to a requirement (whether explicitly stated or implied) for Australian importers to conduct risk assessments (or the 'timber industry certifiers' to do so on their behalf) on any unprocessed or processed timber products imported into Australia. Such a requirement would be particularly onerous for complex processed products made of timber sourced from multiple suppliers; this is because the further a product is processed, the more difficult, costly and burdensome it would be to gather the information required and conduct the risk assessments.

Canada understands that traceability and risk assessment requirements may be necessary to ensure the legality of forest products originating in countries which pose a significant risk of illegal logging. However, the imposition of such requirements on countries with effective legislative supervision such as Canada would unnecessarily undermine the cost competitiveness of processed timber products in favour of substitute materials which may not be environmentally friendly. Furthermore, it would not add any value to efforts to fight illegal logging. Due diligence resources should be used in a way that they effectively contribute to fighting illegal logging, while avoiding the imposition of unnecessary burdens on the forest products industry.

As such, Canada recommends the adoption of a risk-based approach, focusing regulatory and enforcement efforts on imports from regions where there is a demonstrable risk of illegal harvesting. Canada accordingly encourages the Senate Standing Committee on Rural Affairs and Transport to introduce a process that assesses the level of risk of illegal harvesting in different countries of harvest, taking into account legal, regulatory and enforcement regimes, and industry practices. Linking legal logging requirements to the level of identified risk for countries of harvest would allow Australia to allocate administrative and enforcement resources to the regions of greatest risk, and thus increase both efficiency and effectiveness of such resources. This approach would avoid

inadvertently decreasing the ability of enforcement officials to detect higher-risk sources of shipments through negligible-risk countries.

Canada notes that the risk-based approach it is proposing would be consistent with reforms currently being introduced in Australia's quarantine arrangements. Under these reforms, which follow the Australian Government's adoption of the major recommendations of the Beale Review¹, the effectiveness of Australia's biosecurity system is being enhanced by targeting resources to those areas of greatest return from a risk management perspective. The following extract from the Government's response to the Beale Report confirms the Australian Government's acceptance of this approach:

“In order to better allocate resources to the areas of highest risk, the Commonwealth supports the proposal to move to a risk-return approach for managing biosecurity and quarantine instead of the mandated intervention targets that have existed for several years.”²

Canada recognizes that the elimination of illegal logging must be a global and multifaceted initiative that includes largely three aspects: (1) prohibitions on trade in plant and plant products resulting from illegal harvesting; (2) international capacity building aimed at better enforcing legislation and promoting responsible industry practices; and (3) an enhanced awareness, both among producers and consumers, of the sources of wood entering the supply chain.

Canada's commitment to sustainable and legal forestry is recognized worldwide. As a result of the effective enforcement of Canada's comprehensive legislative and regulatory framework, which provides regular scrutiny and audits of forest companies, the risk of illegal logging in Canada is negligible. In fact, Canada has been recognized as having the lowest risk of illegal logging of any major forest producing country.³ Given Canada's extensive experience in enforcing its forestry laws and implementing sustainable forest management, as well as Canada's own application of risk assessment in the allocation of resources in the fight against illegal logging, Canada is open to exploring how to further cooperate with Australia (and other countries) in this regard. Canada looks forward to the results of this consultation process and to providing further comments later on in the regulatory process.

¹ Report of the Beale Review: One Biosecurity: A Working Partnership, Beale et al, 2008 - http://www.daff.gov.au/quarantinebiosecurityreview/report_to_the_minister_for_agriculture_fisheries_and_forestry

² See http://www.daff.gov.au/about/publications/quarantine-biosecurity-report-and-preliminary-response/beale_response

³ Seneca Creek Associates and Wood Resources International, for the American Forest and Paper Association (2004), *Illegal Logging and Global Wood Markets: The Competitive Impacts on the U.S. Wood Products Industry*, Retrieved on December 2, 2008 from http://www.afandpa.org/Content/NavigationMenu/News_Room/Papers_Reports1/AFPAILlegalLoggingReportFINAL2.pdf